



PENNEO™

# Annual Report

# 2019



# Our Vision

Let's build an environmentally friendly  
Penneo that everyone can trust



*We have experienced increasing demand for Penneo from accounting firms across Scandinavia, in their journey towards digitization. This is also why we have chosen to develop our products around accounting firms and to remain in a niche market with low degree of competition. Accounting firms are strategically important for us, as is Penneo for them, as we can provide operational cost savings while increasing their level of compliance. Accounting firms are strategic growth levers of opportunities to expand Penneo to Europe."*

*Niels Henrik Rasmussen,  
CEO, Penneo.*



## Our Mission

Let's become the global leading software provider for digitizing the communicative interface between accounting firms, clients and local authorities



**Penneo at a glance**



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# **Penneo at a glance, 2019 in short**

## Equity story

Penneo is a Danish SaaS company that digitizes business processes. We have specialized in accounting firms' client-faced workflows to increase their efficiency, lower their operational costs, strengthen their level of compliance and provide a great digital user experience for their clients.



Our software relieves heavy manual tasks from the auditors in the financial reporting process, enabling them to spend more time on revenue-generating activities. In addition, we work dedicatedly with UN's SDGs supporting Responsible Production(12) and Life on land(15) and we will continue to save the environment from more printed paper, waste and burning for each new customer we welcome.

### From digital signatures to revolutionizing the audit industry

Over the years we have successfully been developing our technology and refining our products. We have progressed from a digital signature platform to becoming a SaaS company providing critical infrastructure around the financial reporting process to the largest accounting firms in the world.

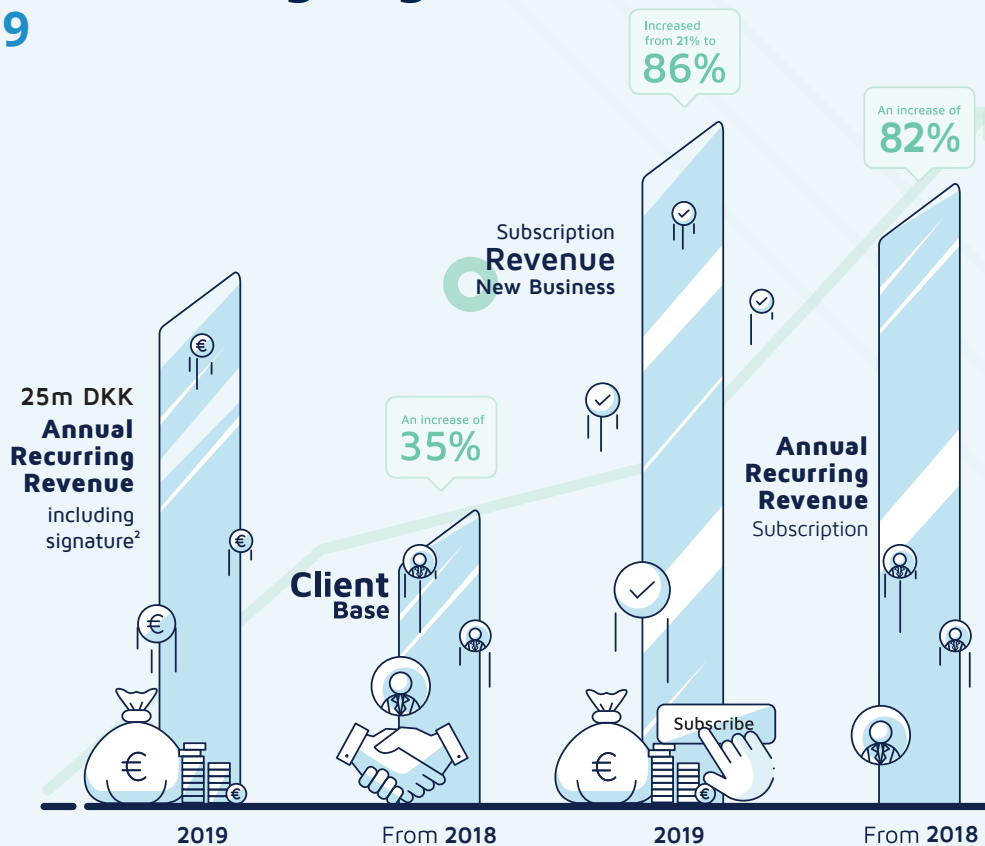
By combining data-driven customer insights with a deeply specialized value proposition, we provide accounting firms with a sustainable competitive advantage. Penneo is a strategic business partner for accounting firms and delivers critical infrastructure to more than 500 accounting firms in the Nordics - including 17 of the largest 20 in Denmark with the 'Big4' at the core of our focus now and in the future.

In 2019, the global market for Digital Transaction Management, the target market for Penneo, amounted to an estimated USD 15 billion, increasing on an estimate of 25% year-on-year since 2017<sup>1</sup>.

<sup>1</sup><https://aragonresearch.com/docuSign-files-s-1-validates-the-25-billion-dtm-market/>

# Financial Highlights

## 2019



### Offices:

HQ:  
Copenhagen, Denmark

### Market Presence

Denmark, Sweden,  
Norway, Belgium

### Fun facts:

- Approx. 60% of all annual reports filed to Erhvervsstyrelsen in Denmark in 2019 were facilitated by Penneo<sup>3</sup>
- A diverse workforce of 14 different nationalities working at Penneo
- Approx. 550.000 unique users in Denmark in 2019

## Penneo News

Penneo's Board of Directors has by January 2020 been supplemented with experienced investor and adj. Professor at CBS, Michael Moesgaard Andersen, having a track record of growing SaaS companies, most recently with Nasdaq-listed Konsolidator, a company working towards the same clients and within the somewhat similar industry space of combined FinTech and RegTech as does Penneo.

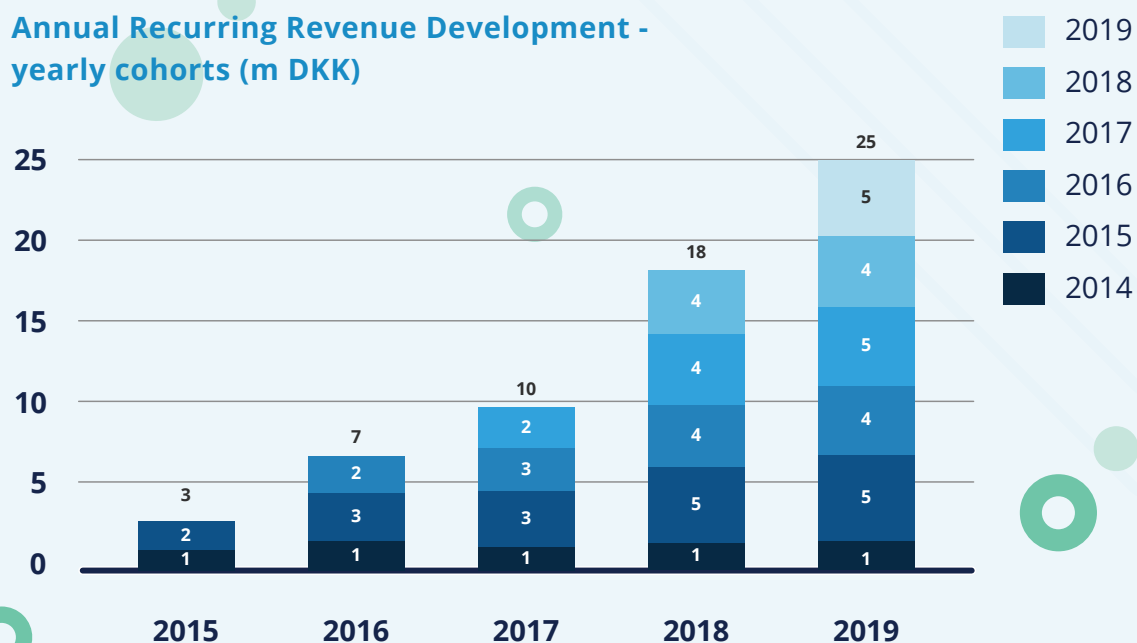
<sup>2</sup> Signature Annual Recurring Revenue derived by multiplying avg. price per signature with annual number of used signatures by paying customers

<sup>3</sup> In 2018 approx. 270.000 annual reports were filed to Erhvervsstyrelsen. Penneo facilitated 163.522 annual reports in 2019. If the 2018 number is estimated to be similar in 2019, Penneo facilitated around 60,5% of all annual reports filed to Erhvervsstyrelsen

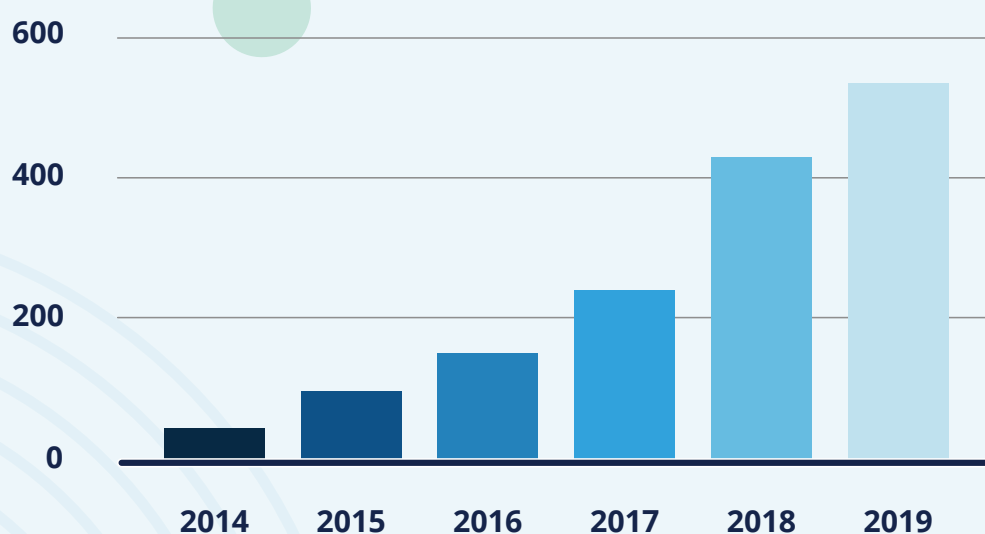


## Annual Recurring Revenue in total

Annual Recurring Revenue Development - yearly cohorts (m DKK)



## Number of accounting firm clients



## BEIERHOLM

*“Mere end en million papirstykker er nu fuldstændigt digitaliseret. To tredjedele af vores regnskab for vores kunder er digitalt produceret og underskrevet.”*

Kasper Behrens  
CIO, Beierholm



# Business Summary

## Looking to new horizons in Europe

**“ Strategically we have in 2019 developed a European Strategy and we’ve set the course for new emerging markets in Europe and for developing a stronger international software company. We have already executed on this into Belgium as our first new emerging market for growth. The company has a clear strategy of focus going forward, and we’re excited for us having a stronger and more international TEAM.”**

**Niels Henrik Rasmussen,  
CEO, Penneo.**

## Chairman's statement

**“ 2019 has been a great year for Penneo with new possibilities emerging from several changes. We are pleased with both the company's financial results and operational performance and we achieved an Annual Recurring Revenue of DKK 25M. We executed on our European Strategy and successfully entered Belgium in Q1 2020 signing our first customer. In addition we intensified our Nordic market presence with 443 new customers while still being able to deliver more value to existing customers.**

***Our activities in 2019 helped us realise our strategic goals and we are especially pleased that we have entered Belgium and proven our product-market fit in Europe, which is a substantial milestone for us. We are excited that the first Belgian accounting firms chose to implement Penneo in their daily operations and support our strategic aspiration and vision.”***

***Morten Elk,  
Chairman of the Board, Penneo.***

## Statement from the CFO - Casper Nielsen Christiansen

(m DKK)	2019	2018
<b>Gross profit</b>	17,8	16,9
Staff costs	-15,2	-11,6
<b>EBITDA<sup>4</sup></b>	<b>2,5</b>	<b>5,3</b>

<sup>4</sup> In 2019 we had other operating expenses regarding fundraising, which amounted to 0,4m DKK. This amount is not included in the 2,5m DKK, since it is not a part of our normal operations

**“ 2019 was a year of change and investing into our expansion strategy which ties well with our commercial progression throughout 2019.**

*We increased our investments in Sales & Marketing by 41% from 2018, which contributed to both clearer market communication on our transition to being purely subscription based and growing our customer base with 443 new customers. Educating the market on our transition to the subscription model was an arduous process from both a financial and operational perspective in our Sales & Marketing teams. However we are already enjoying the benefits of this investment by adding substantially to our Annual Recurring Revenue from subscription in 2019. A development that will remain a top priority for the management team.*

*Another significant yet necessary investment is found in our cost of premises that grew by 68% in 2019 and Contingent liabilities (note 9) that grew to 11.056t DKK. Our expansion strategy clearly identifies Penneo as a European player which calls for us being able to attract international capacity for swift expansion to new markets. For the past years we were located in Søborg in the outskirts of Copenhagen with little public transportation available and we felt compelled to relocate to the center of Copenhagen to build a recruitment hub. Our move to Vega has also given us more square meters to onboard new great team*

**“** members to support our growth journey - especially in Development and Sales and we have been successful in executing on ramping up our workforce - more accurately from 27 to 42 team members.

*Finally, 2019 was a year of investment in the sense that we joined forces with an experienced investor with strong internationalization and scaleup know-how to support our expansion aspirations. This capital raise activity materializes in our expenses to commercial and legal external advisory.*

*In summary, 2019 was a year of change and for preparing the organisation for international fit. However we take pride in the fact that we have been able to maintain a positive ebitda while engaging in double-digits investments.”*

**Casper Nielsen Christiansen,**  
**CFO, Penneo**

## A professional financial structure for international expansion

In Penneo we have focused on compliant and solid financial structures. Our efficient financial controlling enables us to constantly monitor financial performance and cash flow.

### IFRS 15 - an international accounting principle

When IFRS 15 was introduced to the Danish GAAP in 2018 we decided to transition into this standard. IFRS 15 allows us to present the true value creation of Penneo, since it focuses on our performance elements regarding delivery of our software.

### Trade receivables

Our customers typically prepay for a one-year subscription when the contract is signed. This, and a constructive and consistent collection of trade receivables, keeps loss on a very low level.

## Annual Recurring Revenue - the foundation for a SaaS company

A key metric for all SaaS companies is the Annual Recurring Revenue as it expresses the value of a company's client base. Analysts often apply a multiple to the Annual Recurring Revenue when they value a company, because the Annual Recurring Revenue is a measure of how much revenue a company can generate based on its current client base annually.

For SaaS companies a strong Annual Recurring Revenue also creates a solid economic foundation of predictable cash-flows, which enables a company to responsibly invest into future growth.

Annual Recurring Revenue will decrease if a customer churns or downgrades their subscription, while it will increase with the onboarding of new customers or if a customer upgrades their subscription.





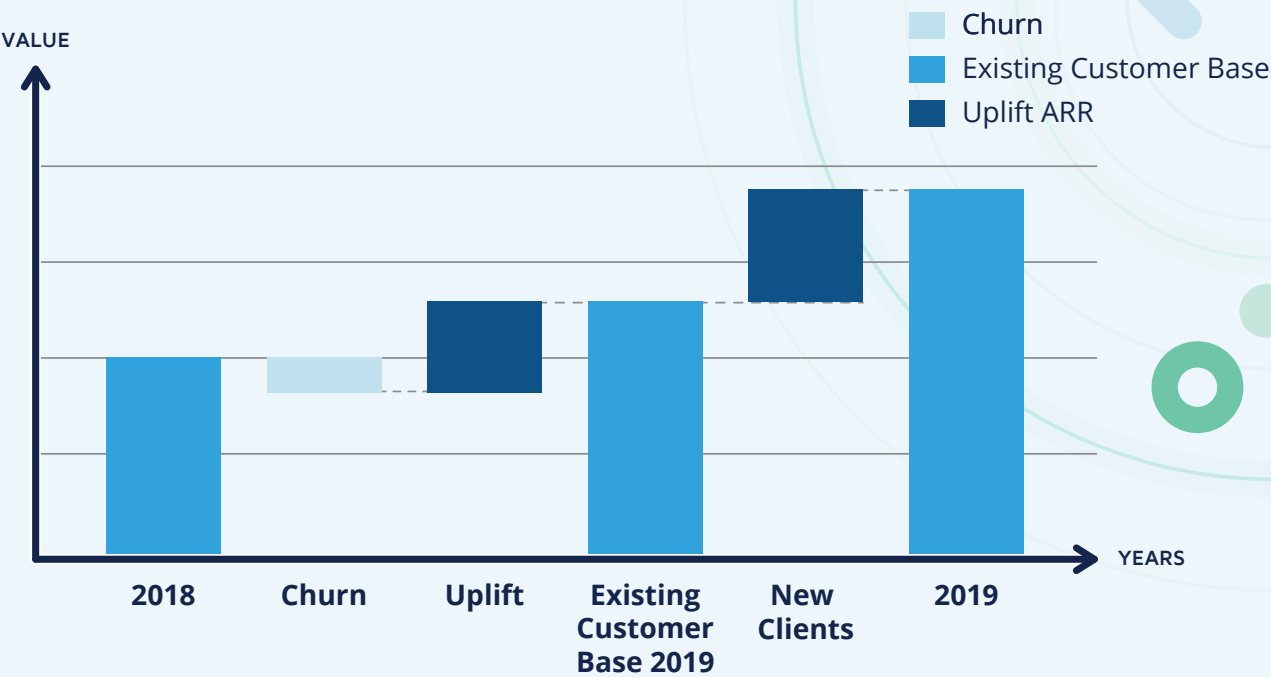
## Penneo's Annual Recurring Revenue

Penneo's growth in Annual Recurring Revenue is not only based on our ability to attract new customers, but it also comes from our existing customers. Over many years Penneo has had a very low churn rate. 4 years historic cohort data shows that Penneo customers' Annual Recurring Revenue grows on average by 21,8 % annually the first 4 years.

This means that our existing customers contribute to our Annual Recurring Revenue growth every year. Our customer base at the end 2018 increased its Annual Recurring Revenue with 12 % during 2019, documenting a strong "net negative Annual Recurring Revenue churn". This is a key strength indicator for leading SaaS companies, and it shows the strength of Penneo's product market fit and the value delivered to our customers.



## Factors impacting Annual Recurring Revenue 2018 - 2019



## A data-driven scale phase awaits

In 2019 we have performed several changes and upgrades to gear-up the organisation for international scalability e.g. moving our HQ to the center of Copenhagen in a creative environment on the top of Vega in Vesterbro. We have now created a growth hub for attracting more great employees to be part of our European journey. We have grown our team from 27 to 42 team members in 2019 across the organisation from Sales to Business Intelligence to Management to create a strong foundation for us going global.

In short, we have transformed our business to being more subscription based. An essential outcome of this journey is the continuous improvement of our forecasting capabilities now relying more on data. Being a data-driven SaaS company also increases our knowledge of our customers, and enables us to continue delivering more value and engagement with our customers.

**“ We have successfully been developing our growth model growing our Annual Recurring Revenues to 25m DKK in 2019 and the results are backed by our track of proven profitable growth and TEAM development, which is what we want to intensify in the future as it ties to the vision of our founders; to create a global standard. Most importantly, we also grew our TEAM from 27 to 42 team members of 14 different nationalities. It’s a TEAM of diversity and creativity, that together comprises a more global mindset equipped for expanding Penneo to new markets. In the future, we hope to expand this TEAM also in our reach of regions and market presence”.**

**Niels Henrik Rasmussen,  
CEO, Penneo.**

To reach our ambitious goals, there are critical activities that we must succeed with. We will particularly focus on swift execution in targeting new European markets and moving closer to our customers, through a stronger data foundation and customer-centric product development to accommodate the entire value chain in financial reporting.

With our 2019 changes in place we are ready to take on Europe in 2020, now being more data-driven than ever before. Our ability to increasingly rely more and more on data, enables us to build better products by moving to new markets quicker and moving closer to our customers. Initiating our growth strategy entails more products to accommodate the entire value chain in financial reporting which will contribute to Penneo moving towards becoming a global standard with a diversified workforce of 14 different nationalities with more joining.

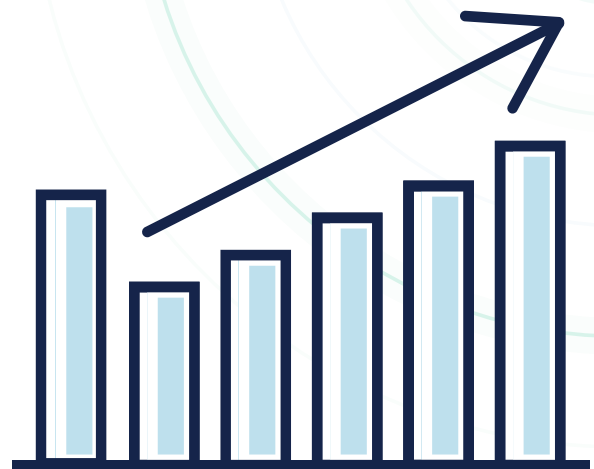


## Financial outlook for 2020

Penneo expects to continue growth in our Annual Recurring Revenue in 2020. In 2019 we achieved growth in the existing Scandinavian market.

Further growth in the Scandinavian markets is expected and will be supported by growth through new European market entries.

Penneo has relatively low cost to support the existing customer base, which means that the revenue from the existing customer base can be used to acquire new customers and develop our product. Because of the big European market opportunity and future upside, we will accelerate the investment in getting new customers in 2020. High investments in new customers is very normal for a growing SaaS company, and is in full alignment with Penneo's strategy to expand and take advantage of the opportunities in new European markets. That is why 2020 will be an exciting year for Penneo where entering new European markets will be a main focus.





# Governance

## Statement by management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PENNEO ApS for the financial year 01.01.2019 - 31.12.2019.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, on 09.03.2020

### Executive Board

Niels Henrik Rasmussen

### Board of Directors

Morten Kenneth Elk

Nicolaj Højer Nielsen

Jan Flora

Michael Moesgaard Andersen

# Independent auditor's report

## To the shareholders of PENNEO ApS

### Opinion

We have audited the financial statements of PENNEO ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit.

### **We also:**

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, on 09.03.2020

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR-nr.: 33963556

Bjørn Winkler Jakobsen  
**State Authorised Public Accountant**  
MNE-nr./Identification number (MNE) mne32127

Mads Juul Hansen  
**State Authorised Public Accountant**  
MNE-nr./Identification number (MNE) mne44386

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Material errors in previous years

In the annual report for 2018, the company has offset public grants in development projects in progress. This is in violation of the set-off prohibition in section 13 (1) of the Annual Accounts Act. 1, No. 8.

Grants amount to 447 t.kr. and is a significant misstatement in the 2018 financial statements.

As a result, the error has been corrected in 2018, whereby development projects in progress have changed by DKK 447 thousand, so that the item is DKK 4,416 thousand in 2018, against previously recognized DKK 3,968 thousand. The grant is similarly recognized in 2018 as prepayment items (liability) with DKK (447) thousand, against previously recognized DKK 0.

The correction does not have a profit or tax effect.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, other operating income and external expenses.

## Revenue

Revenue is recognized exclusive of VAT and taxes and with deduction of any rebates given, in accordance with IFRS 15 as allowed under Danish GAAP (Årsregnskabsloven). Net revenue is allocated to performance elements in accordance with IFRS 15, where performance elements are training/ education, customer access to systems agreed, delivery of any validations and certificates of signatures and to a lesser extent support and storage. Allocation is based on the contract with the customer to the extent possible, but for combined contracts, an estimate is being made for the distribution of sales price to the performance elements. Such allocation to performance elements is based on historical data to the extent possible, with frequent re-estimation based on the development in data or other knowledge around tendencies or expected development. The contracts held by Penneo, are to a huge extent combined contracts. Recognition of revenue is made when or as the performance obligations are met by Penneo.

## Cost of sales

Direct costs are costs being directly related to the net revenue recognized.

## Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc.

## Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

## Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation.

## Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

### Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Impairment losses on financial assets

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by

Management for each business area. Goodwill is written down to the lower of recoverable amount and carrying amount.

### Intellectual property rights etc

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs less deferred tax incurred is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects. Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 3-10 years.



### Property, plant and equipment

Improvements are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. The basis of depreciation is cost less estimated residual value after the end of useful life. Straightline depreciation is made on the basis of the following estimated useful lives of the assets:

#### Leasehold improvements 5 years

For leasehold improvements, the depreciation period cannot exceed the contract period. Estimated useful lives and residual values are reassessed annually. Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.



### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the taxbase is calculated based on the planned use of each asset or the planned settlement of each liability.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

# Financial Statements

## Income statement for 2019

	Notes	2019 DKK	2018 DKK
<b>Gross profit</b>		<b>17.778.196</b>	<b>16.916.420</b>
Staff costs	1	(15.236.522)	(11.587.143)
Depreciation, amortisation and impairment losses	2	(1.993.975)	(1.645.564)
Other operating expenses		(434.314)	0
<b>Operating profit/loss</b>		<b>113.385</b>	<b>3.683.713</b>
Other financial income	3	43.414	48.033
Impairment losses on financial assets		(95.000)	0
Other financial expenses	4	(527.397)	(179.027)
<b>Profit/loss before tax</b>		<b>(465.598)</b>	<b>3.552.719</b>
Tax on profit/loss for the year	5	21.081	(1.379.270)
<b>Profit/loss for the year</b>		<b>(444.517)</b>	<b>2.173.449</b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		(444.517)	2.173.449
		<b>(444.517)</b>	<b>2.173.449</b>

## Balance sheet at 31.12.2019

	Notes	2019 DKK	2018 DKK
Completed development projects		7.356.996	9.322.303
Goodwill		0	0
Development projects in progress		9.650.466	4.416.188
<b>Intangible assets</b>	<b>6</b>	<b>17.007.462</b>	<b>13.738.491</b>
Leasehold improvements		242.457	28.671
<b>Property, plant and equipment</b>	<b>7</b>	<b>242.457</b>	<b>28.671</b>
Deposits		1.112.672	177.830
<b>Fixed asset investments</b>	<b>8</b>	<b>1.112.672</b>	<b>177.830</b>
<b>Fixed assets</b>		<b>18.362.591</b>	<b>13.944.992</b>
Trade receivables		3.460.894	4.175.441
Receivables from group enterprises		21.193	717.769
Other receivables		41.469	906
Income tax receivable		727.491	0
Prepayments		432.180	291.390
<b>Receivables</b>		<b>4.683.227</b>	<b>5.185.506</b>
<b>Cash</b>		<b>8.217.139</b>	<b>4.199.145</b>
<b>Current assets</b>		<b>12.900.366</b>	<b>9.384.651</b>
<b>Assets</b>		<b>31.262.957</b>	<b>23.329.643</b>

## Balance sheet at 31.12.2019

Notes	2019 DKK	2018 DKK
Contributed capital	135.995	108.567
Reserve for development expenditure	13.265.280	8.480.464
Retained earnings	(1.565.826)	(2.513.602)
<b>Equity</b>	<b>11.835.989</b>	<b>6.075.429</b>
Deferred tax	3.405.000	2.659.170
<b>Provisions</b>	<b>3.405.000</b>	<b>2.659.170</b>
Debt to other credit institutions	5.070.430	1.232.776
Other payables	689.462	0
Deferred income	447.851	447.851
<b>Non-current liabilities other than provisions</b>	<b>6.207.743</b>	<b>1.680.627</b>
Payables to other credit institutions	0	46.718
Prepayments received from customers	4.636.042	5.530.266
Trade payables	2.370.974	1.875.891
Payables to associates	0	24.460
Income tax payable	0	461.875
Other payables	2.807.209	4.975.207
<b>Current liabilities other than provisions</b>	<b>9.814.225</b>	<b>12.914.417</b>

## Balance sheet at 31.12.2019

**Liabilities other than provisions****16.021.968****14.595.044****Equity and liabilities****31.262.957****23.329.643**

Contingent liabilities

9

Assets charged and collateral

10

## Statement of changes in equity for 2019

The company has over the years introduced incentive plans aimed at key employees. Share options are vesting over time to insure the retention of such key employees. The total number of shares for which key employees may become eligible is 7.267. The options are exercisable at an average exercise price of 708,64 DKK

	Contributed Capital DKK	Share Premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	108.567	0	8.480.464	(2.513.602)	6.075.429
Increase of capital	27.428	6.477.649	0	0	6.505.077
Transferred from share premium	0	(6.477.649)	0	6.477.649	0
Costs related to increase of capital	0	0	0	(300.000)	(300.000)
Transfer to reserves	0	0	4.785.356	(4.785.356)	0
Profit/loss for the year	0	0	0	(444.517)	(444.517)
<b>Equity end of year</b>	<b>135.995</b>	<b>0</b>	<b>13.265.820</b>	<b>(1.565.826)</b>	<b>11.835.989</b>

# Notes

## 1. Staff costs

	2019 DKK	2018 DKK
Wages and salaries	14.450.707	11.008.209
Other social security costs	225.803	185.706
Other staff costs	560.012	393.228
	<b>15.236.522</b>	<b>11.587.143</b>

Average number of employees

33	27
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## 2. Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	1.965.307	1.374.002
Depreciation of property, plant and equipment	28.668	271.562
	<b>1.993.975</b>	<b>1.645.564</b>

## 3. Other financial income

	2019 DKK	2018 DKK
Financial income arising from group enterprises	0	4.825
Exchange rate adjustments	43.055	43.208
Other financial income	359	0
	<b>43.414</b>	<b>48.033</b>



## Notes

### 4. Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	0	5.512
Interest expenses	19.627	86.090
Exchange rate adjustments	56.950	87.425
Other financial expenses	450.820	0
	<b>527.397</b>	<b>179.027</b>

### 5. Tax on profit/loss for the year

	2019 DKK	2018 DKK
Current tax	(727.491)	461.875
Change in deferred tax	745.830	917.395
Adjustment concerning previous years	(39.420)	0
	<b>(21.081)</b>	<b>1.379.270</b>

## Notes

### 6. Intangible assets

	Completed development projects DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	12.267.029	1.100.000	4.416.187
Additions	0	0	5.234.279
<b>Cost end of year</b>	<b>12.267.029</b>	<b>1.100.000</b>	<b>9.650.466</b>
Amortisation and impairment losses beginning of year	(2.944.726)	(1.100.000)	0
Amortisation for the year	(1.965.307)	0	0
<b>Amortisation and impairment losses end of year</b>	<b>(4.910.033)</b>	<b>(1.100.000)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>7.356.996</b>	<b>0</b>	<b>9.650.466</b>

#### Development projects

Development projects in progress include the development of a new software platform. The development project essentially consists of costs in the form of direct salaries and other costs, which are registered through the company's internal project module. The management is of the opinion that it is technically possible to complete the development project during execution.

The carrying amount is 9,650 t.kr. the 31.12.2019. The software platform is expected to bring significant competitive advantages and thus a significant increase in the level of activity and profit for the company in subsequent periods.

## Notes

### 7. Property, plant and equipment

	Leasehold improvements DKK
Cost beginning of year	154.692
Additions	242.454
<b>Cost end of year</b>	<b>397.146</b>
Depreciation and impairment losses beginning of year	(126.021)
Depreciation for the year	(28.668)
<b>Depreciation and impairment losses end of year</b>	<b>(154.689)</b>
<b>Carrying amount end of year</b>	<b>242.457</b>

### 8. Fixed asset investments

	Deposits DKK
Cost beginning of year	177.830
Additions	839.842
<b>Cost end of year</b>	<b>1.017.672</b>
Impairment losses for the year	95.000
<b>Impairment losses end of year</b>	<b>95.000</b>
<b>Carrying amount end of year</b>	<b>1.112.672</b>

## Notes

### 9. Contingent liabilities

	2019 DKK	2018 DKK
Other contingent liabilities	11.056.618	152.000
<b>Contingent liabilities to third parties</b>	<b>11.056.618</b>	<b>152.000</b>

The company engaged in a new office space rental agreement in the center of Copenhagen. The rental agreement holds a fixation period of 5 years from the end of 2019, at a considerable price increase compared to similar and previous liabilities.

The Entity participates in a Danish joint taxation arrangement where serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

The company has entered into an agreement with the lender regarding exit obligation and performance obligation. Exit obligation is triggered by an exit defined by loan agreement, exit obligation is maximized by DKK 800k. Performance obligation is triggered by EBITDA of DKK 15 million. The performance obligation is maximized by DKK 400k per year.

### 10. Assets charged and collateral

As security for overdraft facility, the company has provided security in company assets representing a nominal value of tDKK 2,000 exclusive bonus.

# Company Information

## Company

PENNEO ApS  
Enghavevej 40, 4.  
1674 København V

**Business Registration No:** 35633766  
**Registered in:** Copenhagen  
**Financial year:** 01.01.2019 - 31.12.2019

## Board of Directors

Morten Kenneth Elk  
Nicolaj Højer Nielsen  
Jan Flora  
Michael Moesgaard Andersen

## Executive Board

Niels Henrik Rasmussen

## Entity auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 Copenhagen C



# PENNEO™

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