Penneo Q4 2022 præsentation

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{'A': {'name': 'Christian Stendevad', 'user_id': '403', 'description': 'Chief Executive Officer', 'is_moderator': False}, 'B': {'name': 'Casper Christiansen', 'user_id': '404', 'description': 'Chief Financial Officer', 'is_moderator': False}, 'C': {'name': 'Mikkel Kousgaard Rasmussen', 'user_id': '', 'description': 'ABG Sundal Collier', 'is_moderator': False}, 'D': {'name': 'Anders Egsvang Rasmussen', 'user_id': '', 'description': 'Stokk.io', 'is_moderator': False}, 'E': {'name': 'Emil Haargaard', 'user_id': '', 'description': 'Carnegie Investment Bank', 'is_moderator': False}, 'F': {'name': 'Peter Trampe', 'user_id': '', 'description': '', 'is_moderator': False}}

A: This presentation is our first presentation after we have been listed on the main market, and we have been looking very much forward to standing here today and present our annual report. Together with me I have Casper Christiansen as CFO helping me out answering any questions that might be raised during the presentation and also will be part of presenting the financial numbers. What we have as an agenda today is a very short introduction to Penneo and then we will have a look at the 2022 results outlook for 2023 and then we are open for any questions that might come up during the presentation and as usual we will answer every question that there is on this call. So let's go into shortly of our introduction to Penneo The introduction is high level meaning we have others on our homepage with a more deep dive into our business model and so on. But here first of all an introduction. Penneo was founded in 2014 by entrepreneurs with an ambition of reduce the Hassle document signed by replacing Pen and paper. Today we have evolved into a business to business software as a service company with 111 employees in the year 2022 and with more than 2500 customers in Denmark, Norway, Sweden and Belgium. Our key focus is on digital signing and document workflows around that and also on our Know Your Customer product that is part of living up to antimoney laundering regulation and our aim is to become the preferred platform for all General Accounting across Europe within what we do. Some facts about 2022 so in Denmark 81% of all annual report filed to the Danish Business Authority were signed using Penneo so that number had increased from last year, that was also an increase from the year before across all markets. A total of 1.8 million Penneo sign casewide were completed and in 2022 with our KYC product a total of 40,000 client relationship were created for onboarding and verification and risk assess using our Penneo KYC and in total 62 million sheets of paper were saved using Penneo which correspond to 1000 tons of wood or 2300 tons of CO2. So that was the short presentation of Penneo Then let's look into the results of 2022 and some highlights. So here are the full year highlights so our ARR growth and therefore ARR mount 71 million at the end of 2022 compared to 55 million at the end of 21 which correspond to a 28% year in year growth. Our newbizz ARR newbizz amount to 8.5 compared to 9.8 in 2021. And our annual net retention rate amount to 113% then consists of ARR uplift that amount to 16% and a churn rate amount to 4% And it is a rounding that make that the net retention rate is 113%. With the 16% and 4% the simple calculation would have been 112% but the actual number is 113% because of a rounding. And then the EBITDA amounted to negative 11.1 million compared to negative 14.1 in 2021. So in general, when we look from the overall 2022 performance, it was impacted by our macro environment that we experienced that negatively impacted our customers buying behavior and also led to somewhat longer sales cycles for some of our larger deals. So in Q3 we experienced some more cautious buying behavior which materialized in fewer and smaller deals than anticipated originally, and this result in lower average ARR per new customer and also lower expected increase in engagement from existing customers. And this buying behavior overall continued into Q4. So nevertheless, what we experienced that we still achieved this 71, that was in line with our adjusted guidance of 70 to 75 million that we provided in October 2022. So that's what correspond to the 28 year on year growth. If we dig into the Q4 highlight number, we can see here that our ARR in Q4 was increased by 6 million compared to 5.2 million in 2021. And that was a result of ARR newbizz that amounted to 2.3 compared to 2.7 in 2021 Q4. So the newbizz was a little bit lower, and then our ARR uplift amount to 4.4 compared to 2.7 in 2021 Q4. And the ARR churn amounted to 0.8 million compared to 0.2 in 2021. And if I just comment first on the ARR part. So the Q4 in general was our second largest quarter result in general with these 6 million. And the performance, as you can see here, was driven by a strong ARR uplift from existing customers, and that was especially due to an expansion of our agreement with Bank Data So the average deal size, if we look into that in Q4 continued to be lower than in H1 but even though it was higher than compared to Q3, it was still at the lower end. When you look from the old year, we onboarded 125 new customers in Q4, and compared to 123 new customers last year in Q4. So the increase that amounted to 2.3 million compared to the 2.7 in 2021 from a number that was higher in 2022, or based on a similar level of 125 compared to 123. So that implies that the average deal size for the initial commitment that we get in is lower. Then the EBITDA amounted to positive 3.2 compared to a negative 0.6 million in 2021 Q4. And just a small note, just before entering this meeting, I just got noticed that that in the, in the report for Q4, there was this minor mistake that it says minus instead of plus, but it is plus. And if you calculate all the numbers down, you come to this plus numbers. If we look at it, that EBITDA number in Q4 with the positive 3.2 that was mainly due to an increase in our one time fee, which also was the reason why the full year ended up on 11.1 which was out of our original range of -15 to -20. So it ended up on -11 and that was mainly due to this one time fee that we could see here. So we were profitable in Q4. So there was a walkthrough of the Q4. In general, when we just look at these numbers, we do believe that the current economy that have changed will not change the long term growth potential of Penneo So we remain a company with a solid subscription based business with a growing ARR from both the existing and new customers and a low yearly ARR churn and a relatively high contribution margin So the contribution margin for example in Q4 were 86% so and we also in general the underlying market trends can see turns straight into attractive our solution of both Penneo Sign and Penneo KYC in both existing markets and also our foreign markets come back to when we look into our outlook for 2023 and onwards. We will touch base on that again, if we then go a little bit away from the financial numbers and then also look at some of the key milestones that achievement from a business point of view that we have achieved then 2022 we had some very important milestone that we achieved. One of them was the capital raise of 59 million that we completed in Q1 and shortly afterwards successful listing on the Copenhagen main market. We also used the 2022 with the raised growth capital to continue our investment in our growth strategy. So we have made as it says here, we had a 100 employee milestone that we reached in Q3. And we also in general made solid progress on scaling our business for growth and create an even more professional organization with the right structure and mix of competencies. And we also improved and broadened the functionality of our solutions. We also grew in foreign markets, including particularly Belgium. We established a local sales team and we could see here in Q4 how that has helped out. So for example, we grew 55 customers in total in Belgium in 2022 and half of them were in Q4 We also had some very nice key customer wins with our KYC product. We announced some big4 earlier this year, but also in general we also had a lot of other great wins with our KYC product. We also extended here in Q4 our agreement with Bank Data and their member banks like Sydbank and Jyske Bank. So they now extended our use of our solution. So they also solidified our market position that our Sign solution has achieved within the financial industries. And then last but not least in 2022 we upgraded our Penneo Sign technology platform to offer the highest level of electronic signatures within the eIDAS regulation. So we can now offer qualified electronic signatures and we got listed on the EU trust list earlier this year as a result of that investment and as a qualified service provider that is the highest level. And that is important because we believe it both serve as a door opener but also as a competitive differentiator in our ongoing effort to penetrate the Auditing and accounting vertical and also other industries in EU outside of Scandinavia. So this was a summary of some of the business highlights. Then I will hand over to you Casper that can go into details of our numbers.

B: Thank you, Christian. I assume that a lot of you will know this chart. I have shown it some times since we became listed in 2020. But I'll start out explain what it actually shows. This chart shows all the customers grouped by the year they become customers representing by one color in this chart. And this is the yearly development throughout the year since we become founded back in 2014 What you can see is that we in general uplift our cohorts and in average it's like 18%. So that's the main focus of this chart. If we dive down to the last 12 months you can see a chart here. The first part of it shows how the customers who became customers before last year, meaning up until 2021, how they have developed. So what you can see is that we have still what we assume is a pretty low churn and only say below 5% is pretty strong and now it's amounted to 4%. On top of that we have uplifted the customers who is still a customer in Penneo with 16%, meaning that we have a net retention rate on 113%, not 112% as this could show, but it's in the total number it's 113%. On top of that we have added a lot of new customers and thereby we have achieved a fully year on year growth on 28%. What I want to highlight here is that now we start seeing that the Know Your Customer solution is gaining more and more pace. We are coming from approximately 6% of the ARR in the beginning of 2022 to approximately 11% at the end of 2022, which is coming from the Know Your Customer. That's pretty good to see that it starts gaining more and more pace. And this chart shows how our ARR is divided in what we call domestic market and foreign market. By the domestic market we mean customers being customer in Denmark and foreign markets is all country outside of Denmark. And this pie charts beside the chart here shows how the 20 million is divided in foreigner markets. What you can see here is that the Norwegian markets is our strongest market outside of Denmark. But what I also like to highlight is that the Belgium market is gaining a lot of speed. A lot of this ARR is actually gained in the past year of 2022. End autumn we hired a local team in Belgium and I think it's pretty cool to see it actually start working. So now we are gaining the pace that we could only dream for. What I also want to highlight here is that the overall growth is 28% if you look at the entire portfolio, but the foreign market shows year on year growth on 36%. And if we dive down to the newbizz approximately half of it is coming from the foreigner markets. It's 49% to be precise. This chart SaaS-metrics shows all the figures behind our sales funnel. So you can see here that the number of customers we are getting in in Q4 It's approximately the same numbers as in the last Q4 in 2021. If we look at the 12th month period like in 2022 and 2021 we see that we got 404 customers onboarded. And you could compare that to the 530. And you can also see that the average ARR, the first period customers become customers is like 20,500 DKK compared to almost 19,000 DKK in 2021 What I would like to highlight is also that when you look at our CAC you can see that since the second half year of 2021 we have had a CAC between 20 sorry, 30 and 35,000 DKK we consider as the level we have for now and it represents the pressure we put on the sales funnel And if you look at the net retention rate we are we ended the year in 113% as we said before. And if you combined the net retention rate with the average ARR from new customers we achieved an ARPA on 28,000 DKK compared with 23,000 DKK last year. So we still managed to grow our customers. Our EBITDA as you can see, our revenue, recognized revenue, increased by 33%, which is a bit more than 28%. A part of it is like the one time fee that Christian also was talking about coming in. In the Q4 last year the cost of sales is only growing by 30% why We have contribution margin which is stronger in 2022 than in 2021 What we normally say is that we are satisfied as long as it is above 80%. Other external expense is also increasing and the staff cost is increasing. Other external expense is increasing since we in this portion in this cost include for instance cost to marketing, leadspend and so on and also in the annual report we have a charge of our hirings. The four hirings which we call contractors is a part of this. Other external expenses and staff cost is increasing since we have hired a lot of new people in 2022 but a lot of them is hiring during the year. That's one of the reasons why it's not that steep growth of this cost. It will have a kind of fully effect on next year. So as Christian said we achieved 11.1 million in negative EBITDA compared to the negative guidance of -15 to 20 million.

B: Next slide here showing the relationship between the negative free cash flow and ARR growth in 2020 we set out what we call an investment plan when raised the first capital rounds corresponding to the IPO. When you do that, you have a lot of investment in hiring a lot of new people, meaning that you have a higher free cash flow negative compared to the growth rate for your ARR. But the year after we saw that we got all the benefits from investing in hiring all those people while we see the relationship between negative free cash flow And ARR growth being better by -1.3 DKK growing. And now we start our new what we call investment plan this year. We raised capital in the spring and hired a lot of new people going from 87 to 111 people end of year. And that means we invest a lot. And before we see the result of this, people need to be onboarded and start showing what is the reason for hiring all those people. So what we expect to see next year is that we have a lower price per new ARR DKK next year. And I also need to highlight that we have adjusted this negative free cash flow from the cost being listed in 2020 and the cost of being migrated to the main market here In 2022, just to show how the core operation actually performs in terms of growth and negative free cash flow. Approximately half of it is spent on development cost, meaning activated cost, which is not a part of the EBITDA. And half of it is spent on Operation negative free cash flow on operation. So I will hand over the mic to your Christian.

A: Thank you very much. So let's go into the outlook for 2023 first of all, the guidance for 2023 so as we have reported here, we achieved 71 in 2022 and our guidance for 2023 is a range between 87 and 95 million end of year and that corresponds to a growth rate of 23% to 34%. This outlook is based on the currency exchange rate at the end of 2022. So the range is larger than than we have had before in earlier years and that is due to some of the circumstances that we can see in the market. This guidance is based on four key assumptions. One assumption is the continued conservative buying patterns that we have seen in Q3 and Q4. So we expect that continue this conservative buying pattern that we have experienced will continue both our existing and our new customer. So compared to historical performance, this includes for example a lower average deal size due to smaller initial sales commitment and also some longer sales cycles for some type of larger deals. So that we expect to continue and take into consideration. We also have an assumption on unchanged strategic priorities. So despite this uncertain market condition. We remain confident that as with our current growth strategy, so we will continue to invest in maturing and scaling up our organization, although we might choose to adjust some investment if the market condition deteriorates and these investments span across sales and marketing. Product development also other key area that play a critical role in continued geographical expansion of Penneo Sign and rollout of Penneo KYC so in 2023 our intention is also to enter at least one new market in Europe, in addition to our existing market in Scandinavia and Belgium. However, since it requires some time to gain traction and adopt our solution to local rules and legislation, we assume only a relatively small share of net revenue come from this new market. In our 2023 guidance we also have a key assumption with increased demand generation capabilities. So over the last year, and especially in particular here in 2022 second half, we have carried out some organizational changes and aimed at increasing our demand generation capabilities and our sales reach. So our primary way of creating demand is by acquiring leads and converting them into customers that remains digital inbound marketing and in sales. But we have also here in 2022 strengthened our outbound sales with reps who are solely focused on sales prospecting. So therefore we expect that the market share of new customer come from this sales channel and also a larger number of new customers in 2023 in general compared to 2022 and this will contribute to a positive ARR growth despite the lower average deal size per customer due to the market condition that we see currently. And then last but not least, we have a key assumption with low churn and continued uplift. So in 2023 we expect a slightly higher customer churn rate, but yet still below the 5% and we have as a general benchmark for our performance and that we have also seen historically. We also expect that we continue uplift from existing customers based on the increased engagement with our Penneo sign and also from revenue from crossselling our Penneo KYC so that continues to be our focus. But moreover, we also expect a positive effect on the ARR uplift from our annual adjustment of our pricing reflecting the general increase in inflation rate. So this has been introduced in 2022 and step into effect as of January 2023. So these were some key assumptions and I've now put some more words to it. But in general, our range is a little bit larger than we normally do. If we look into the EBITDA guidance, then the EBITDA guidance we landed on the negative 11.1 and the guidance for 2023 is negative 10 to negative 15 million. So this is our expectations and it basically reflects that we will continue to invest in maturing and scaling our organization and also invest in our products even though we have these market conditions that we have. And so this investment is based on sales and marketing and product development, are key areas. So that will continue investment and as you just explained in your last slide, Casper when we do these kind of investments, we always have this that we never run out of cash as a planning theme. So of course now the range of the EBITDA is smaller than the range of our ARR but that reflect that thought process that we also described in our annual report that if it turns out that the ARR have changes to it, then we will always adopt our investment level accordingly. So we never run out of cash. So that's the reason why it's negative 10 to 15. So this was some words to the EBITDA guidance and to our ARR guidance and that also ends our financial report. And before we come to questions and answers, we just want to highlight that we also today have published other reports. So for the first time ever we have published an ESG report. Then you can read more about Penneos Environmental, Social and Governance indicators. And we also together with our annual report today we have released our remuneration report where we provide a transparent overview of the valuation of our executive board and our board of directors. So that is released also today and can be read. So that finalized our presentation. So if we go to now the question and answer session now and we can see some hands have been raised. So let's start with the first one that raised the hand Emil

B: Are you unmuted? Maybe we can go to Mikkel when we are waiting for Emil

C: Perfect Thank you guys for the presentation. So I have a few questions. Firstly, it's regarding the higher recognized revenue in Q4 due to customers using your services more than they initially agreed. Should we also expect this going forward or should we continue to expect this being a one off in this year?

A: We do not forecast this kind of level of one time fee. We experience it sometimes when they exceeded their uses. Then we can send a one time invoice for those customers that haven't used it. But the majority would often say okay, this is based on an overall adjustment on our engagement level and then they will commit to a higher level and therefore it translates into ARR But that could also be that for some reason as a one time

C: Yeah So they'll commit to a higher license next year, perfect.

C: Okay, perfect. So this is regarding your guidance for ARR guidance for 2023. Can you break this down a bit more into KYC and Sign obviously KYC should be more recession resilient.

A: You could claim yes, we have not divided into (...) But what do we do expect is that we will continue from a strategic point of view focusing on upselling KYC to our existing customers and we can also see that to new customers, customers are also requesting to have a look at our KYC. So we do believe that trends that we have seen in 2022 where an increased amount of our overall revenue come from KYC, that trend will continue.

C: Okay, perfect. And regarding your employees, is it correctly understood that you are now satisfied with the employee number and when will you start to hire again? Because that's also what you write in the report. And lastly, how many employees do you need to hire to achieve your desired growth rates going forward? That could be in 2023, 2024, 2025.

A: So we have increased net, We have increased with 24 from 87 to 111 in 2022. In our plan, we in our plans for 2023 will continue hiring people, but less than in 2022 And then that will be for 2023. So we have not released released the exact number, but we will continue. So here in January, for example, we hired I think 67 new employees. So it will go up lower pace than in 2022. Yeah.

C: And then in 2024, will you need to hire more people to sustain the high growth rates or sort of get the growth rates back up again?

A: That we will evaluate when we come to that point. Okay.

C: My last question is related to the capitalization of product development. So you capitalize 19 million in 2022, which is up from 14 million in 2021. Can you provide any guidance here going forward? Given that you in 2023, at least according to my sort of understanding that you'll focus mostly on product development?

B: We haven't given any guidance on it.

B: Why we can't comment directly on it, but I can try to give some flavor. Some of the hiring plan for now is allocated to the development. Why you will see an increase in this amount combined with some of the people coming in this year in 2022 is also in product. When you have a fully year, the amount will increase. I think that's the closest we can get to it.

C: Okay, perfect. Thank you so much for your time and questions or answers.

B: Cool. Should we jump to Emil just to give him a chance? If the mic is working.

E: Hi Casper and Christian and thank you for taking my question. I'm sorry for before. Unfortunately, my mic didn't work. To my first question, can you tell us something about how much this one time fee invoicing contribute to revenue? And I assume also EBITDA.

B: Are you talking about 2022 or in our guidance?

E: Yeah. The one time fee that you mentioned in the company announcement from 19 January when you adjusted the guidance?

B: Yeah, we have disclosed how much is coming in in December, but in our report you can see the amount. I can't remember it in my head. I think it's like approximately 1 million. But you can see it in the report. Please.

E: Okay, thank you. Yes, I'll take a look. And this past year has been impacted by high investments in product development and expansion of your employee base, which of course has been highly consuming. Could you give us an idea of how we should think about consumption for 2023? Perhaps assuming that you reach the midpoint of your guidance range.

A: So our EBITDA reflects that we will continue to have a negative EBITDA, so we will continue investing. And when we do this kind of investment plan, then we always look at based on the cash we have available and this cash ratio that you also mentioned in your slide Casper earlier, that we will not run out of cash in 2024. So that will continue.

B: Yeah, so maybe if I understand correct, I can put some flavor on it. The reason why I put this slide in is to show how did it went out last time and raised capital and then start investing and then seeing an effect. So we do not expect to be cash positive in 2023 just to be clear. But we do expect that the price per new ARR DKK is coming up, being better. I think that's kind of the closest I could come to it. But the overall cash flow is still negative in this year 2023.

E: And just to this slide as well. When should we expect this ratio to improve to below zero. So you consume less cash than you generate from the new ARR thing?

B: What we normally said is that we are never running out of cash, giving that in some point in time we'll reach the level of zero, since we can't then expense more than we are gaining. But for now we haven't given out the detailed plan for it. And you can say it's also like how is the SaaS-metrics developed and so on. Does it make sense to invest heavily into getting new customers in and so on. So what we have given out now is that we raised money in 2022 in the spring and now we're investing them and doing 2023. We'll start seeing the effect and then we will reevaluate what is the plan for 24 and going on.

E: Yes, thank you. And are you still seeing high turnover of employees right now or is that back to a more normalized level?

A: That is back to a more normalized level.

E: Okay, Perfect. Just to my last question, could you give us an update on what you are seeing from customers buying behavior? Are you still seeing Hesitancy to the same extent as when you downgraded last year's guidance in October?

A: Yes, we see still some discautios buying behavior. So even though that we in Q4 saw some higher average deal size, we still experienced this cautiousness and we will also follow it closely. So what we have put in into our calculation when we set out our guidance was that that will continue. Okay, perfect.

E: Thank you.

E: That Was all for me.

B: Your Welcome.

A: Thank you very much.

B: Let's jump to Anders

D: Yeah. Hi, Christian and Casper. So in November, you announced the extension of the agreement with Bank Data and their members. You said that it is now covering private customers. Does that mean that the previous agreement was only on business or corporate clients?

A: Yeah, basically that was what it meant. And it was also part of their own implementation of the solution that they started up with a small set of customers, and then as they rolled it out, they would enhance their engagement with it. So that's a result of that effort.

D: Okay. And with the new QTSP status, does it change anything for the international expansion and the speed of the expansion going forward? Do you have any key areas where you think this will have a key impact going forward?

A: So by being listed and the investment to be listed and now that we are listed was part of our plan going internationally. Now that we are listed, we have our differentiator our planned differentiator in addition to our product that we had already. So that is part of our strategy for the international expansion, because when you go below the border of Denmark and into the other countries in Europe, then for them, it has high value that you are listed on the EU trust list to be able to have the highest level of qualified signature. So that is part of that strategy of going international.

D: Yeah. Okay. You previously made a fairly successful acquisition of CLA Reply. It was a good price, and you have some good traction in the KYC part of your business now. Are acquisitions part of your strategy going forward? If it is, what is the strategy focused around? Is it expanding the market position, entering new geographical areas, expanding products, or anything else you look for when you want to do acquisitions going forward?

A: So the current strategy is that upsell to our existing customers with our KYC and then, of course, further expand both KYC and Sign. And then geographical expansion. That is our main focus. But we continuously evaluate if there are other opportunities out there that could strengthen our product portfolio. But the plan that is laid out right now is these two things that I just mentioned before.

D: Yeah, perfect. And my last question for now. Numerous software companies in other market and other industries experienced increasing competition from small players last year and the year before. Several of them have explained now that the competition here will decrease over the next few years when access to capital becomes more difficult for the smaller players. How do you see it in your business? Have you experienced increasing competition in the recent years? And do you expect competition to become easier over the next few years because of lack of capital? How do you see the competitive situation?

A: So the competitive situation that we experienced right now is more or less the same on the same level as we have seen before. So we have not seen that kind of effect. I think the main reason is that we are so specialized with our solution and our target audience. So this industry with the auditing and accountant that we go after, we have a very strong position there. And our investment in our product is really targeted to these industries, our focus industries both with our Sign and KYC. So we tie ongoing with our investment to differentiators and therefore these smaller players that are there in every country. We do not see them coming up as such when we are competing. But let's evaluate how that's going for them. We are very happy that we raised some growth capital here in March 2022 to help out in our growth plans.

D: Perfect. Thanks. That's it for me.

A: Thank you, Peter. Peter?

F: Yeah thank you most of my question has been answered, but I have something about sales. Are you relying 100% on your own sales force or are you also using some third parties?

A: We are relying on our own sales and own sales and marketing primarily. So to reach out that we do ourselves, we have technical partnerships so with other providers to the auditor industry as an example and with our integration that help us lead from one to the other. But to close the deal that we do with our own.

F: And you don't see any opportunity in using third parties to accelerate the growth?

A: We have been evaluating it and say for now we continue with our own sales force. That has been the strategy.

F: Okay, then continue On that note, Norway is by far larger than Sweden. Intuitively, we would think Sweden would be a bigger country for you. But what's the reason behind that?

A: We have been more successful in selling and also upselling to our Norwegian customers. And the reason partly is first of all, when you look at the number of big4 clients we have, we have all of them in Denmark, we also have all of them in Norway. We have less in Sweden. So the competition in Sweden general has been higher than in Norway. Okay.

F: Belgium is great. What about the country in between Germany?

A: With Germany and some of the other countries that we put in the other we have customers, they are very limited. And the effort that we are putting into it with a sales team that is only focused on these markets, we today have teams that focus on Denmark, Norway and Belgium. So the others are incoming leads and of course we also close them as they come, but it's not based on our strategic effort. Now we want to enter, but that's one of the things that we would like to do here in 2023. Open up another one with local people so we can accelerate another market.

F: Okay, thanks very much.

A: Thank you. Are there any more questions from anyone? We can just check none of them are on inviting either

B: Anders

A: Anders yeah.

D: Just one short follow up questions. So, I can't remember exactly what happened in Q2 2022, but the average ARR in this period was quite high compared to the other quarters. Can you just shortly explain what happened in Q2?

B: Yeah, I can do so, as Christian just mentioned, we have all the big4 in Norwegian and one lucky situation. I'm just looking for the slide here. Was that In Q2 we got the last big4 in Norwegian on Know Your Customer, sorry. So that's the reason why it's affected in this way in Q2, the other quarters is more like representing the base performance. Net revenue.

D: Yeah, perfect. Thanks.

A: With that. I think that was the last question. So thank you very much to all of you for attending. And as usual, you are also very open to reach out to us if you have any additional questions to our annual report or ESG or any of the other reports that we have released. So thank you very much to all of you.

B: Thank you.