



PAGERO

Year-end report 2022

for the period 1 Jan – 31 Dec 2022

PAGERO

Fourth quarter of 2022

Strong fourth quarter with increased growth

- Net sales amounted to SEK 169.6 million (134.7), an increase of 26% (42%) and 18% adjusted for currency. Organic growth amounted to 26% (17%).
- Recurring revenue amounted to SEK 143.2 million (115.5), an organic increase of 24% (19%). The increase is mainly a result of a strong growth of transactions in the Pagero Network.
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 25.5 million (17.5). The loss is in line with the set international expansion strategy.
- Cash flow from operating activities amounted to SEK -1.8 million (8.2). The company's cash and cash equivalents amounted to SEK 383.9 million.
- Earnings per share before dilution amounted to a loss of SEK 0.37.
- Spain introduced nationwide legal requirements for e-invoicing.

January – December 2022

- Net sales amounted to SEK 600.1 million (441.8), an increase of 36% (27%) and 31% adjusted for currency. Organic growth amounted to 23% (13%).
- Recurring revenue amounted to SEK 520.7 million (392.4), an increase of 33% (30%) and 28% adjusted for currency. The increase is mainly a result of a strong growth of transactions in the Pagero Network. Organic growth of recurring revenue amounted to 20% (15%).
- Annual Recurring Revenue (ARR) amounted to SEK 604.2 million (475.2), an organic growth of 27% (17%).
- The company entered and subsequently decided to leave a bidding process regarding the acquisition of Tungsten Corporation PLC.
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 103.0 million (39.6). EBITA is affected by non-recurring costs of SEK 16.9 million in connection with the attempt to acquire Tungsten; adjusted EBITA amounted to a loss of SEK 86.1 million. The loss is in line with the set international expansion strategy.
- Cash flow from operating activities amounted to SEK -7.8 million (21.0). The company's liquid position is SEK 383.9 million. During the period, the company made a repayment of SEK 572,4 million.
- Earnings per share before dilution amounted to a loss of SEK 1.79.
- The company acquires the part of Creative Technologies (PVT), to which it previously outsourced its R&D business in Sri Lanka.
- Pagero launches support for P27 – the new payment infrastructure that replaces Bankgirot.
- Pagero obtains over 10,000 new customers, including several Fortune 500 companies and global leaders in the automotive, IT and healthcare sectors.

Significant events after the end of the period

- Pagero establishes offices in Minneapolis, United States.
- The subscription period for Pagero's warrants programme (2020/2023) is ongoing and will end on 1 March 2023.
- Pagero and Thomson Reuters partner to bring joint offer to market.

Selected financial data for the Group

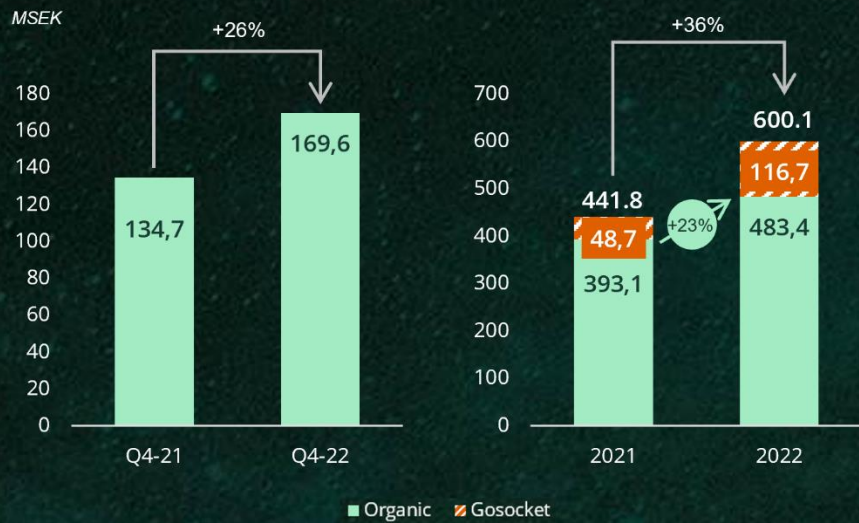
	Note	Full year 2022	Full year 2021
Annual recurring revenue (ARR), SEK million	7	604.2	475.2
Growth in ARR, %		27%	41%
Organic ARR, SEK million		604.2	393.4
Organic growth in ARR, %		27%	17%

	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net sales, SEK million	6	169.6	134.7	600.1	441.8
Net sales growth, %		26%	42%	36%	27%
Organic sales growth, %		26%	17%	23%	13%
Organic recurring growth, %		24%	19%	20%	15%
Gross margin, %		87%	86%	87%	87%
EBITA margin, %		-15.0%	-13.0%	-17.2%	-9.0%
Adjusted EBITA		-25.5	-17.5	-86.1	-39.6
Adjusted EBITA margin, %		-15.0%	-13.0%	-14.3%	-9.0%
Cash flow from operating activities, SEK million		-1.8	8.3	-7.8	21.0
Average number of FTE		770	605	711	496
R&D expenditure as % of net sales		26%	24%	25%	23%

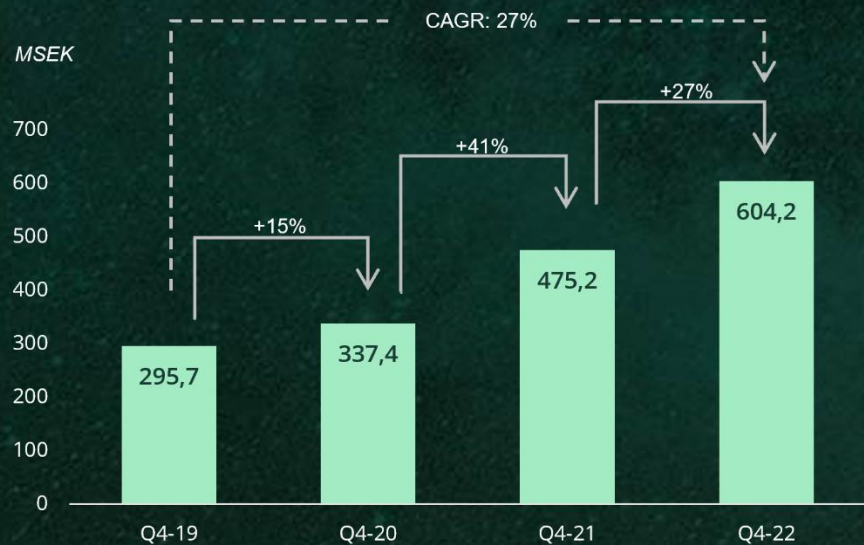


FY2022

STRONG GROWTH IN NET SALES



CONTINUED STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



RECURRING
REVENUE

87%

2021: 89%

GROSS
MARGIN

87%

2021: 87%

CUSTOMER
CHURN

1.8%

2021: 2.8%

26.2x

2021: 14.5x

CLV/CAC

*Customer Life-time Value
/Customer Acquisition Cost*

20%

2021: 26%

TRANSACTION
GROWTH*

**Excluding Gosocket/LATAM*

14%

2021: 52%

CUSTOMER BASE
GROWTH

BUYING AND SELLING SHOULD BE EASY

Pagero provides a *Smart Business Network* that connects buyers and sellers for automated, compliant, and secure exchange of orders, invoices, payment instructions and other business documents.

With an open network and a wide range of value-added apps, Pagero helps businesses streamline their order-to-cash and purchase-to-pay processes while unlocking the full potential of accurate and reliable business data. All of this, regardless of location, industry, size or systems.



30+
OFFICES



CUSTOMERS IN
140+
COUNTRIES



A NETWORK OF
14M+
BUSINESSES

PAGERO

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Comments by the CEO

Strong finish in 2022 – Q4 continues to deliver increased growth

Pagero's journey of strong growth continued during the fourth quarter and full year of 2022 resulting in a net sales growth of 36% and 27% in ARR. An accelerating organic growth indicates that the business model shows scalability and that the self-reinforcing network effects are starting to show results.

We address a global and rapidly growing market where companies and organizations have three main needs: to comply with legal requirements, to automate processes and to reduce the environmental impact of their companies. We invest in both products and people to meet the growing demand and to position Pagero to become the leading player globally. Quarter by quarter, we are now showing the results of these investments in the form of strong growth, and we expect the strong demand to continue.

Currently, more than 35 countries have implemented legal requirements for electronic invoicing and/or tax reporting – another 40+ countries are either in the planning or implementation phase. This has a major impact not least on international companies that are continuously forced to adapt their financial processes to a complex landscape of local rules and requirements. Pagero's vision of delivering "*One connection – Global reach*" is becoming more relevant for every new legal requirement but also more competitive compared to our local or regional competitors. We are therefore continuing to invest in the future to maintain a leading position in a rapidly growing industry. It is important to point out that the legislation is creating a market driven by legal requirements, not just a need. In these countries, digitalization is consequently a choice of supplier, not a choice between implementing it or refraining.



We see an increasing demand, both from our existing customer base as well as the increase in new customers joining Pagero. During the year, we have welcomed over 10,000 new customers to the platform, signing new logo deals with license revenues north of SEK 1 million with businesses in the automotive, electronics, transportation, energy, and agriculture industries. That being said, 58% of our new sales, representing SEK 60 million in license revenue during the year, came from upsell to our existing customers.

We deliver in line with our growth plan with the goal of reaching SEK 1,500 million in ARR by 2025. Our set plan is front-heavy in terms of investments, but the EBITA margin will gradually begin moving towards the target of 20% by 2025. Our established markets continue to grow (+18%) with a 35% EBITDA margin while the investment markets continue to increase their share of total sales. Examples of this is the US and the UK, two markets that grew net sales with 128% and 51% in 2022. A high share of recurring revenue (87%), a strong gross margin (87%), a loyal customer base (churn: 1.8%) and a good liquidity create the conditions for continued investments in future growth and additional market shares.

Sales from Pagero's ecosystem of partners increased by 93% during the year and are currently contributing to 40% of our total new sales. Our strategy not to compete with, but to complement, our partners in related industries remains.

We are following the set plan and continue to invest in a global scalability strategy in both organization and technology platform. In 2023, we will see the results of a further developed platform where our 85,000+ customers now have the opportunity to more easily invite and communicate with customers and suppliers.

I am looking forward to continuing this journey together with our customers, employees, partners and investors in 2023.

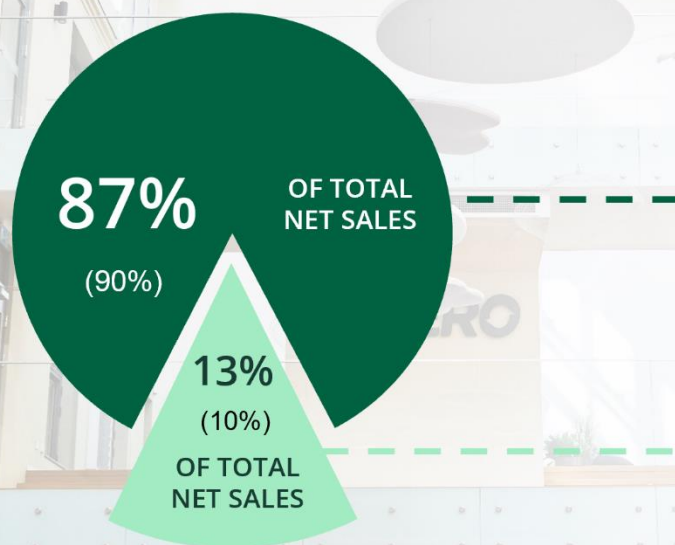
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CEO



Growth and profitability

Proven business model under global expansion



ESTABLISHED MARKETS**

Nordics	DACH	LATAM
Sweden	Germany	Costa Rica
Finland	Belgium	Chile
Norway	Netherlands	Peru
Denmark	Switzerland	Mexico
	Austria	Colombia

2022

+18%*
Net sales

+35%*
EBITDA
margin

Rule of 40
53%
(2021: 44)

* Proforma for 2022 have been used for the acquisition of Gosocket to allow for comparison.

INVESTMENT MARKETS**

Australia	Singapore
France	South Africa
India	Spain
Ireland	Turkey
Italy	UAE
Portugal	UK
Saudi Arabia	USA

2022

+88%
Net sales

-330%
EBITDA
margin

Rule of 40
-242%
(2021: -296)

Group development

OCTOBER – DECEMBER 2022

Sales

Net sales amounted to SEK 169.6 million (134.7), which is an increase of 26% (42%) and 18% adjusted for currency. Organic growth amounted to 26% (17%).

Recurring revenue amounted to SEK 143.2 million (115.5), which is an increase of 24% (48%) and 17% adjusted for currency. A strong growth of transactions in the Pagero Network is the main contributor to the increase. Organic growth amounted to 24% (19%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 21.4 million (10.7). The change from the previous year is mainly due to continued investments in both product development and a higher number of employees for the international expansion according to the set plan.

Operating loss after depreciation/amortization (EBITA) amounted to SEK 25.5 million (17.5).

The positive net financial items of SEK 6.2 million (negative: 17.2) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency.

The negative tax recognized in the profit/loss for the period is attributable to an increase in deferred tax as an effect of increased capitalization of customer acquisition expenses.

There was a loss for the period in an amount of SEK 56.4 million (61.9). There was a comprehensive loss for the period in an amount of SEK 80.3 million.

JANUARY – DECEMBER 2022

Sales

Net sales amounted to SEK 600.1 million (441.8), which is an increase of 36% (27%) and 31% adjusted for currency. The acquisition of Gosocket positively impacted sales by SEK 116.7 million. Organic growth amounted to 23% (13%).

Recurring revenue amounted to SEK 520.7 million (392.4), which is an increase of 33% (30%) and 28% adjusted for currency. The increase is mainly a result of a strong growth of transactions in the Pagero Network and the acquisition of Gosocket. Organic growth of recurring revenue amounted to 20% (14%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 73.8 million (14.6). The change from the previous year is mainly due to external non-recurring costs amounting to SEK 16.9 million as a result of the attempt to acquire Tungsten and continued investments in both product development and an increased number of employees for the international expansion according to the set plan. Adjusted EBITDA amounted to a loss of SEK 56.8 million (14.6).

Operating loss after depreciation/amortization (EBITA) amounted to SEK 103.0 million (39.6). Adjusted EBITA amounted to a loss of SEK 89,1 million (39.6).

The negative net financial items of SEK 56.8 million (28.8) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency and the interest expense attributable to a new loan.

The negative tax recognized in the profit/loss for the period is attributable to an increase in deferred tax as an effect of increased capitalization of customer acquisition expenses.

There was a loss for the period in an amount of SEK 275.8 million (158.4). Comprehensive income for the period amounted to a loss of SEK 216.5 million including foreign exchange differences of SEK 59.3 million which may later be returned to the income statement.

Financial comments

OCTOBER – DECEMBER 2022

Cash flow

Cash flow from operating activities amounted to an outflow of SEK 1.8 million (inflow: 8.3), which is mainly attributable to seasonal variation linked to the invoicing date of recurring 12-month contracts.

Cash flow from investing activities amounted to an outflow of SEK 67.5 million (65.5). Most of this was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an outflow of SEK 5.7 million (inflow: 375.2).

Total cash flow for the period amounted to an outflow of SEK 75.0 million (inflow 318.0).

JANUARY – DECEMBER 2022

Cash flow

Cash flow from operating activities amounted to an outflow of SEK 7.8 million (inflow 21.0), which is attributable to the loss.

Cash flow from investing activities amounted to an outflow of SEK 202.1 million (207.0). The majority, SEK 105.4 million, is an investment in the development of the Pagero Network and the cash flow effect from the payment of the first part of the acquisition purchase price of the developer organization in Sri Lanka of SEK 14.2 million.

Cash flow from financing activities amounted to SEK 169.3 million (399.7), which mainly consists of repayment of previous loans in an amount of SEK 100.8 million and the SEK 450 million repayment on new loan financing of SEK 750 million from Ture Invest in connection with the acquisition attempt of Tungsten.

Total cash flow for the period amounted to an outflow of SEK 40.6 million (inflow 213.7).

Liquidity

Liquidity amounted to SEK 383.9 million (424.6). Available liquidity including unutilized overdraft facilities amounted to SEK 386.4 million.

Liabilities

Interest-bearing liabilities amounted to SEK 323.0 million (102.0). In the period, SEK 551.4 million was repaid, of which SEK 450 million was for a repayment on the new loan of SEK 750 million from Ture Invest in connection with the attempt to acquire Tungsten. The remaining loan amounts to SEK 322.4 million of the loan facility of SEK 1,500 million. The loan runs for four years. The interest expense is added to the liability during the first 18 months of the loan.

The loan liability of SEK 196.1 million (145.9) is additional purchase considerations for the acquisitions of Gosocket and the R&D organization in Sri Lanka.

Parent Company

The Parent Company's operations consist of performing Group-wide services. Net sales for the Parent Company amounted to SEK 3.7 million (2.0) and there was a loss before tax of SEK 43.2 million (2.1). Adjusted loss before tax amounts to SEK 26.4 million, the difference of SEK 16.7 million consists of non-recurring costs in connection with the attempt to acquire Tungsten during the second quarter. From January 2022, the President and CEO's expenses are recorded in the Parent Company.

Staff

At 31 December 2022, there were 781 employees (610). The average number of employees amounted to 711 (496).

Significant risks and uncertainties

Significant risks, such as currency, credit risk and liquidity risk, are equivalent to those in the assessment in the annual report as of 31 December 2021. We do not currently see that the war in Ukraine will directly affect Pagero's operations.

Related party transactions

Related party transactions are carried out with companies owned by the CEO for purchases of HR services at an annual expense of around SEK 600 thousand. The agreement with the related company was entered on commercial terms and commercial grounds.

The share

At 31 December 2022, there were 154,222,263 shares. The share price on 31 December 2022 closed at SEK 13.0 per share. Earnings per share before dilution amounted to a loss of SEK 1.79. Earnings per share after dilution amounted to a loss of SEK 1.78.

Financial targets and dividend policy

- **Growth:** Increase ARR to at least SEK 1,500 million at the end of the 2025 financial year.
- **Profitability:** Achieve an EBITA margin of around 20% at the end of the 2025 financial year with retained focus on growth.
- **Dividend policy:** Pagero intends to reinvest its cash flow in growth initiatives and will therefore not apply any annual dividend in the foreseeable future.



Consolidated income statement

(SEK 000s)	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
<u>Operating income</u>					
Net sales	6	169,644	134,747	600,127	441,786
Capitalised work on own behalf		32,299	22,768	105,406	83,722
Customer acquisition costs		21,826	10,638	30,627	18,210
Other operating income		2,775	575	5,277	1,665
		226,544	168,728	741,437	545,382
<u>Operating costs</u>					
Direct sales costs		-22,815	-18,464	-80,558	-56,474
Other external expenses		-61,831	-45,132	-184,505	-130,221
Personnel costs		-163,293	-115,808	-533,219	-373,309
Other operating costs		0	0	-16,917	0
Operating profit/loss before depreciation/amortization (EBITDA)		-21,394	-10,675	-73,762	-14,621
Depreciation of tangible assets		-4,135	-6,878	-29,250	-24,999
Operating profit/loss after depreciation/amortization (EBITA)		-25,529	-17,554	-103,012	-39,620
Amortization of intangible assets		-34,464	-27,361	-114,137	-91,413
Operating profit/loss (EBIT)		-59,993	-44,915	-217,149	-131,032
<u>Profit/loss from financial items</u>					
Financial income		6,186	3	7,938	24
Financial expenses		-	-17,226	-64,761	-28,774
Financial items		6,186	-17,223	-56,823	-28,750
Profit/loss after financial items		-53,806	-62,138	-273,972	-159,782
Income tax		-2,595	191	-1,850	1,358
Net profit/loss for the period		-56,401	-61,947	-275,822	-158,424
Attributable to:					
Shareholders of the Parent Company		-56,401	-61,947	-275,822	-158,424

Consolidated statement of comprehensive income**(SEK 000s)**

	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Net profit/loss for the period	-56,401	-61,947	-275,822	-158,424
Items that may subsequently be reclassified to profit or loss				
Foreign exchange differences	-23,887	7,585	59,275	24,095
Other comprehensive income for the period	-23,887	7,585	59,275	24,095
Comprehensive income for the period	-80,288	-54,362	-216,547	-134,329
Attributable to:				
Shareholders of the Parent Company	-80,288	-54,362	-216,547	-134,329

Consolidated balance sheet

Assets (SEK 000s)	Note	31 Dec 2022	31 Dec 2021
Fixed assets			
Capitalised development expenditures		277,734	223,480
Technology		38,943	40,705
Customer relationships		130,137	124,179
Trademarks		21,138	22,828
Goodwill		376,485	313,040
Customer acquisition costs		23,325	11,741
Intangible assets		867,762	735,973
Rights of use		37,906	54,348
Equipment, computers and installations		27,574	23,889
Financial assets		8,857	7,514
Deferred tax assets		20,179	19,912
Total fixed assets		962,278	841,637
Current assets			
Accounts receivable		200,079	125,138
Current tax assets		2,021	3,986
Other receivables		3,985	3,383
Prepaid expenses and accrued income		32,627	16,309
Total current receivables		238,711	148,816
Cash and cash equivalents		383,921	424,563
Total current assets		622,632	573,379
Total assets		1,584,910	1,415,016

Equity and liabilities**(SEK 000s)**

	Note	31 Dec 2022	31 Dec 2021
Equity			
Share capital		1,542	1,542
Other contributed capital		1,320,672	1,320,851
Reserves		84,363	25,087
Retained earnings including profit/loss for the year		-827,966	-552,144
Equity		578,611	795,336
<u>Non-current liabilities</u>			
Liabilities to credit institutions		323,030	54,172
Leasing liability		19,021	33,570
Borrowings		196,064	145,857
Deferred tax		56,181	50,391
Total non-current liabilities		594,295	283,990
<u>Current liabilities</u>			
Liabilities to credit institutions		0	47,798
Leasing liability		19,505	21,122
Accounts payable		68,382	42,653
Other liabilities		49,518	37,338
Accrued expenses and deferred income		274,600	186,780
Total current liabilities		412,004	335,690
Total equity and liabilities		1,584,910	1,415,016

Consolidated statement of changes in equity

(SEK 000s)	Share capital	Other contributed capital	Reserves	Retained earnings including profit or loss for the year	Total equity
Opening balance at 1 January 2021	1,302	848,702	993	-393,721	457,276
Profit/loss for the year	0	0	0	-158,424	-158,424
Other comprehensive income for the year	0	0	24,095	0	24,095
Total comprehensive income	0	0	24,095	-158,424	-134,329
New share issue	32	-32	0	0	0
New share issue	208	499,792			
Warrants programme	0	4,748	0	0	4,748
Transaction costs, new share issue	0	-32,359	0	0	-32,359
Total transactions with shareholders, recognized directly in equity	240	472,149	0	0	472,389
Closing balance at 31 December 2021	1,542	1,320,851	25,088	-552,145	795,336
Opening balance at 1 January 2022	1,542	1,320,851	25,088	-552,145	795,336
Profit/loss for the year	0	0	0	-275,822	-275,822
Other comprehensive income for the year	0	0	59,275	0	59,275
Total comprehensive income	0	0	59,275	-275,822	-216,546
Transaction costs, new share issue	0	-179	0	0	-179
Total transactions with shareholders, recognised directly in equity	0	-179	0	0	-179
Closing balance at 31 December 2022	1,542	1,320,672	84,363	-827,966	578,611

Consolidated cash flow statement

(SEK 000s)	Note	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Operating profit/loss		-59,993	-44,915	-217,149	-131,032
Non-cash items		38,598	38,959	143,387	116,411
Interest received		1,078	3	7,938	24
Interest paid		-546	-2,036	-7,461	-8,337
Income tax paid		-1,488	-1,044	-7,922	-4,906
Cash flow from operating activities before changes in working capital		-22,351	-9,033	-81,208	-27,840
Increase (-)/decrease (+) in inventories		0	39	0	61
Increase (-)/decrease (+) in accounts receivable		-94,567	-46,401	-74,941	-21,180
Increase (-)/decrease (+) in operating receivables		2,996	-2,168	-8,079	3,115
Increase (+)/decrease (-) in accounts payable		12,090	946	25,729	10,196
Increase (+)/decrease (-) in operating liabilities		100,078	64,905	130,657	56,608
Cash flow from changes in working capital		20,596	17,321	73,365	48,801
Cash flow from operating activities		-1,754	8,288	-7,843	20,961
<u>Investing activities</u>					
Investments in intangible assets		-56,732	-37,039	-151,857	-112,147
Investments in tangible assets		-11,373	-8,177	-34,882	-32,520
Acquisition of subsidiaries, less acquired cash and cash equivalents		0	-16,809	-14,219	-58,711
Change in financial assets		622	-3,480	-1,130	-3,590
Cash flow from investing activities		-67,482	-65,506	-202,088	-206,967
<u>Financing activities</u>					
Loans raised		0	0	741,855	1,133
Repayment of loans		-5,722	-51,865	-572,387	-101,834
Change in overdraft facilities		0	-44,938	0	0
New share issues for the period		0	471,989	-179	500,421
Cash flow from financing activities		-5,722	375,187	169,289	399,720
Cash flow for the period		-74,959	317,969	-40,642	213,714
Cash and cash equivalents at the beginning of the period		458,880	106,594	424,563	210,849
Cash and cash equivalents at the end of the period		383,921	424,563	383,921	424,563

Group key performance indicators

(SEK million)	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Number of customers, thousands	85.9	75.3	85.9	75.3
Growth in number of customers, %	14%	52%	14%	52%
Number of e-transactions, million	17.8	15.3	64.4	53.5
Growth in number of e-transactions, %	16%	26%	20%	26%
Net sales growth, %	26%	42%	36%	27%
Organic net sales growth, %	26%	17%	23%	13%
Recurring revenue, SEK million	143.2	115.5	520.7	392.4
Growth in recurring revenue, %	24%	48%	33%	30%
Customer turnover (churn)	1.8%	2.8%	1.8%	2.8%
Customer lifetime value/customer acquisition cost (CLV/CAC), times	26.2	14.5	26.2	14.5
Rule of 40 in established markets (pro forma)	-	-	53%	44%
Gross profit	146.8	116.3	519.6	385.3
Gross margin, %	87%	86%	87%	87%
EBITDA	-21.4	-10.7	-73.8	-14.6
EBITDA margin, %	-12.6%	-7.9%	-12.3%	-3.3%
EBITA	-25.5	-17.6	-103.0	-39.6
EBITA margin, %	-15.0%	-13.0%	-17.2%	-9.0%
Adjusted EBITA	-25.5	-17.6	-86.1	-39.6
Adjusted EBITA margin, %	-15.0%	-13.0%	-14.3%	-9.0%
Net working capital	-153.8	-118.0	-153.8	-118.0
Net working capital as a share of net sales, %	-23%	-25%	-26%	-27%
Net debt	60.9	322.6	60.9	322.6

Parent Company income statement

(SEK 000s)	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
<u>Operating income</u>				
Net sales	1,010	606	3,703	1,991
	1,010	606	3,703	1,991
<u>Operating costs</u>				
Other external expenses	-1,426	-1,040	-4,883	-3,497
Personnel costs	-1,152	0	-5,413	0
Other operating costs	0	0	-16,715	0
Operating profit/loss (EBIT)	-1,568	-435	-23,308	-1,506
<u>Profit/loss from financial items</u>				
Financial income	1,060	0	7,712	2
Financial expenses	-7,793	-365	-27,566	-551
Profit/loss after financial items	-8,300	-800	-43,162	-2,056
Profit/loss before tax	-8,300	-800	-43,162	-2,056
Net profit/loss for the period	-8,300	-800	-43,162	-2,056

Parent Company balance sheet

Assets (SEK 000s)	31 Dec 2022	31 Dec 2021
<u>Fixed assets</u>		
Financial assets	2,000,780	1,589,500
Total fixed assets	2,000,780	1,589,500
<u>Current receivables</u>		
Other receivables	48	2,061
Prepaid expenses and accrued income	7,271	131
Total current receivables	7,319	2,192
Cash and cash equivalents	201,655	302,149
Total current assets	208,974	304,341
Total assets	2,209,754	1,893,841
Equity and liabilities (SEK 000s)	31 Dec 2022	31 Dec 2021
Equity		
Share capital	1,542	1,542
Share premium reserve	1,745,420	1,449,453
Profit or loss brought forward	55	298,257
Comprehensive income for the period	-43,162	-2,056
Equity	1,703,855	1,747,197
<u>Non-current liabilities</u>		
Liabilities to credit institutions	322,424	0
Non-current liabilities	181,696	145,857
Total non-current liabilities	504,120	145,857
<u>Current liabilities</u>		
Accounts payable	1,153	629
Accrued expenses and deferred income	625	158
Total current liabilities	1,778	787
Total equity and liabilities	2,209,754	1,893,841

Notes

NOTE 1 General information

The consolidated financial statements cover the parent company, Pagero Group AB ("the Parent Company"), with corp. ID no. 559189-9173, and its subsidiaries ("the Group"). The Parent Company is a limited liability company registered in Sweden with its registered office in Gothenburg at the address Västra Hamngatan 1, SE-411 17 Gothenburg, Sweden.

All amounts are presented in SEK thousands (SEK 000s) unless otherwise stated. Information in parentheses refers to the same period in the previous year unless otherwise stated.

NOTE 2 Accounting principles

This consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with RFR 2 and the Swedish Annual Accounts Act's Chapter 9, Interim reports. For the Group, accounting principles and calculation principles were applied in an equivalent manner as for the 2021 annual report, which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The IASB issued amended accounting standards and interpretations that were approved by the EU, effective on 1 January 2022. None of these have had any material impact on the Pagero Group's financial statements.

The information on every page constitutes an integral part of the financial statement.

For a more complete presentation of accounting principles, refer to the notes in the 2021 annual report.

NOTE 3 Business combinations

Pagero Lanka (Creative Technologies)

On 1 February 2022, Pagero AB acquired 75% of the share capital in Pagero Lanka, hereafter called Lanka, for SEK 28,826 thousand. As a result of the acquisition, the Group is strengthening its product development organization. The acquisition is fully consolidated according to the contract structure.

The goodwill of a total of SEK 28,826 thousand arising from the acquisition relates to the increase in knowledge and competence the company will receive. No part of the recognized goodwill is expected to be deductible in the taxation of income.

The table below summarizes the purchase consideration paid for Lanka and the fair value of acquired assets and assumed liabilities that are recognized on the acquisition date. The acquisition calculation below is preliminary.

Purchase consideration as of 1 February 2022

Cash and cash equivalents	14,413
Conditional purchase consideration	14,413
Total purchase consideration paid	28,826

Carrying amount of identifiable acquired assets and assumed liabilities

Tangible assets	188
Other receivables	1,095
Other liabilities	-1,283
Total identifiable net assets	0

Goodwill	28,826
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In the period, SEK 62.6 thousand is recognized in acquisition-related costs in connection with the acquisition.

Total cash flow excluding acquisition-related costs attributable to the business combination amounted to SEK 14.4 million.

The fair value of other receivables is SEK 1,095 thousand.

NOTE 4 Warrants

The Annual General Meeting on 22 April 2021 resolved to issue 500,000 warrants to the Board, management and employees of the Group with the aim of creating long-term commitment, which can be expected to increase interest in the business and the development of the company. The warrants were acquired at market value, which was calculated according to the Black & Scholes valuation model. The redemption period is May 2024 to July 2024. The first programme has a redemption period of December 2022 to February 2023. The warrant will be split 1:10 at redemption due to the share split of 1:10 that was carried out on 21 September 2021.

Each warrant entitles the holder to subscribe for one share at a predetermined exercise price three years after its issue. The warrants are acquired by those entitled to subscription against cash payment.

Warrants programme overview	Warrants Number	Exercise price SEK	Warrants after split 1:10 Number	Exercise price after split 1:10 SEK
Warrants programme 2020/2023	417,000	130	4,170,000	13.00
Warrants programme 2021/2024	500,000	250	5,000,000	25.00
Total/weighted exercise price	917,000	197	9,170,000	19.70

NOTE 5 Earnings per share

SEK	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Earnings per share before dilution (SEK)	-0.37	-0.41	-1.79	-1.15
Earnings per share after dilution (SEK)	-0.37	-0.41	-1.78	-1.14
Measurements of earnings used in calculating earnings per share before and after dilution (SEK millions)				
Net profit/loss for the period	-56.4	-61.9	-275.8	158.4
The profit/loss above is attributable to the Parent Company's shareholders in its entirety				
Weighted average number of shares before and after dilution				
<i>Before dilution</i>				
Weighted average number of shares when calculating earnings per share before dilution	154,222,263	149,466,828	154,222,263	137,441,441
<i>Warrants</i>				
Adjustments for calculation of earnings per share after dilution for warrants	72,315	1,280,294	335,039	1,280,294
<i>After dilution</i>				
Weighted average number of shares and potential shares used as the denominator in calculating earnings per share after dilution	154,294,578	150,747,122	154,557,302	138,751,735

NOTE 6 Segments

Pagero only works within the Digital messaging services segment. Revenue is distributed by revenue type below:

Analysis of revenues by revenue type	Oct-Dec 2022	Oct-Dec 2021	Full year 2022	Full year 2021
Licence sales	64.8	52.6	239.8	194.7
Transaction sales	78.4	62.8	280.9	197.8
Service sales	26.4	19.3	79.5	49.4
Net sales	169.6	134.7	600.1	441.8

NOTE 7 Annual Recurring Revenue (ARR)

	Full year 2022	Full year 2021
Net new and extended customer contracts	390.0	284.3
Running transactions, rolling 12	199.7	178.6
Order book, new customer contracts	14.5	12.4
Total ARR	604.2	475.2
Total ARR development %	27%	41%*

*The pro forma growth for 2021 amounts to 17%.

Definitions

Key performance indicators	Definition
Annual Recurring Revenue (ARR)	Contracted recurring revenue and R12 transaction income (SAAS). Historic figures are adjusted for comparability.
Net revenue growth	Net sales of current year/net sales of the previous period.

Recurring revenue	Revenue of an annually recurring nature that relates to income from licence and transaction sales.
Gross profit	Net sales less direct sales costs.
Gross profit margin	Gross profit as a percentage of net sales.
EBITDA margin	Operating profit/loss before depreciation/net sales.
EBITA	Operating profit/loss after depreciation of tangible assets.
EBITA margin	EBITA as a percentage of net sales.
EBITA (Adjusted)	Operating profit/loss after depreciation of tangible assets, adjusted for Other non-recurring operating expenses.
EBITA margin (adjusted)	Adjusted EBITA as a percentage of net sales.
Operating margin	Profit/loss for the period after financial items/net sales.
Equity/assets ratio	Adjusted equity/total assets.
Number of e-transactions, million	E-transactions in the Pagero Network platform.
Organic growth	Growth calculated without acquisitions.
FTE	Full-time equivalents.
Customer turnover	Rolling 12-month sales value of customers who have terminated their contracts in relation to rolling 12-month recurring sales.
CLV/CAC	Customer lifetime value/customer acquisition cost. CLV is calculated as a new annual contract over a rolling period of 12 months multiplied by the gross margin and divided by customer turnover. CAC is calculated as sales and marketing expenses during the previous rolling 12 months.
Net working capital	Current assets, excluding cash and cash equivalents, less non-interest-bearing current liabilities.
Net debt	Current and non-current interest-bearing liabilities to credit institutions less financial assets.
Established markets	Pagero companies that are well established in a geographic market where they serve and invoice customers in the geography in which they are registered and in other geographic markets and generate positive results.
Investment markets	Pagero companies in the build-up phase that have not yet reached maturity according to the established market definition.
Rule of 40	Net sales growth (pro forma) plus EBITDA margin.

Board certification

The Board of Directors and CEO provide their assurance that this interim report provides an accurate overview of the operations, position and performance of the Group and the Parent Company, and that it also describes the material risks and uncertainties faced by the Parent Company and the companies within the Group.

GOTHENBURG, 24 February 2022

Birger Steen
Chairman of the Board

Fredrik Vom Hofe
Deputy Chairman of the Board

Marianne K Knudsen
Board Member

Christian Melby
Board Member

Karin Sandsjö
Board Member

Mats Ryding
Board Member

Bengt Nilsson
CEO & Board Member

Additional information

Calendar

Interim Report Q1 2023 – 11 May 2023

Annual General Meeting 2023 – 11 May 2023

Financial statements

Financial statements can be downloaded from www.pagero.com

This interim report has been reviewed by the company's auditors.

Contact persons

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