

# Interim Report

## Q3 2023

For the period 1 January – 30 September 2023

**PAGERO**



## THIRD QUARTER OF 2023

### POSITIVE THIRD QUARTER DEVELOPMENTS AND INCREASING GROWTH

- Net sales amounted to SEK 204.0 million (151.1), which is an organic increase of 35% (26%) and 28% adjusted for currency.
- Recurring revenue amounted to SEK 176.2 million (129.9), which is an organic increase of 36% (21%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network.
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 5.9 million (16.4). Adjusted EBITA amounted to a loss of SEK 5.9 million (15.7). This result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to an outflow of SEK 34.6 million (31.3) for the quarter.
- Earnings per share after dilution amounted to a loss of SEK 0.49 (0.91).
- Pagero entered into an advance payment agreement with the minority shareholders of Gosocket to strengthen cooperation (Note 7).
- Belgium announce country-wide e-invoicing mandate.

## JANUARY – SEPTEMBER 2023

- Net sales amounted to SEK 572.4 million (430.5), which is an increase of 33% (40%) and 26% adjusted for currency. Organic growth amounted to 33% (22%).
- Recurring revenue amounted to SEK 497.5 million (377.4), which is an increase of 32% (36%). 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 32% (19%).
- Annual Recurring Revenue (ARR) amounted to SEK 739.5 million (535.9), which is an organic growth of 38% (19%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 57.7 million (77.5). Adjusted EBITA amounted to a loss of SEK 57.7 million (60.6). The result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to an outflow of SEK 44.8 million (22.4). The company's cash and cash equivalents amounted to SEK 395.3 million.
- Earnings per share after dilution amounted to a loss of SEK 1.45 (1.42).
- Pagero's warrants programme 2020/2023 raised SEK 54 million for the company fully utilised.
- Pagero received an order for EUR 4.2 million.
- Pagero and Thomson Reuters announce a partnership to offer customers a service for indirect tax compliance.



## Events after the end of the period

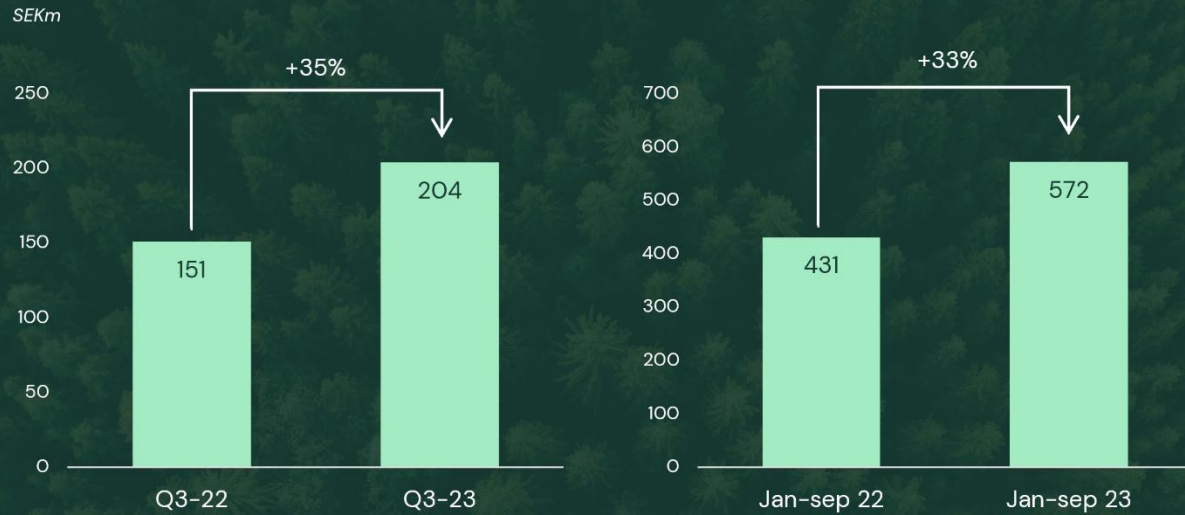
- Pagero and PwC announce alliance to support successful e-invoicing implementations.
- Pagero and Vertex announce partnership to deliver a global e-invoicing solution.
- Pagero opens office in Japan.

## Selected financial data

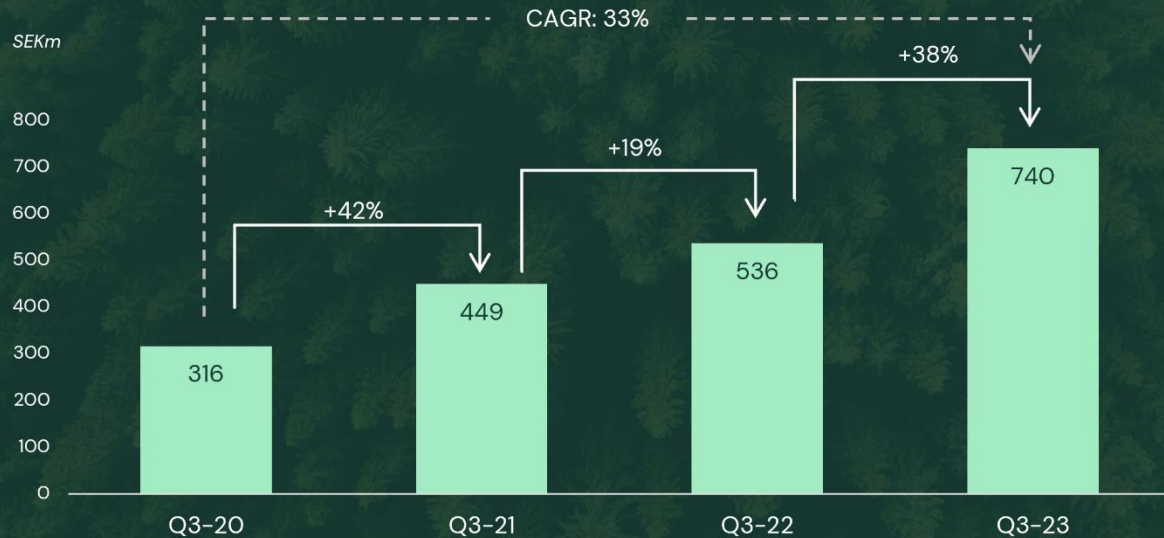
	Note	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
ARR, SEK million	7	739.5	535.9	739.5	535.9	604.2
ARR growth, %		38%	19%	38%	19%	27%
Rule of 40		–	–	28%	11%	11%
Net sales, SEKm	6	204.0	151.1	572.4	430.5	600.1
Net sales growth, %		35%	26%	33%	40%	36%
Organic net sales growth, %		35%	26%	33%	22%	23%
Organic growth in recurring revenue, %		36%	21%	32%	19%	20%
Gross margin, %		87%	86%	87%	87%	87%
EBITA margin, %		–2.9%	–10.8%	–10.1%	–18.0%	–17.2%
Earnings per share after dilution, SEK		–0.49	–0.91	–1.45	–1.42	–1.78
Cash flow from operating activities, SEKm		–34.6	–31.3	–44.8	–22.4	–30.1
FTE (Average)		846	741	823	715	711
R&D costs as % of net sales		25%	26%	25%	24%	25%



## CONTINUED STRONG GROWTH IN NET SALES



## STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



NRR

**122%**

Q2 23: 117%

RECURRING  
REVENUE SHARE

**87%**

Jan-sep 22: 88%

GROSS MARGIN

**87%**

Jan-sep 22: 87%

CUSTOMER  
CHURN

**1,8%**

Jan-sep 22: 1,8%

**30x**

Jan-sep 22: 24x

CLV/CAC

*Customer Life-time Value  
/Customer Acquisition  
Cost*

**21%**

Jan-sep 22: 17%

TRANSACTION  
GROWTH\*

*\*Exclusive  
Gosocket/LATAM*

**13%**

Jan-sep 22: 20%

CUSTOMER BASE  
GROWTH



# 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

## Continued and increasing growth of 38% in the third quarter

Pagero's growth journey continued during the quarter with an increasing net sales growth of 35% (32%) and we are continuing to win business in a number of industries in all of the company's regions. The activity level in the organization is high despite the fact that Q3 is normally a slower quarter and characterized by a holiday period in most of our markets.

The company's ARR shows a growth of 38% and a NRR of 122%. Our targets of SEK 1.5 billion in ARR and EBITA of 20% in 2025 stand firm. An important factor in achieving these targets is the continued development and growth of our investment markets. In these markets, such as the United States and the United Kingdom, we are seeing a continued very strong growth in the period (122%), but also that revenue increases in relation to costs – a development that will lead to good profitability for the group. At the same time, the development in the quarter's earnings shows scalability in the business model.

During the quarter, we launched the next generation of Pagero Network to all users. We want to make it easy for companies to do business by building a network where they can search for, verify and start exchanging business documents digitally with customers and suppliers worldwide. Pagero Network currently reaches more than 14 million companies, and this launch strengthens our position as a leading global platform for digital business communication in compliance with local legal requirements. Data security, privacy and accessibility continue to be our guiding principles.

Furthermore, the company has opened an office and launched our local establishment in Japan, a market where we see great potential in the coming years. The local launch in





Tokyo exceeded our expectations and was executed together with partners such as Deloitte and Thomson Reuters.

Legal requirements on digital business communication (such as e-invoicing) continue to be a very strong adoption driver for our market. In 2024, countries such as Poland, Romania, Greece, Israel, Malaysia and others will introduce legal requirements for electronic invoicing between companies, while countries such as France and Spain have announced legal requirements that will be implemented a bit later.

The second major market driver is automation and the efficiency improvement that digitalisation brings, thus a significant value creator for companies. A company that achieves 100% digital management of information and automates its processes will be among tomorrow's winners. In an increasingly competitive global market, it is not a matter of data quality but simply of being a relevant supplier and ultimately of survival.

Today, Pagero is one of the few players in the global market that can help companies with both compliance with local legal requirements and a platform built for automation – two needs that we expect will be increasingly intertwined in the future. This is

something that positions us well, towards end-users but also towards partners and resellers – actors in related industries who see a growing need in their own customer base. This is evidenced by the fact that we signed global agreements with two industry leaders in the last month, PwC and Vertex. Partner-initiated new sales amounted to 59% during the quarter and during the period contributed 29% of our new subscription of recurring revenue. With the above new global partners, and an increasing level of activity from existing partners, partner sales are something we expect to continue to increase during 2024 and in the future.

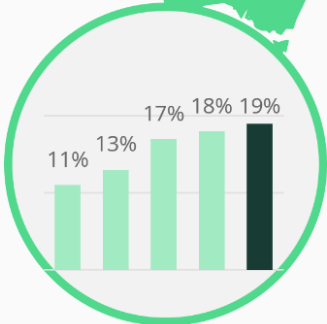
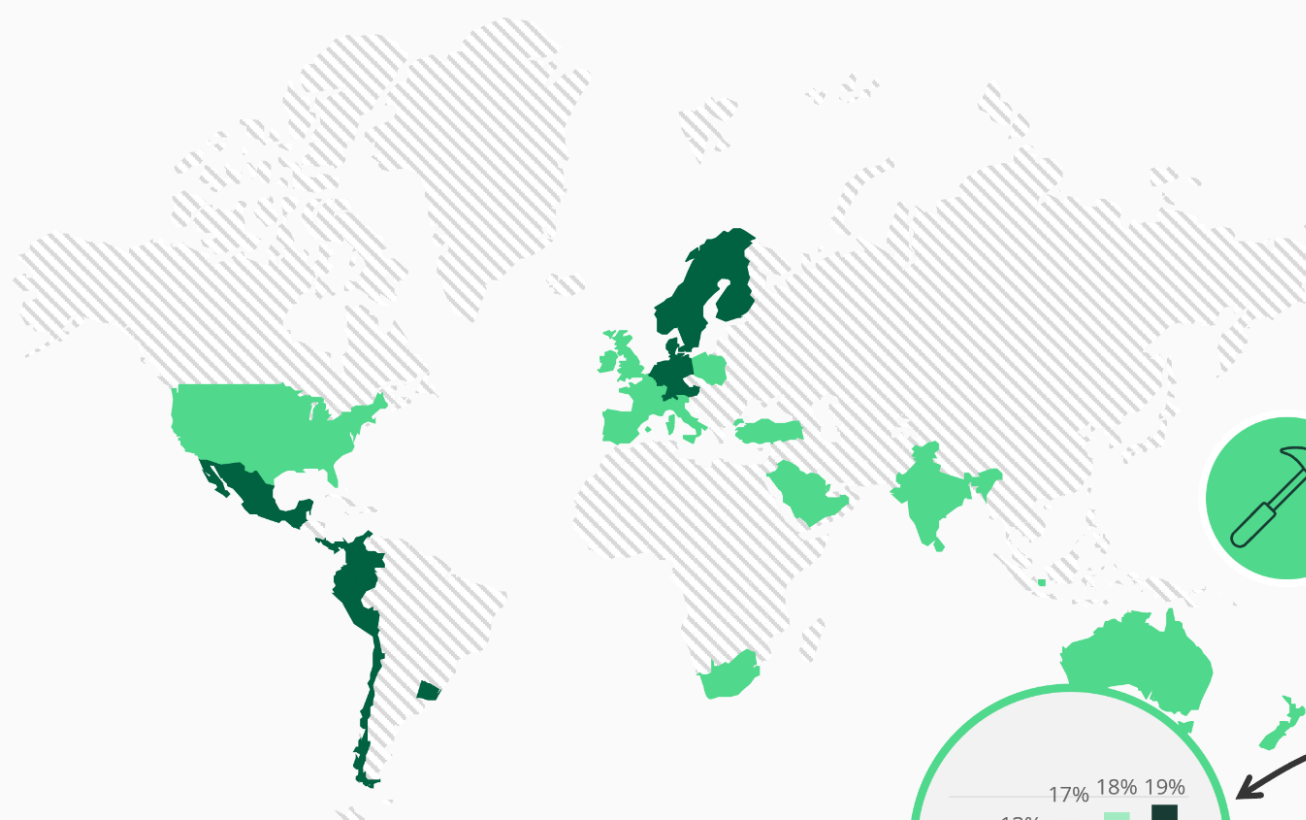
I would like to end by again emphasizing that Pagero is only at the beginning of this journey and that our potential, vision and ambition extend far beyond the goals we set for 2025.

**Bengt Nilsson**

**CEO**

# GROWTH AND PROFITABILITY

A proven business model in a global expansion phase



## ESTABLISHED MARKETS

(Jan-sep)



**81%**  
OF TOTAL  
NET SALES  
(89%)



**+21%**  
NET SALES  
GROWTH  
(+18%)



**+34%**  
EBITDA  
MARGIN  
(+33%)



RULE OF 40  
(51%)



## INVESTMENT MARKETS

(Jan-sep)



**19%**  
OF TOTAL  
NET SALES  
(11%)



**+122%**  
NET SALES  
GROWTH  
(+73%)



**-172%**  
EBITDA  
MARGIN  
(-364%)



RULE OF 40  
(-291%)



# GROUP DEVELOPMENT

## JULY – SEPTEMBER 2023

### Sales

Net sales amounted to SEK 204.0 million (151.1), which is an organic increase of 35% (26%) and 28% (22%) adjusted for currency.

Recurring revenue amounted to SEK 176.2 million (129.9), an organic increase of 36% (21%) and 27% (18%) adjusted for currency. The increase is a result of a strong growth of both transactions and licences in the Pagero Network.

### Profit/loss

Operating profit before depreciation/amortization (EBITDA) amounted to SEK 3.4 million (loss: 7.5). 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 5.9 million (16.4). Adjusted EBITA amounted to a loss of SEK 5.9 million (15.7). 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 33.5 million (25.9) in the period are mainly attributable to revaluation and currency adjustment of acquisition liabilities in USD and the interest expense for loans raised in Q2 2022.

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 76.8 million (69.4). Comprehensive income for the period, which includes negative foreign exchange differences of SEK 4.3 million, amounted to a loss of SEK 72.6 million which may later be returned to the income statement.

## JANUARY – SEPTEMBER 2023

### Sales

Net sales amounted to SEK 572.4 million (430.5), which is an increase of 33% (40%) and 26% (37%) adjusted for currency. Organic growth amounted to 33% (22%).

Recurring revenue amounted to SEK 497.5 million (377.4), an increase of 32% (36%) and 25% (33%) adjusted for currency. 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 32% (19%).

### Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 30.1 million (52.4). 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 57.7 million (77.5). Adjusted EBITA amounted to a loss of SEK 57.7 million (60.6). 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 67.1 million (63.0) in the period are mainly attributable to revaluation and currency adjustment of acquisition liabilities in USD and the interest expense for loans raised in Q2 2022.

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 229.6 million (219.4). Comprehensive income for the period, which includes negative foreign exchange differences of SEK 40.9 million, amounted to a loss of SEK 188.8 million which may later be returned to the income statement.



# FINANCIAL COMMENTS

## JULY – SEPTEMBER 2023

### Cash flow

Cash flow from operating activities amounted to an outflow of SEK 34.6 million (31.3), which consists of the loss and the negative change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 43.9 million (37.2). Most of it, SEK 33.9 million, was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an inflow of SEK 143.0 million (outflow: 442.9), which is mainly attributable to a new loan of SEK 150 million that was raised within the credit line of SEK 1,500 million.

Total cash flow for the period amounted to an inflow of SEK 64.5 million (outflow: 511.3).

## JANUARY – SEPTEMBER 2023

### Cash flow

Cash flow from operating activities amounted to an outflow of SEK 44.8 million (22.4), 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 128.0 million (118.3). Most of it, SEK 95.8 million, was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an inflow of SEK 184.1 million (175.0), which is mainly attributable a new loan of SEK 150 million in connection with the announced advance payment to the minority shareholders of Gosocket and the 2020/2023 warrants programme of 4,170,000 shares at SEK 13 that was fully subscribed during the period, which contributed SEK 54.2 million to the company.

Total cash flow for the period amounted to SEK 11.4 million (34.3).

### Liquidity

Liquidity amounted to SEK 395.3 million (458.9). Available liquidity, including unutilized overdraft facilities amounted to SEK 397.8 million (461.4).

### Liabilities

Interest-bearing liabilities amounted to SEK 498.1 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 231.2 million (196.1) is comprised of additional purchase considerations for the acquisitions of Gosocket and the R&D organization in Sri Lanka. The increase is attributable to the liability to Gosocket being revalued in accordance with the new maturity (Note 7) and to the USD effect when converted to SEK.

### Parent Company

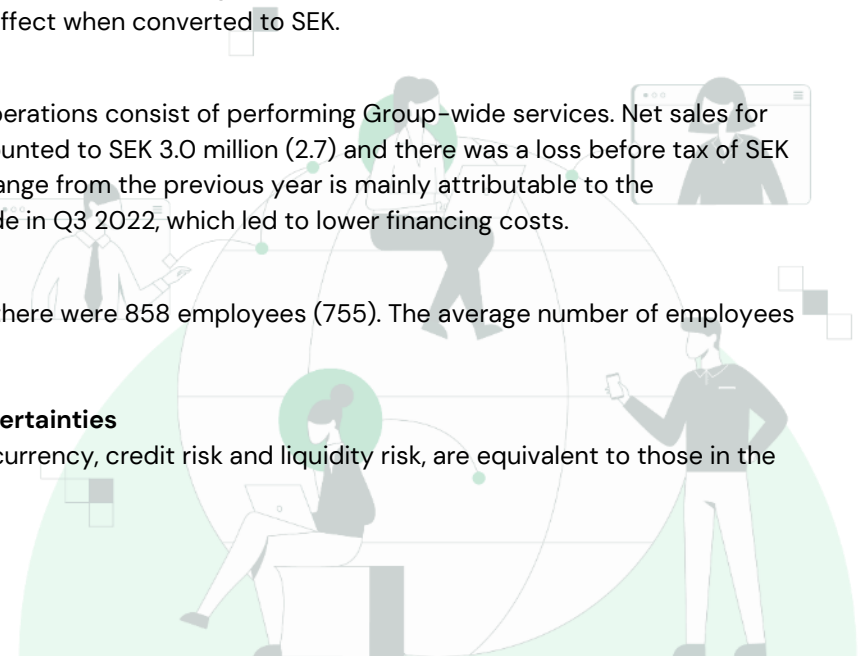
The Parent Company's operations consist of performing Group-wide services. Net sales for the Parent Company amounted to SEK 3.0 million (2.7) and there was a loss before tax of SEK 31.8 million (34.9). The change from the previous year is mainly attributable to the amortization of loans made in Q3 2022, which led to lower financing costs.

### Personnel

On 30 September 2023, there were 858 employees (755). The average number of employees was 823 (715).

### 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 September 2023 closed at SEK 15.71 per share. Earnings per share before dilution amounted to a loss of SEK 1.45. Earnings per share after dilution amounted to a loss of SEK 1.45.

#### **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	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
<u>Operating income</u>						
Net sales	6	204,013	151,115	572,435	430,483	600,127
Capitalized work on own behalf		32,729	25,181	91,352	73,106	105,406
Customer acquisition expenses		6,235	2,924	18,750	8,801	30,627
Other operating income		0	0	477	2,502	5,277
		<b>242,977</b>	<b>179,220</b>	<b>683,015</b>	<b>514,892</b>	<b>741,437</b>
<u>Operating costs</u>						
Direct sales costs		-26,290	-20,450	-71,932	-57,743	-80,558
Other external expenses		-48,582	-43,544	-149,655	-122,674	-184,505
Personnel costs		-163,048	-121,976	-491,565	-369,926	-533,219
Other operating costs		-1,707	-725	0	-16,917	-16,917
<b>Operating profit/loss before depreciation (EBITDA)</b>		<b>3,351</b>	<b>-7,474</b>	<b>-30,138</b>	<b>-52,368</b>	<b>-73,762</b>
Depreciation of tangible assets		-9,300	-8,920	-27,581	-25,115	-29,250
<b>Operating profit/loss after depreciation (EBITA)</b>		<b>-5,949</b>	<b>-16,394</b>	<b>-57,719</b>	<b>-77,483</b>	<b>-103,012</b>
Amortization of intangible assets		-36,488	-28,082	-103,854	-79,673	-114,137
<b>Operating profit/loss (EBIT)</b>		<b>-42,437</b>	<b>-44,476</b>	<b>-161,573</b>	<b>-157,156</b>	<b>-217,149</b>
<u>Profit/loss from financial items</u>						
Financial income		345	5,646	1,703	6,860	7,938
Financial expenses		-33,880	-31,548	-68,828	-69,869	-64,761
Financial items		-33,535	-25,902	-67,124	-63,009	-56,823
<b>Profit/loss after financial items</b>		<b>-75,972</b>	<b>-70,378</b>	<b>-228,697</b>	<b>-220,166</b>	<b>-273,972</b>
Income tax		-876	978	-931	745	-1,850
<b>Net profit/loss for the period</b>		<b>-76,848</b>	<b>-69,400</b>	<b>-229,628</b>	<b>-219,421</b>	<b>-275,822</b>
<b>Attributable to:</b>						
Shareholders of the Parent Company		-76,848	-69,400	-229,628	-219,421	-275,822

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

	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Net profit/loss for the period	-76,848	-69,400	-229,628	-219,421	-275,822
<b>Items that may subsequently be reclassified to profit or loss</b>					
Foreign exchange differences	4,272	35,467	40,861	83,162	59,275
<b>Other comprehensive income for the period</b>	<b>4,272</b>	<b>35,467</b>	<b>40,861</b>	<b>83,162</b>	<b>59,275</b>
<b>Comprehensive income for the period</b>	<b>-72,576</b>	<b>-33,933</b>	<b>-188,767</b>	<b>-136,259</b>	<b>-216,547</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company	-72,576	-33,933	-188,767	-136,259	-216,547



# CONSOLIDATED BALANCE SHEET

Assets (SEK 000s)	Note	30 Sept 2023	30 Sept 2022	31 Dec 2022
<b>Fixed assets</b>				
Capitalized development expenditures		321,350	256,804	277,734
Technology		34,932	43,790	38,943
Customer relationships		126,364	137,932	130,137
Trade marks		18,598	22,369	21,138
Goodwill		390,283	383,878	376,485
Customer acquisition expenses		17,636	8,338	23,325
<b>Intangible assets</b>		<b>909,163</b>	<b>853,111</b>	<b>867,762</b>
Rights of use		27,351	44,295	37,906
Equipment, computers and installations		30,316	27,685	27,574
Financial assets		2,643	9,473	8,857
Deferred tax assets		20,447	19,881	20,179
<b>Total fixed assets</b>		<b>989,921</b>	<b>954,445</b>	<b>962,278</b>
<b>Current assets</b>				
Accounts receivable		170,588	105,512	200,079
Current tax assets		12,055	6,623	2,021
Other receivables		10,998	3,052	3,985
Prepaid expenses and accrued income		37,304	32,469	32,627
<b>Total current receivables</b>		<b>230,945</b>	<b>147,655</b>	<b>238,711</b>
Cash and cash equivalents		395,307	458,880	383,921
<b>Total current assets</b>		<b>626,252</b>	<b>606,535</b>	<b>622,632</b>
<b>Total assets</b>		<b>1,616,174</b>	<b>1,560,979</b>	<b>1,584,910</b>

# CONSOLIDATED BALANCE SHEET

## Liabilities and equity (SEK 000s)

	Note	30 Sept 2023	30 Sept 2022	31 Dec 2022
<b>Equity</b>				
Share capital		1,584	1,542	1,542
Other contributed capital		1,374,578	1,320,672	1,320,672
Reserves		125,224	108,250	84,363
Retained earnings including profit/loss for the year		-1,057,594	-771,565	-827,966
<b>Equity</b>		<b>443,791</b>	<b>658,899</b>	<b>578,611</b>
<u>Non-current liabilities</u>				
Liabilities to credit institutions		498,136	316,213	323,030
Leasing liability		6,534	23,625	19,021
Non-current liabilities		231,208	205,062	196,064
Deferred tax		52,055	56,896	56,181
<b>Total non-current liabilities</b>		<b>787,933</b>	<b>601,797</b>	<b>594,295</b>
<u>Current liabilities</u>				
Leasing liability		20,817	20,235	19,505
Accounts payable		61,279	56,291	68,382
Other liabilities		47,481	48,350	49,518
Accrued expenses and deferred income		254,873	175,408	274,600
<b>Total current liabilities</b>		<b>384,450</b>	<b>300,284</b>	<b>412,004</b>
<b>Total equity and liabilities</b>		<b>1,616,174</b>	<b>1,560,979</b>	<b>1,584,910</b>



# 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
<b>Opening balance at 1 January 2022</b>	<b>1,542</b>	<b>1,320,851</b>	<b>25,088</b>	<b>-552,145</b>	<b>795,336</b>
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
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>59,275</b>	<b>-275,822</b>	<b>-216,546</b>
Transaction costs, new share issue	0	-179	0	0	-179
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>0</b>	<b>-179</b>	<b>0</b>	<b>0</b>	<b>-179</b>
<b>Closing balance at 31 December 2022</b>	<b>1,542</b>	<b>1,320,672</b>	<b>84,363</b>	<b>-827,966</b>	<b>578,611</b>
<b>Opening balance at 1 January 2023</b>	<b>1,542</b>	<b>1,320,672</b>	<b>84,363</b>	<b>-827,966</b>	<b>578,611</b>
Profit/loss for the year	0	0	0	-204,181	-204,181
Other comprehensive income for the year	0	0	40,861	0	40,861
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>40,861</b>	<b>-204,181</b>	<b>-163,320</b>
New share issue, warrants programme	42	54,170	0	0	54,212
Transaction costs, new share issue	0	-265	0	0	-265
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>42</b>	<b>53,906</b>	<b>0</b>	<b>0</b>	<b>53,948</b>
<b>Closing balance at 30 September 2023</b>	<b>1,584</b>	<b>1,374,578</b>	<b>125,224</b>	<b>-1,032,147</b>	<b>469,239</b>

# CONSOLIDATED CASH FLOW STATEMENT

(SEK 000s)	Note	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Operating profit/loss		-42,437	-44,476	-161,573	-157,156	-217,149
Non-cash items		45,856	33,766	131,434	104,788	143,387
Interest received		811	4,688	2,014	6,860	7,938
Interest paid		0	-2,171	0	-6,915	-7,461
Income tax paid		-2,035	-1,480	-8,892	-6,434	-7,922
<b>Cash flow from operating activities before changes in working capital</b>		<b>2,195</b>	<b>-9,673</b>	<b>-37,017</b>	<b>-58,857</b>	<b>-81,208</b>
Increase (-)/decrease (+) in accounts receivable		25,688	2,144	29,490	19,626	-74,941
Increase(-)/decrease(+) in operating receivables		-4,304	11,664	-23,271	-11,074	-8,079
Increase (+)/decrease (-) in accounts payable		-5,192	-5,966	-7,103	13,638	25,729
Increase(+)/decrease(-) in operating liabilities		-52,966	-29,450	-6,849	14,306	108,408
<b>Cash flow from changes in working capital</b>	<b>8</b>	<b>-36,774</b>	<b>-21,608</b>	<b>-7,733</b>	<b>36,496</b>	<b>51,117</b>
<b>Cash flow from operating activities</b>		<b>-34,579</b>	<b>-31,281</b>	<b>-44,749</b>	<b>-22,361</b>	<b>-30,091</b>
<u>Investing activities</u>						
Investments in intangible assets		-42,158	-32,297	-124,211	-95,126	-151,857
Investments in tangible assets		-2,218	-3,640	-10,420	-7,236	-12,634
Acquisition of subsidiaries, less acquired cash and cash equivalents		0	0	0	-14,219	-14,219
Change in financial assets		463	-1,259	6,652	-1,752	-1,130
<b>Cash flow from investing activities</b>	<b>8</b>	<b>-43,913</b>	<b>-37,196</b>	<b>-127,979</b>	<b>-118,333</b>	<b>-179,840</b>
<u>Financing activities</u>						
Loans raised		150,000	12,534	150,000	741,908	741,855
Amortization of loans		-6,961	-455,405	-19,833	-566,718	-572,387
New share issues for the period		0	0	53,948	-179	-179
<b>Cash flow from financing activities</b>		<b>143,039</b>	<b>-442,871</b>	<b>184,114</b>	<b>175,011</b>	<b>169,289</b>
<u>Cash flow for the period</u>		<b>64,546</b>	<b>-511,348</b>	<b>11,386</b>	<b>34,317</b>	<b>-40,642</b>
Cash and cash equivalents at the beginning of the period		330,761	970,227	383,921	424,563	424,563
<b>Cash and cash equivalents at the end of the period</b>		<b>395,307</b>	<b>458,880</b>	<b>395,307</b>	<b>458,880</b>	<b>383,921</b>



# GROUP KEY PERFORMANCE INDICATORS

(SEKm)	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Customer base, thousands	93.8	83.0	93.8	83.0	85.9
Customer base growth	13 %	20 %	13 %	20 %	14 %
Transaction volume, million	27.6	23.2	82.3	68.0	94.9
Transaction volume growth	19 %	18 %	21 %	17 %	18 %
Net revenue growth	35%	26%	33%	40%	36%
Organic net sales growth	35%	26%	33%	22%	23%
Recurring revenue, SEK million	176.2	129.9	497.5	377.4	520.7
Recurring revenue's share of net sales	86%	86%	87%	88%	87%
Recurring revenue growth	36%	21%	32%	36%	33%
Customer turnover (churn)	1.8%	1.8%	1.8%	1.8%	1.8%
CLV/CAC, times	30.0	24.4	30.0	24.4	26.2
Rule of 40	–	–	28%	11%	11%
NRR (Net Retention Rate)	–	–	122%	–	–
Gross profit	177.7	130.7	500.5	372.7	519.6
Gross margin	87%	86%	87%	87%	87%
EBITDA	3.4	–7.5	–30.1	–52.4	–73.8
EBITDA margin	1.6%	–4.9%	–3.7%	–12.2%	–12.3%
EBITA	–5.9	–16.4	–12.8	–77.5	–103.0
EBITA margin	–2.9%	–10.8%	–10.1%	–18.0%	–17.2%
Adjusted EBITA	–5.9	–16.4	–12.8	–60.6	–86.1
Adjusted EBITA margin	–2.9%	–10.8%	–9.4%	–14.1%	–14.3%
Net working capital	–132.7	–132.4	–132.7	–132.4	–153.8
Net working capital as a share of net sales	–16%	–22%	–17%	–15%	–26%
Net debt	–103	142.7	–103	142.7	60.9

# PARENT COMPANY INCOME STATEMENT

(SEK 000s)

	July-Sept 2023	July-Sept 2022	Jan-Sept 2023	Jan-Sept 2022	Full year 2022
<u>Operating income</u>					
Net sales	1,028	633	3,026	2,693	3,703
	<b>1,028</b>	<b>633</b>	<b>3,026</b>	<b>2,693</b>	<b>3,703</b>
<u>Operating costs</u>					
Other external expenses	-1,650	-1,034	-4,593	-3,458	-3,497
Personnel costs	-1,768	-977	-4,308	-4,261	0
Other operating costs	0	0	0	-16,715	-16,715
<b>Operating profit/loss (EBIT)</b>	<b>-2,391</b>	<b>-1,379</b>	<b>-5875</b>	<b>-21,740</b>	<b>-23,308</b>
<u>Profit/loss from financial items</u>					
Financial income	324	5,641	1,648	6,652	7,712
Financial expenses	-10,088	-12,640	-27,551	-19,773	-27,566
<b>Profit/loss after financial items</b>	<b>-12,156</b>	<b>-8,378</b>	<b>-31,779</b>	<b>-34,862</b>	<b>-43,162</b>
<b>Profit/loss before tax</b>	<b>-12,156</b>	<b>-8,378</b>	<b>-31,779</b>	<b>-34,862</b>	<b>-43,162</b>
<b>Net profit/loss for the period</b>	<b>-12,156</b>	<b>-8,378</b>	<b>-31,779</b>	<b>-34,862</b>	<b>-43,162</b>

# PARENT COMPANY BALANCE SHEET

<b>Assets</b> <b>(SEK 000s)</b>	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>	<b>31 Dec 2022</b>
<b>Fixed assets</b>			
Financial assets	2,062,590	1,633,499	2,000,780
<b>Total fixed assets</b>	<b>2,062,590</b>	<b>1,633,499</b>	<b>2,000,780</b>
<b>Current receivables</b>			
Receivables from Group companies	164,143	302,660	0
Other receivables	110	559	48
Prepaid expenses and accrued income	6,059	7,846	7,271
<b>Total current receivables</b>	<b>170,313</b>	<b>311,065</b>	<b>7,319</b>
Cash and cash equivalents	182,741	274,368	201,655
<b>Total current assets</b>	<b>353,054</b>	<b>585,433</b>	<b>208,974</b>
<b>Total assets</b>	<b>2,415,644</b>	<b>2,218,932</b>	<b>2,209,754</b>
<b>Equity and liabilities</b> <b>(SEK 000s)</b>	<b>30 Sept 2023</b>	<b>30 Sept 2022</b>	<b>31 Dec 2022</b>
<b>Equity</b>			
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	-31,779	-34,862	-43,162
<b>Total equity</b>	<b>1,726,162</b>	<b>1,712,156</b>	<b>1,703,855</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	497,798	315,554	322,424
Non-current liabilities	189,295	189,856	181,696
<b>Total non-current liabilities</b>	<b>687,093</b>	<b>505,410</b>	<b>504,120</b>
<b>Current liabilities</b>			
Accounts payable	1,412	739	1,153
Other liabilities	0	108	0
Accrued expenses and deferred income	977	520	625
<b>Total current liabilities</b>	<b>2,389</b>	<b>1,367</b>	<b>1,778</b>
<b>Total equity and liabilities</b>	<b>2,415,644</b>	<b>2,218,932</b>	<b>2,209,754</b>



# 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	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Earnings per share before dilution (SEK)	–0.49	–0.91	–1.45	–1.42	–1.79
Earnings per share after dilution (SEK)	–0.49	–0.91	–1.45	–1.42	–1.78
<b>Measurements of earnings used in calculating earnings per share before and after dilution (SEKm)</b>					
Net profit/loss for the period	–76.8	–69.4	–229.6	–219.4	–275.8
The profit/loss above is attributable to the Parent Company's shareholders in its entirety					
<b>Weighted average number of shares before and after dilution</b>					
<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	–	190,983	–	416,350	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	154,413,246	158,392,263	154,638,793	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	July–Sept 2023	July–Sept 2022	Jan–Sept 2023	Jan–Sept 2022	Full year 2022
Licence sales	79.5	60.4	228.3	174.9	239.8
Transaction sales	96.8	69.6	269.2	202.5	280.9
Service sales	27.8	21.2	74.9	53.1	79.5
<b>Net sales</b>	<b>204.0</b>	<b>151.1</b>	<b>572.4</b>	<b>430.5</b>	<b>600.1</b>

## NOTE 6 ANNUAL RECURRING REVENUE (ARR)

	30 Sept 2023	30 Sept 2022	31 Dec 2022
Net new and extended customer contracts	487.8	327.2	390.0
Running transactions, rolling 12	228.7	193.1	199.7
Order book, new customer contracts	23.0	15.5	14.5
<b>Total ARR</b>	<b>739.5</b>	<b>535.9</b>	<b>604.2</b>
Total ARR growth, %	38%	19%	27%
Organic ARR growth, %	38%	19%	17%

#### **NOTE 7 AGREEMENT ON ADVANCE PAYMENT TO THE MINORITY SHAREHOLDERS OF GOSOCKET**

On 28 September 2023, Pagero entered into an advance payment agreement with the minority shareholders of Gosocket. At the same time, Pagero and the minority shareholders of Gosocket have agreed to move the beginning of the exercise periods for the put option, from 30 June 2024 to 1 January 2026 and the call option, from 30 June 2025 to 1 January 2027. This will enable the parties to continue working together with their expansion plans and other collaborative projects around the world. The advance payment consists of a cash component of USD 8 million and a share component corresponding to USD 4 million which is made through a new share issue of 2,775,223 shares, at a price of SEK 15.87 in accordance with the authorization from the Board of Directors. This entails a dilution of 1.7%. The cash portion of USD 8 million was paid in early October 2023. In connection with the transaction, an additional loan of SEK 150 million was used at the end of September from the existing credit line with Ture Invest. The payment of the USD 8 million was made in early October.

The renegotiation resulted in a revaluation of the liability of SEK 14 million, which is recognised in the quarter as a financial expense not affecting cash flow.

#### **NOTE 8 CORRECTIONS OF CASHFLOW FROM USAGE RIGHTS**

In the period, a correction has been made regarding the classification in the cash flow as the cash flow from rights of use in previous periods was incorrectly reported during investment activities. For comparability, comparison periods have also been corrected according to the same principle.



## 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-selling 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, 2 November 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

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](http://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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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 various types of trees, creating a textured green canopy.

# PAGERO

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