

Interim Report

Q2 2023

For the period 1 January – 30 June 2023

PAGERO



THE SECOND QUARTER OF 2023

Strong second quarter with 32% organic growth

- Net sales amounted to SEK 188.6 million (142.7), which is an increase of 32% (46%) and 27% adjusted for currency. Organic growth amounted to 32% (17%).
- Recurring revenue amounted to SEK 166.5 million (127.0), which is an increase of 31% (45%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 31% (16%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 30.7 million (48.3). Adjusted EBITA amounted to a loss of SEK 30.7 million (31.4). The result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to SEK 12.9 million (12.0) for the quarter.
- Earnings per share after dilution amounted to a loss of SEK 0.58 (0.69).
- Malaysia introduces national legal requirements for e-invoicing.
- Pagero signs a contract of EUR 4.2 million – the company's largest deal to date.

THE FIRST HALF OF 2023

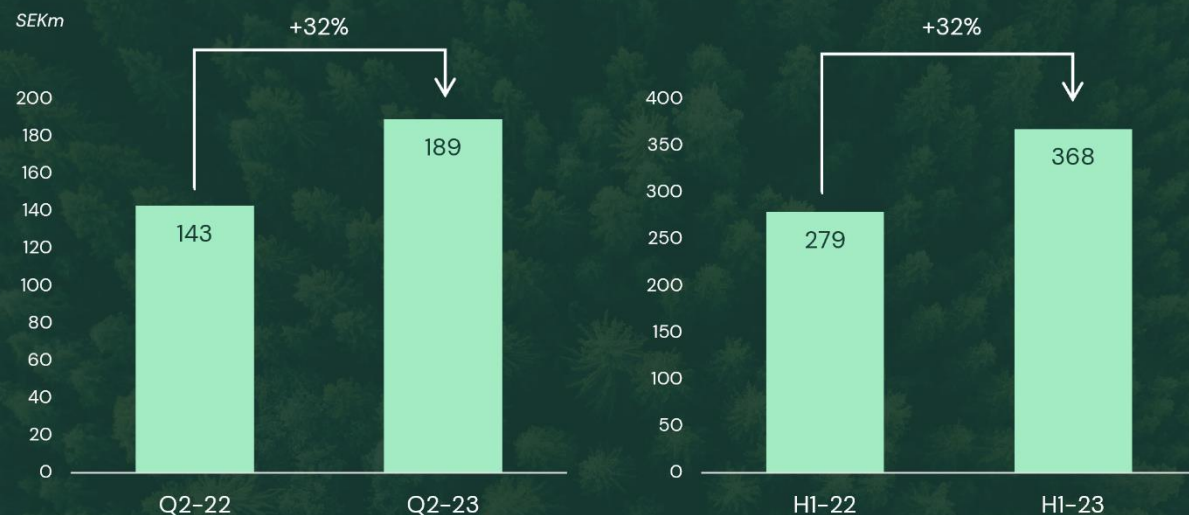
- Net sales amounted to SEK 368.4 million (279.4), which is an increase of 32% (49%) and 27% adjusted for currency. Organic growth amounted to 32% (20%).
- Recurring revenue amounted to SEK 321.3 million (247.5), which is an increase of 30% (46%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 30% (18%).
- Annual Recurring Revenue (ARR) amounted to SEK 702.0 million (527.6), which is an organic growth of 33% (19%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 51.8 million (61.1). Adjusted EBITA amounted to a loss of SEK 51.8 million (44.2). The result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to SEK 3.2 million (19.5) for the first half of the year. The company's cash and cash equivalents amounted to SEK 330.8 million.
- Earnings per share after dilution amounted to a loss of SEK 0.96 (0.97).
- Pagero's warrants programme 2020/2023 raised SEK 54 million for the company fully utilised.
- Pagero and Thomson Reuters are starting a partnership to offer customers a new and comprehensive service for indirect tax compliance.

Selected financial data

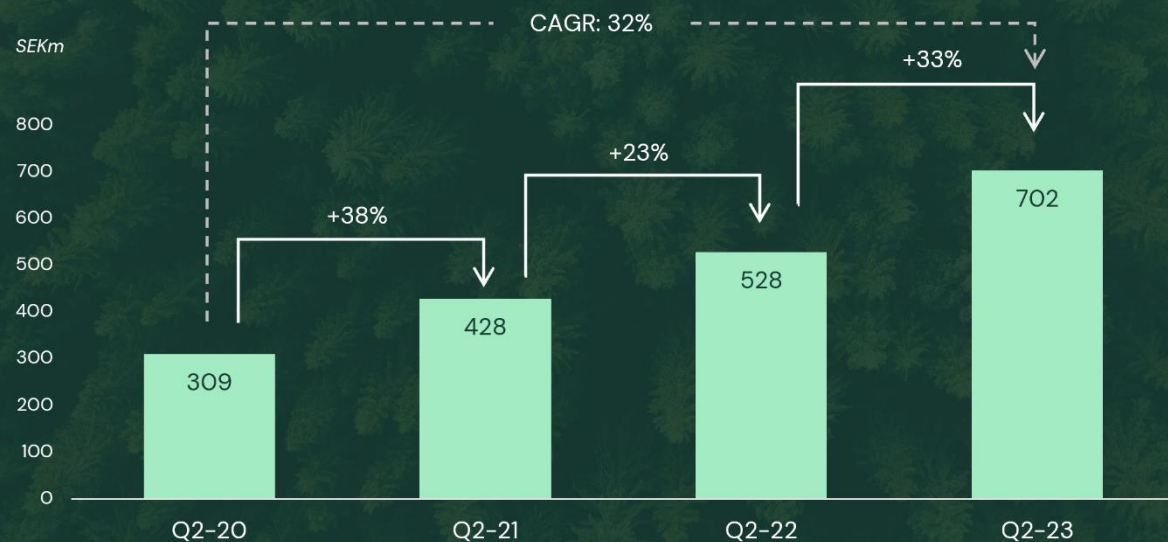
	Note	Apr-June 2023	Apr-June 2022	Jan-June 2023	Jan-June 2022	Full year 2022
ARR, SEKm	7	702.0	527.6	702.0	527.6	604.2
ARR growth, %		33%	45%	33%	49%	27%
Organic ARR growth, %		33%	19%	33%	19%	27%
Rule of 40		–	–	23%	4%	11%
Net sales, SEKm	6	188.6	142.7	368.4	279.4	600.1
Net sales growth, %		32%	46%	32%	49%	36%
Organic net sales growth, %		32%	19%	32%	20%	23%
Organic growth in recurring revenue, %		31%	16%	30%	18%	20%
Gross margin, %		88%	86%	88%	87%	87%
EBITA margin, %		–16.3%	–33.8%	–14.1%	–21.9%	–17.2%
Earnings per share after dilution, SEK		–0.58	–0.69	–0.96	–0.97	–1.78
Cash flow from operating activities, SEKm		12.8	12.0	3.2	19.5	–7.8
FTE		827	707	810	681	711
R&D costs as % of net sales		26%	24%	25%	24%	25%



CONTINUED STRONG GROWTH IN NET SALES



STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



RECURRING
REVENUE SHARE

87%

H1-22: 89%

GROSS MARGIN

88%

H1-22 : 88%

CUSTOMER CHURN

1,7%

H1-22 : 2,2%

34x

H1-22 : 18x

CLV/CAC

Customer Life-time Value
/Customer Acquisition
Cost

16%

H1-22 : 17%

TRANSACTION
GROWTH*

*Exclusive of
Gosocket/LATAM

11%

H1-22 : 46%*

CUSTOMER BASE
GROWTH

*Organic growth was 14 %

BUYING AND SELLING SHOULD BE EASY

Pagero offers a *Smart Business Network* that connects buyers and sellers around the world for automated and secure communication of business documents (such as orders, invoices and payment files) in accordance with local regulations. Our open network, combined with a large range of apps, helps our customers streamline their purchase and sales processes and take advantage of accurate and reliable data – independent of business systems.



30+
OFFICES



CUSTOMERS IN
140+
COUNTRIES



A NETWORK OF
14M+
BUSINESSES

PAGERO

CEO COMMENTS

The growth journey continues

Despite continued macroeconomic and political uncertainties in the world, Pagero delivers another strong quarter. Our vision and offering continue to gain market share globally, as demand for digital business communication increases – catalysed by legal requirements and increasing automation and sustainability needs.

We see continued strong growth in the company with an increase in organic net sales of 32% and an ARR growth of 33%, which leads to an ARR of SEK 702 million with an NRR of 117%. Many of our investment markets are starting to generate more and more stable revenues, contributing to this increase. During H1, the investment markets have a sales growth of 121% and now represent as much as 18% of our total sales compared to 11% during the corresponding period last year – something we expect will continue to increase in the future. Sales growth has not been below 25% since our listing and has now exceeded 30% for two consecutive quarters – not only indicating that our offer is well received, but also on stability and that our global investments are yielding results.

From a profitability perspective, we are continuing towards the target of a 20% EBITA margin by 2025. In 2023, we began the turn towards profitability as some investment markets are moving towards becoming established markets. In the last seven quarters, we have deliberately invested intensively in both the technology platform and the organization. Consequently, we currently have customers in 144 countries and a leading role in a global market that is expected to be worth EUR 27 billion in 2027. We very much aim to maintain that position.

Our efforts to build a community of partners and retailers are continuing and intensifying. In the first six months of the year, we signed partnership agreements with a number of global, local and strategic partners, including Thomson Reuters. New



recurring revenues from business that involved our partners increased by 50% in the first half of the year compared to the same period previous year and we are beginning to see major market economies of scale.

Pagero's offering enables users to communicate digitally and automatically with all their customers and suppliers worldwide in accordance with local government requirements. Our technology platform is under constant expansion and new users, services and supported legal requirements are added daily. Consequently, the value of the service is also continuously increasing for both our customers and partners.

Pagero has taken on the task of building the world's largest network for business communication and is expected to spend about 25% of sales, or 300,000 man-hours, on further development of the Pagero Network during the year. We are in a technology race and our long-term investments ensure that we maintain our growth and market leading position. In the first half of the year, we achieved several milestones:

- The roll-out of the Pagero Network in Latin America is continuing and we are launching support for the legal requirements in Chile and Peru. Pagero's Latin American organization exists under the Gosocket brand and supports 15 Latin American markets. In the upcoming quarter, more Latin American markets will be integrated via the Pagero Network.
- The Pagero Network goes live with new functionality in markets such as Serbia, El Salvador, Saudi Arabia and the Dominican Republic.
- The Pagero Network receives new functionality, such as Invoice Status Collaboration, innovations that are expected to increase perceived customer value through increased automation and simplified fulfilment of legal requirements.

Pagero's "Rule of 40" (a performance measure for SaaS companies that combines sales growth with EBITDA margin) was 23% in the first half of the year, compared to 4% in the same period last year. A result of investment markets continuing to develop positively and thereby contributing to the whole.

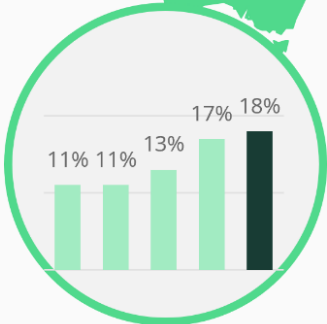
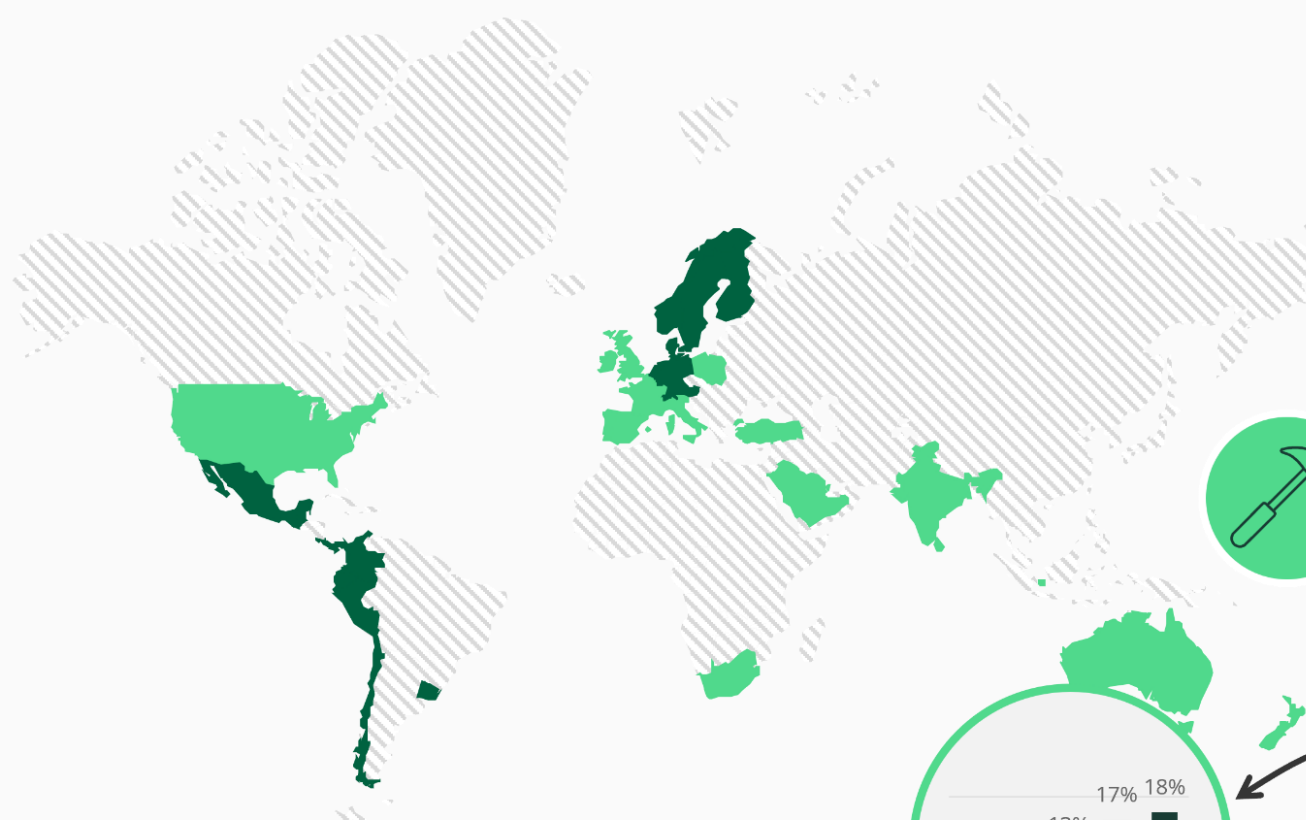
I would say that Pagero is one of the best positioned Nordic global growth companies in the IT sector. A wonderful future lies ahead!

Bengt Nilsson

CEO

GROWTH AND PROFITABILITY

A proven business model during the global expansion phase



ESTABLISHED MARKETS

(H1)



82%
OF TOTAL
NET SALES
(89%)



+21%
NET SALES
GROWTH
(+18%)



+32%
EBITDA
MARGIN
(+34%)

53%

RULE OF 40
(52%)



INVESTMENT MARKETS

(H1)



18%
OF TOTAL
NET SALES
(11%)



+121%
NET SALES
GROWTH
(+55%)



-195%
EBITDA
MARGIN
(-426%)

-74%

RULE OF 40
(-371%)

GROUP DEVELOPMENT

APRIL – JUNE 2023

Sales

Net sales amounted to SEK 188.6 million (142.7), which is an increase of 32% (46%) and 27% adjusted for currency. Organic growth amounted to 32% (17%).

Recurring revenue amounted to SEK 166.5 million (127.0), which is an increase of 31% (45%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 31% (16%).

Profit/loss

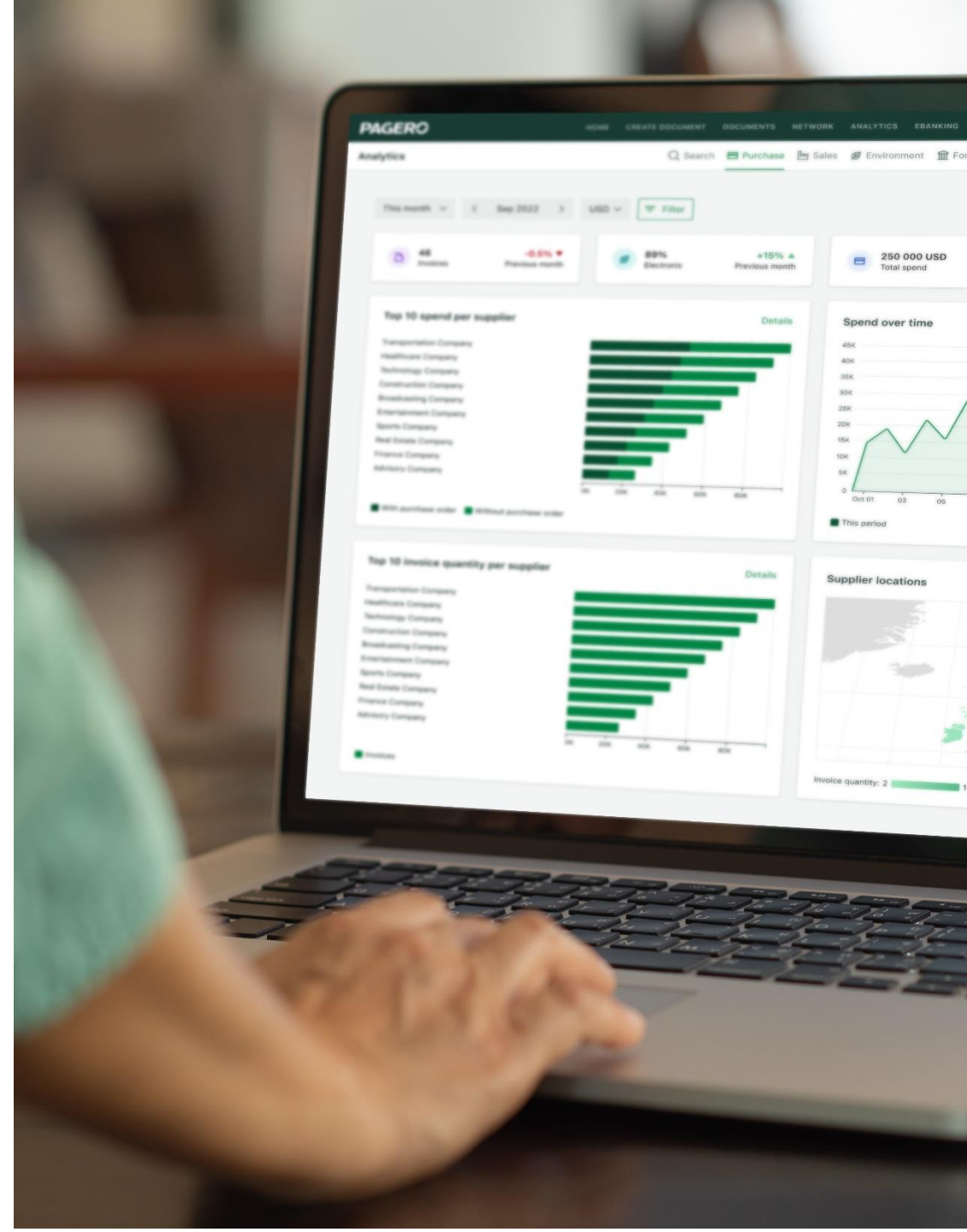
Operating loss before depreciation/amortization (EBITDA) amounted to SEK 20.2 million (39.9). The change from the previous year is mainly due to the non-recurring costs incurred in connection with the attempt to acquire Tungsten. Continued investments in both product development and a higher number of employees for the international expansion is according to the set plan.

Operating loss after depreciation/amortization (EBITA) amounted to SEK 30.7 million (48.3). Adjusted EBITA amounted to a loss of SEK 30.7 million (31.4). The adjusted EBITA of last year is due to the non-recurring costs incurred in connection with the attempt to acquire Tungsten.

The negative net financial items of SEK 25.1 million (31.6) in the period are mainly attributable to currency adjustment of acquisition liabilities in USD and the interest expense for loans raised in Q2 2021.

Tax recognised in the profit/loss for the period is attributable to income tax and the tax effect of depreciation/amortization of Group surplus values from acquisitions made.

There was a loss for the period in an amount of SEK 91.5 million (106.3). Comprehensive income for the period, which includes negative foreign exchange differences of SEK 32.0 million, amounted to a loss of SEK 59.5 million which may later be returned to the income statement.



JANUARY – JUNE 2023

Sales

Net sales amounted to SEK 368.4 million (279.4), which is an increase of 32% (49%) and 27% adjusted for currency. Organic growth amounted to 32% (20%).

Recurring revenue amounted to SEK 321.3 million (247.5), which is an increase of 30% (46%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 30% (18%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 33.5 million (44.9). The change from the previous year is mainly due to the non-recurring costs incurred in connection with the attempt to acquire Tungsten. Continued investments in both product development and a higher number of employees for the international expansion is according to the set plan.

Operating loss after depreciation/amortization (EBITA) amounted to SEK 51.8 million (61.1). Adjusted EBITA amounted to a loss of SEK 51.8 million (44.2). The adjusted EBITA of last year is mainly due to the non-recurring costs incurred in connection with the attempt to acquire Tungsten.

The negative net financial items of SEK 33.5 million (37.1) in the period are mainly attributable to currency adjustment of acquisition liabilities in USD and the interest expense for loans raised in Q2 2021.

Tax recognised in the profit/loss for the period is attributable to income tax and the tax effect of depreciation/amortization of Group surplus values from acquisitions made.

There was a loss for the period in an amount of SEK 152.8 million (150.0). Comprehensive income for the period, which includes negative foreign exchange differences of SEK 36.6 million, amounted to a loss of SEK 116.2 million which may later be returned to the income statement.

FINANCIAL COMMENTS

APRIL – JUNE 2023

Cash flow

Cash flow from operating activities amounted to SEK 12.9 million (12.0), which is attributable to the loss that is partly offset by the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 52.8 million (42.8). Most of it, SEK 29.9 million, was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an outflow of SEK 7.5 million (inflow: 603.9), which is primarily attributable to leasing liabilities. The previous year's cash flow consists primarily of the loan raised in connection with the attempt to acquire Tungsten.

Total cash flow for the period amounted to an outflow of SEK 47.5 million (603.9).

JANUARY– JUNE 2023

Cash flow

Cash flow from operating activities amounted to SEK 3.2 million (19.5), which is attributable to the loss that is partly offset by the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 97.4 million (91.7). Most of it, SEK 58.6 million, was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an inflow of SEK 41.1 million (617.9), which is mainly attributable to the 2020/2023 warrants programme of 4,170,000 shares at SEK 13 that was fully subscribed during the period and contributed SEK 54.2 million to the company. The previous year's cash flow consists primarily of the loan raised in connection with the attempt to acquire Tungsten.

Total cash flow for the period amounted to an outflow of SEK 53.2 million (inflow 545.7).

Liquidity

Liquidity amounted to SEK 330.8 million (383.9). Available liquidity, including unutilized overdraft facilities amounted to SEK 333.4 million (386.5).

Liabilities

Interest-bearing liabilities amounted to SEK 338.9 million (323.0) and consist of the loan from Ture Invest, where Pagero holds a total 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.

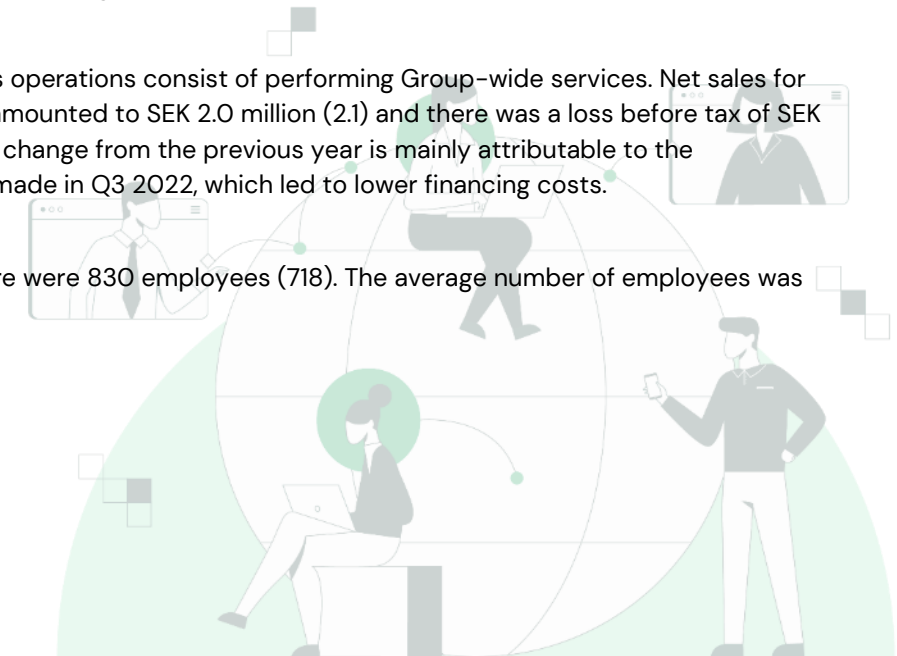
The loan liability of SEK 211.7 million (196.1) is additional purchase considerations for the acquisitions of Gosocket and the R&D organization in Sri Lanka. The increase is attributable to the USD effect when converting to SEK.

Parent Company

The Parent Company's operations consist of performing Group-wide services. Net sales for the Parent Company amounted to SEK 2.0 million (2.1) and there was a loss before tax of SEK 19.6 million (26.5). The change from the previous year is mainly attributable to the amortization of loans made in Q3 2022, which led to lower financing costs.

Personnel

On 30 June 2023, there were 830 employees (718). The average number of employees was 810 (681).



Significant risks and uncertainties

Significant risks, such as currency, credit risk and liquidity risk, are equivalent to those in the assessment in the 2022 annual report. We still do not see that the war in Ukraine will directly affect Pagero's operations.

Related party transactions

There are no related party transactions to report in the period.

The share

On 30 June 2023, there were 158,392,263 shares. The share price on 30 June 2023 closed at

SEK 15.45 per share. Earnings per share before dilution amounted to a loss of SEK 0.96. Earnings per share after dilution amounted to a loss of SEK 0.96.

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.

CONSOLIDATED INCOME STATEMENT

(SEK 000s)	Note	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
<u>Operating income</u>						
Net sales	6	188,636	142,705	368,422	279,368	600,127
Capitalized work on own behalf		29,884	26,550	58,623	47,925	105,406
Customer acquisition expenses		9,422	3,428	12,516	5,877	30,627
Other operating income		1,393	737	2,184	3,195	5,277
		229,336	173,419	441,744	336,364	741,437
<u>Operating costs</u>						
Direct sales costs		-23,213	-19,383	-45,643	-37,293	-80,558
Other external expenses		-47,701	-43,314	-101,073	-79,130	-184,505
Personnel costs		-178,647	-133,734	-328,517	-247,950	-533,219
Other operating costs		0	-16,885	0	-16,885	-16,917
Operating profit/loss before depreciation (EBITDA)		-20,226	-39,897	-33,489	-44,894	-73,762
Depreciation of tangible assets		-10,462	-8,408	-18,281	-16,195	-29,250
Operating profit/loss after depreciation (EBITA)		-30,687	-48,305	-51,770	-61,090	-103,012
Amortization of intangible assets		-34,954	-26,548	-67,365	-51,591	-114,137
Operating profit/loss (EBIT)		-65,641	-74,853	-119,136	-112,681	-217,149
<u>Profit/loss from financial items</u>						
Financial income		844	1,015	1,358	1,214	7,938
Financial expenses		-25,966	-32,580	-34,880	-38,321	-64,761
Financial items		-25,122	-31,565	-33,522	-37,107	-56,823
Profit/loss after financial items		-90,763	-106,418	-152,658	-149,788	-273,972
Income tax		-775	84	-55	-233	-1,850
Net profit/loss for the period		-91,538	-106,334	-152,780	-150,021	-275,822
Attributable to:						
Shareholders of the Parent Company		-91,538	-106,334	-152,780	-150,021	-275,822

Consolidated statement of comprehensive income
(SEK 000s)

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net profit/loss for the period	-91,538	-106,334	-152,780	-150,021	-275,822
Items that may subsequently be reclassified to profit or loss					
Foreign exchange differences	32,032	43,013	36,589	47,695	59,275
Other comprehensive income for the period	32,032	4,682	36,589	47,695	59,275
Comprehensive income for the period	-59,505	-39,005	-116,191	-102,326	-216,547
Attributable to:					
Shareholders of the Parent Company	-59,505	-39,005	-116,191	-102,326	-216,547

CONSOLIDATED BALANCE SHEET

Assets (SEK 000s)	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
Fixed assets				
Capitalized development expenditures		305,721	244,747	277,734
Technology		35,974	42,108	38,943
Customer relationships		131,714	131,690	130,137
Trademarks		20,411	22,435	21,138
Goodwill		393,911	365,640	376,485
Customer acquisition expenses		21,462	10,310	23,325
Intangible assets		909,193	816,930	867,762
Rights of use		32,801	49,748	37,906
Equipment, computers and installations		30,295	24,309	27,574
Financial assets		3,116	8,203	8,857
Deferred tax assets		20,470	19,865	20,179
Total fixed assets		995,876	919,055	962,278
Current assets				
Accounts receivable		196,276	107,656	200,079
Current tax assets		11,898	5,744	2,021
Other receivables		8,148	1,425	3,985
Prepaid expenses and accrued income		36,522	39,248	32,627
Total current receivables		252,845	154,073	238,711
Cash and cash equivalents		330,761	970,227	383,921
Total current assets		583,605	1,124,300	622,632
Total assets		1,579,481	2,043,355	1,584,910

CONSOLIDATED BALANCE SHEET

Liabilities and equity (SEK 000s)

	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
Equity				
Share capital		1,584	1,542	1,542
Other contributed capital		1,374,578	1,320,672	1,320,672
Reserves		120,952	72,783	84,363
Retained earnings including profit/loss for the year		-980,746	-702,166	-827,966
Equity		516,367	692,831	578,611
<u>Non-current liabilities</u>				
Liabilities to credit institutions		338,912	760,174	323,030
Leasing liability		12,574	28,287	19,021
Non-current liabilities		211,678	184,960	196,064
Deferred tax		55,055	54,963	56,181
Total non-current liabilities		618,219	1,028,384	594,295
<u>Current liabilities</u>				
Leasing liability		22,018	20,923	19,505
Accounts payable		66,471	62,257	68,382
Other liabilities		50,872	38,565	49,518
Accrued expenses and deferred income		305,534	200,394	274,600
Total current liabilities		444,895	322,139	412,004
Total equity and liabilities		1,579,481	2,043,355	1,584,910

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 on 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, recognized directly in equity	0	-179	0	0	-179
Closing balance on 31 December 2022	1,542	1,320,672	84,363	-827,966	578,611
Opening balance on 1 January 2023	1,542	1,320,672	84,363	-827,966	578,611
Profit/loss for the year	0	0	0	-152,780	-61,174
Other comprehensive income for the year	0	0	36,589	0	4,682
Total comprehensive income	0	0	36,589	-152,780	-116,191
New share issue, warrants programme	42	54,170	0	0	54,212
Transaction costs, new share issue	0	-265	0	0	-265
Total transactions with shareholders, recognized directly in equity	42	53,906	0	0	53,948
Closing balance on 30 June 2023	1,584	1,374,578	120,952	-980,746	516,367

CONSOLIDATED CASH FLOW STATEMENT

(SEK 000s)	Note	Apr–Jun 2023	Apr–Jun 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
Operating profit/loss		-65,641	-74,853	-119,136	-112,681	-217,149
Non-cash items		45,347	38,192	85,578	71,022	143,387
Interest received		853	1,973	1,358	2,172	7,938
Interest paid		0	-2,207	-155	-4,744	-7,461
Income tax paid		-2,378	-1,920	-6,857	-4,954	-7,922
Cash flow from operating activities before changes in working capital		-21,820	-38,814	-39,211	-49,185	-81,208
Increase (-)/decrease (+) in accounts receivable		-21,106	7,397	3,802	17,481	-74,941
Increase (-)/decrease (+) in operating receivables		-12,733	-16,531	-18,967	-22,738	-8,079
Increase (+)/decrease (-) in accounts payable		7,213	18,287	-1,910	19,605	25,729
Increase (+)/decrease (-) in operating liabilities		61,294	41,639	59,467	54,359	130,657
Cash flow from changes in working capital		34,669	50,793	42,391	68,707	73,365
Cash flow from operating activities		12,850	11,978	3,180	19,522	-7,843
<u>Investing activities</u>						
Investments in intangible assets		-45,096	-34,882	-82,053	-62,828	-151,857
Investments in tangible assets		-13,797	-7,879	-21,552	-14,199	-34,882
Acquisition of subsidiaries, less acquired cash and cash equivalents		0	193	0	-14,219	-14,219
Change in financial assets		6,070	-250	6,189	-494	-1,130
Cash flow from investing activities		-52,823	-42,818	-97,416	-91,740	-202,088
<u>Financing activities</u>						
Loans raised		0	729,375	0	729,375	741,855
Amortization of loans		-7,222	-94,621	-12,872	-111,314	-572,387
New share issues for the period		-264	0	53,948	-179	-179
Cash flow from financing activities		-7,486	634,754	41,076	617,882	169,289
<u>Cash flow for the period</u>		-47,459	603,914	-53,092	545,664	-40,642
Cash and cash equivalents at the beginning of the period		378,220	366,313	383,921	424,563	424,563
Cash and cash equivalents at the end of the period		330,761	970,227	330,761	970,227	383,921

GROUP KEY PERFORMANCE INDICATORS

(SEKm)	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Customer base, thousands	91.0	82.0	91.0	82.0	85.9
Customer base growth	11%	46%	11%	46%	14%
Transaction volume, million	18.3	15.8	36.0	30.8	64.4
Transaction volume growth	18%	17%	17%	23%	20%
Net revenue growth	32%	46%	32%	49%	36%
Organic net sales growth	32%	17%	32%	20%	23%
Recurring revenue	166.5	127.0	321.3	247.5	520.7
Recurring revenue's share of net sales	88%	89%	87%	89%	87%
Recurring revenue growth	31%	45%	30%	46%	33%
Customer turnover (churn)	1.7%	2.2%	1.7%	2.2%	1.8%
CLV/CAC, times	34.0	18.1	34.0	18.1	26.2
Rule of 40	–	–	23%	4%	11%
NRR (Net Retention Rate)	–	–	117%	–	–
Gross profit	165.4	123.3	322.8	242.1	519.6
Gross margin	88%	86%	88%	87%	87%
EBITDA	–20.2	–39.9	–33.5	–44.9	–73.8
EBITDA margin	–10.7%	–28.0%	–9.1%	–16.1%	–12.3%
EBITA	–30.7	–48.3	–51.8	–61.1	–103.0
EBITA margin	–16.3%	–33.8%	–14.1%	–21.9%	–17.2%
Adjusted EBITA	–30.7	–31.4	–51.8	–44.2	–86.1
Adjusted EBITA margin	–11.7%	–22.0%	–14.1%	–15.8%	–14.3%
Net working capital	–170.0	–147.1	–170.0	–147.1	–153.8
Net working capital as a share of net sales	–23%	–26%	–23%	–26%	–26%
Net debt	–8.2	210.1	–8.2	210.1	60.9

PARENT COMPANY INCOME STATEMENT

(SEK 000s)

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
<u>Operating income</u>					
Net sales	1,009	1,044	1,998	2,060	3,703
	1,009	1,044	1,998	2,060	3,703
<u>Operating costs</u>					
Other external expenses	-1,698	-1,241	-2,943	-2,424	-3,497
Personnel costs	-1,393	-1,734	-2,539	-3,284	0
Other operating costs	0	-16,683	0	-16,683	-16,715
Operating profit/loss (EBIT)	-2,081	-18,614	-3,484	-20,330	-23,308
<u>Profit/loss from financial items</u>					
Financial income	831	1,011	1,324	1,011	7,712
Financial expenses	-9,105	-7,119	-17,463	-7,133	-27,566
Profit/loss after financial items	-10,355	-24,721	-19,624	-26,452	-43,162
Profit/loss before tax	-10,355	-24,721	-19,624	-26,452	-43,162
Net profit/loss for the period	-10,355	-24,721	-19,624	-26,452	-43,162

PARENT COMPANY BALANCE SHEET

Assets (SEK 000s)	30 Jun 2023	30 Jun 2022	31 Dec 2022
<u>Fixed assets</u>			
Financial assets	2,069,826	1,614,729	2,000,780
Total fixed assets	2,069,826	1,614,729	2,000,780
<u>Current receivables</u>			
Receivables from Group companies	84,802	215,015	0
Other receivables	152	766,578	48
Prepaid expenses and accrued income	7,265	20,496	7,271
Total current receivables	92,219	1,002,088	7,319
Cash and cash equivalents	114,192	48,665	201,655
Total current assets	206,410	1,050,754	208,974
Total assets	2,276,236	2,665,483	2,209,754
Equity and liabilities (SEK 000s)	30 Jun 2023	30 Jun 2022	31 Dec 2022
<u>Equity</u>			
Share capital	1,584	1,542	1,542
Share premium reserve	1,799,464	1,745,420	1,745,420
Profit or loss brought forward	-43,107	55	55
Comprehensive income for the period	-19,624	-26,452	-43,162
Total equity	1,738,317	1,720,565	1,703,855
<u>Non-current liabilities</u>			
Liabilities to credit institutions	338,434	759,465	322,424
Non-current liabilities	196,531	171,086	181,696
Total non-current liabilities	534,966	930,551	504,120
<u>Current liabilities</u>			
Accounts payable	1,776	13,221	1,153
Other liabilities	0	97	0
Accrued expenses and deferred income	1,178	1,058	625
Total current liabilities	2,954	14,367	1,778
Total equity and liabilities	2,276,236	2,665,483	2,209,754

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 2022 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 2023. 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 2022 annual report.

NOTE 3 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 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 2021/2024	500,000	250	5,000,000	25.00
Total/weighted exercise price	500,000	250	5,000,000	25.00

NOTE 4 EARNINGS PER SHARE

SEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Earnings per share before dilution (SEK)	-0.58	-0.69	-0.96	-1.15	-1.79
Earnings per share after dilution (SEK)	-0.58	-0.69	-0.96	-1.14	-1.78
Measurements of earnings used in calculating earnings per share before and after dilution (SEKm)					
Net profit/loss for the period	-91.5	-106.3	-152.8	-150.0	-275.8
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	158,392,263	154,222,263	158,392,263	154,222,263	154,222,263
<i>Warrants</i>					
Adjustments for calculation of earnings per share after dilution for warrants	-	403,998	-	527,351	1,280,342
<i>After dilution</i>					
Weighted average number of shares and potential shares used as the denominator in calculating earnings per share after dilution	158,392,263	154,855,430	158,392,263	154,749,814	155,502,605

NOTE 5 SEGMENTS

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

Analysis of revenues by revenue type	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Licence sales	76.1	58.7	148.9	114.6	239.8
Transaction sales	90.3	68.2	172.4	132.9	280.9
Service sales	22.2	15.7	47.1	31.9	79.5
Net sales	188.6	142.7	368.4	279.4	600.1

NOTE 6 ANNUAL RECURRING REVENUE (ARR)

	30 Jun 2023	30 Jun 2022	31 Dec 2022
Net new and extended customer contracts	463.8	321.7	390.0
Running transactions, rolling 12	217.0	191.0	199.7
Order book, new customer contracts	21.2	14.9	14.5
Total ARR	702.0	527.6	604.2
Total ARR growth %	33%	49%	27%
Organic ARR growth %	33%	19%	17%

DEFINITIONS

Key performance indicators	Definition
<i>Annualized recurring revenue (ARR)</i>	Contracted recurring revenue and R12 transaction revenue (SAAS). Historical figures are adjusted for comparability.
<i>Net Retention Rate (NRR)</i>	NRR is defined as ARR at a specific time for existing customers who have been customers in the past 12 months divided by total ARR from 12 months earlier. NRR takes into account expansion revenue, which means cross sales and additional sales to existing customers, and loss of revenue from existing customers.
<i>Net revenue growth</i>	Net sales of current year/net sales of the previous period.
<i>Recurrent revenues</i>	Revenues of an annual nature and refer to income from licence and transaction sales.
<i>Direct sales costs</i>	Third party costs incurred in the provisioning of the company's sold services.
<i>Gross profit</i>	Net sales less direct sales costs.
<i>Gross profit margin</i>	Gross profit as a percentage of net sales.
<i>EBITDA margin</i>	Operating profit/loss before depreciation/net sales.
<i>EBITA</i>	Operating profit/loss after depreciation of tangible assets.
<i>EBITA margin</i>	EBITA as a percentage of net sales.
<i>EBITA (Adjusted)</i>	Operating profit/loss after depreciation of tangible assets, adjusted for Other non-recurring operating expenses.
<i>EBITA margin (adjusted)</i>	Adjusted EBITA as a percentage of net sales.
<i>Operating margin</i>	Profit/loss for the period after financial items/net sales.
<i>Equity/assets ratio</i>	Adjusted equity/total assets.
<i>Number of e-transactions, millions</i>	E-transactions in the Pagero Network platform, excluding transactions through Gosocket's platform.
<i>Organic growth</i>	Growth calculated without acquisitions.
<i>FTE</i>	Full-time equivalents.
<i>Customer turnover</i>	Rolling 12-month sales value of customers who have terminated their contracts in relation to rolling 12-month recurring sales.
<i>CLV/CAC</i>	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.
<i>Net working capital</i>	Current assets, excluding cash and cash equivalents, less non-interest-bearing current liabilities.
<i>Net debt</i>	Current and non-current interest-bearing liabilities to credit institutions less financial assets.
<i>Established markets</i>	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.
<i>Investment markets</i>	Pagero companies in the build-up phase that have not yet reached maturity according to the established market definition.
<i>Rule of 40</i>	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 August 2023

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 and Board Member

ADDITIONAL INFORMATION

CALENDAR

Interim Report Q3 2023 – 2 November 2023

Year-end report Q4 2023 – 23 February 2024

Interim Report Q1 2024 – 7 May 2024

Annual General Meeting 2023 – 7 May 2024

FINANCIAL STATEMENTS

Financial statements can be downloaded from www.pagero.com

This interim report has not been reviewed by the company's auditors.

CERTIFIED ADVISER

The company's certified advisor is Erik Penser Bank.

CONTACT PERSONS

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CEO

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Jan-Olof Ohlsson

CFO

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An aerial photograph of a multi-lane highway cutting through a dense, lush green forest. The road is straight and stretches from the bottom of the frame towards the top. Several vehicles, including cars and a large red truck, are visible on the road. The forest is thick with trees, creating a textured green canopy on either side of the highway.

PAGERO

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