



PAGERO

Interim Report Q2 2022

for the period 1 January – 30 June 2022

PAGERO

The second quarter of 2022

Strong second quarter with increased growth

- Net sales amounted to SEK 142.7 million (97.6), which is an increase of 46% (43% adjusted for currency). Organic growth amounted to 17% (16%).
- Recurring revenue amounted to SEK 127.0 million (87.5), which is an increase of 45% (42% adjusted for currency). The increase is a result of a strong growth of transactions in the Pagero Network and the acquisition of Gosocket. Organic growth of recurring revenue amounted to 16% (18%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 48.3 million (12.3). EBITA is affected by external non-recurring costs of SEK 16.9 million in connection with the acquisition attempt of Tungsten; adjusted EBITA amounts to a loss of SEK 31.4 million. Performance is otherwise in line with the set strategy and is driven by the international expansion.
- The company is financially strong with a positive cash flow from operating activities of SEK 12.0 million (-7.0).
- Earnings per share before dilution amounted to a loss of SEK 0.69.

Events in the second quarter of 2022

- Pagero withdraws from the bidding process of Tungsten Corporation PLC.
- Denmark announces national legal requirements for e-invoicing.
- Pagero launches support for account-to-account payments in accordance with the P27 standard to help Nordic companies meet upcoming requirements.
- Pagero enters a new financing agreement of SEK 1,500 million in connection with the bidding process for Tungsten Corporation PLC.

First half of 2022

- Net sales amounted to SEK 279.4 million (187.1), which is an increase of 49% (46% adjusted for currency). Organic growth amounted to 20% (10%).
- Recurring revenue amounted to SEK 247.5 million (169.2), which is an increase of 46% (43% adjusted for currency). The increase is a result of a strong growth of transactions in the Pagero Network including the acquisition of Gosocket. Organic growth of recurring revenue amounted to 18% (14%).
- Annual Recurring Revenue (ARR) amounted to SEK 527.6 million (354.8), which is an increase of 49% (15%). Organic growth in the ARR amounted to 19%. ARR from the acquisition of Gosocket amounted to SEK 104.2 million.
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 61.1 million (20.1). EBITA is affected by external non-recurring costs of SEK 16.9 million in connection with the acquisition attempt of Tungsten, adjusted EBITA amounts to a loss of SEK 44.2 million. Performance is otherwise in line with the set strategy and is driven by the international expansion.
- The company is financially strong with a positive cash flow from operating activities of SEK 19.5 million (15.8). The company's liquid position is SEK 970.2 million.
- Earnings per share before dilution amounted to a loss of SEK 0.97.
- Pagero successfully continues to sign agreements with several Fortune 500 companies and global leaders in the automotive industry, IT and healthcare.
- Pagero acquires Creative Technologies, to which it previously outsourced its R&D operations in Sri Lanka.

Significant events after the end of the period

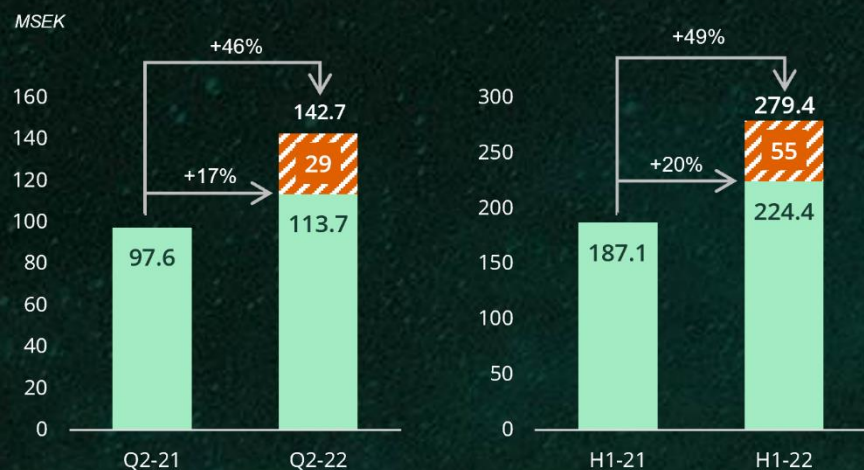
- At the beginning of July, a repayment was made on a loan raised of SEK 750 million as part of the financing agreement in an amount of SEK 450 million. The financing facility of SEK 1,500 million remains and is currently being utilized in an amount of SEK 300 million.
- Pagero is approved as a Peppol service provider in Japan.

Selected financial data for the Group

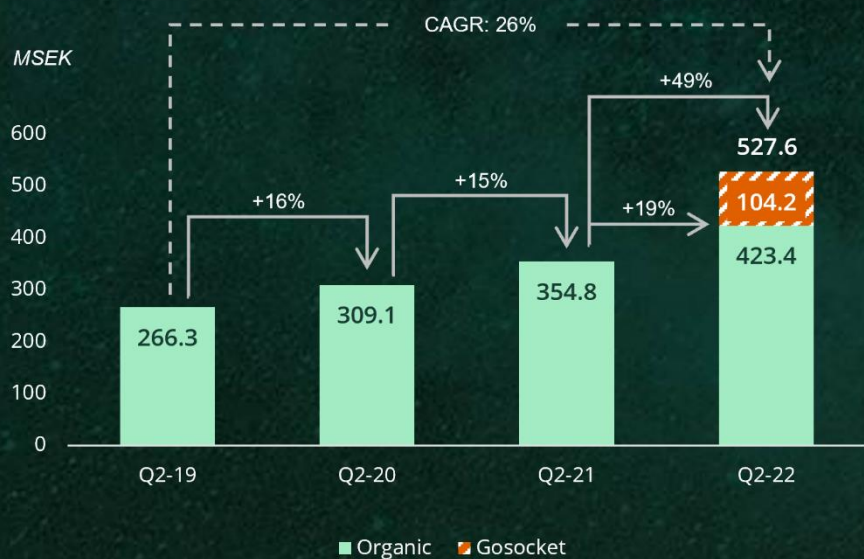
	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Annual recurring revenue (ARR), SEK million	7	527.6	354.8	527.6	354.8	475.2
Growth in ARR, %		49%	15%	49%	15%	41%
Organic ARR, SEK million		423.4	370.3	423.4	354.8	393.4
Organic growth in ARR, %		19%	15%	19%	15%	17%
	Note	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales, SEK million	6	142.7	97.6	279.4	187.1	441.8
Net sales growth, %		46%	16%	49%	10%	27%
Organic net sales growth, %		17%	16%	20%	10%	13%
Organic recurring growth, %		16%	18%	18%	14%	14%
Gross margin, %		86%	88%	87%	88%	87%
EBITA margin, %		-33.8%	-12.6%	-21.9%	-10.8%	-9.0%
Adjusted EBITA margin, %		-22.0%	-12.6%	-15.8%	-10.8%	-9.0%
Cash flow from operating activities, SEK million		12.0	-7.0	19.5	15.8	21.0
Average number of FTE		707	424	681	412	496
R&D costs as % of net sales		24%	24%	24%	24%	23%



STRONG GROWTH IN NET SALES



CONTINUED STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



RECURRING
REVENUE

89%

H1-21: 90%

GROSS
MARGIN

87%

H1-21: 88%

CUSTOMER
CHURN

2.2%

H1-21: 2.9%

18.1%

H1-21: 15.7%

23%

H1-21: 25%

46%

H1-21: 27%

CLV/CAC

Customer Life-time Value
/Customer Acquisition Cost

TRANSACTION
GROWTH*

*Excluding Gosocket/LATAM

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
12M+
BUSINESSES

PAGERO



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Comments by the CEO

Continued strong development during Q2 with 46% growth.

Increasing legislation demanding digital reporting and document transfer in various countries, combined with the growing trend to intensify automation of administrative tasks, have had a continued positive impact on the overall market trend. Pagero's ARR increased by 49% and total net sales increased by 46%. Several of our investment markets show good growth and our offer "One connection – global reach" continues to gain market shares.

Pagero's ambition is to become the world's largest network for business document exchange between companies, and in recent years Pagero has invested in global expansion – both operationally with local commercial resources and in our platform. Our more than 30 offices around the world are currently in different establishing phases; *established markets* (the Nordic region, Central Europe and Latin America) currently generate 89% of our revenues and enjoy good profitability with an EBITDA margin of 34%. The offering is global, and our goal is to reach the equivalent level of profitability in our *investment markets*.

Notable among our investment markets are the United Kingdom, the United States, Australia, France and Saudi Arabia – markets that have not reached the same level of maturity in terms of profitability as our established markets, but where we currently have a growth of over 50%. Experience and knowledge from our previous market entries enable an accelerated market entry and thereby a faster return on investments. We currently have a customer acquisition cost that is 18x lower than our average customer value (CLV/CAC), and with a continued strong gross margin (87%), we have scalability in the business model.

Our customer base grew by 46% in the quarter and there are now over 80,000 companies using Pagero in 143 countries around the world – including over 50 Global Fortune 500 companies. Our customers often



Strong position in the enterprise segment

50+ of the Global Fortune 500 companies use Pagero, including, for example, 12 in **healthcare**, 11 in **technology** and six in **industrials**.

start using Pagero to solve a problem, a few services are implemented in a part of the organization, and then they increase in usage over time. Growth in utilization can mean both geographical expansion as well as extended use of more message types or services on our platform. Growth in utilization, combined with strong growth in the number of new customers, are important factors in achieving our financial targets.

We continue to see a government-driven digitalization trend in business communications around the world. In Denmark, for example, the Parliament introduced a new accounting law aimed at requiring all Danish companies to send and receive invoices electronically by 2026. At the same time, there are similar initiatives in countries such as Germany, France and Belgium. Initiatives that, if realised, will drive demand in markets where Pagero has a strong presence.

You have previously heard me stress the importance of prioritising investments in product development to ensure long-term value for our customers and shareholders. Our goal is to be best-in-class technologically and, with growing demand and increasing technical and regulatory complexity around the world, this has never been more important. In addition to ensuring a continued competitive offering, we focus on enabling exponential growth in new customer acquisition and increased use.

SIGNIFICANT UPCOMING R&D RELEASES

- > A new user interface for a more intuitive and interactive user experience.
- > *Monitor* and *Invite* to improve customers' ability to connect to and invite business partners to the Pagero Network.
- > Support for new legal requirements in priority markets, such as France, Poland, Japan and Saudi Arabia.
- > Extended support for local processing and storing of information.

During the first half of the year, our R&D centres in Sweden, Germany, Sri Lanka, Chile and Mexico have deployed over 2,000 services and updates into production. To create new expansion possibilities for R&D, we acquired our previously outsourced development centre in Sri Lanka. We have a long and positive experience of product development operations in Sri Lanka and, despite turbulent times in the country, we are determined to continue to expand in a country with a population that deserves a better future.

We are continuing the search for relevant acquisition candidates to further accelerate Pagero's growth and offering. Although we identified significant potential and operational synergies during the process of acquiring the British company Tungsten, the high bid levels resulted in a decision to instead focus our resources elsewhere. With this as a starting point, we are currently exploring a number of other opportunities in different business areas and geographies. The total extraordinary external cost of the project impacted EBITA in Q2 with an amount of SEK 16.9 million.

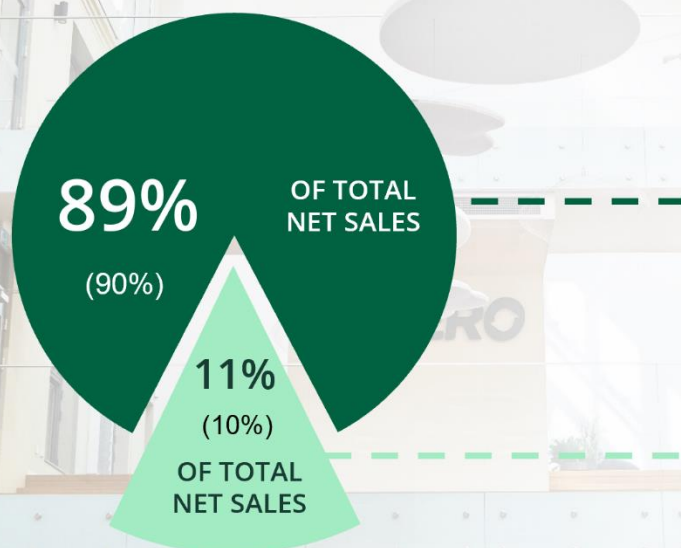
The communicated plan to achieve an ARR of over SEK 1,500 million and profitability of over 20% EBITA by 2025 remains. Our goal is to become the obvious choice for companies that want to exchange business documents digitally with their customers and suppliers and we are investing today in order to serve them in the future. The good news is that the future has begun all over the planet and Pagero is well positioned to meet the increasing demand!

I am grateful for your continued trust and pleased to welcome new investors on a journey that contributes both to increased efficiency and equity in the world and a positive ESG effect.

Bengt Nilsson
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

H1 2022



Rule of 40

52%

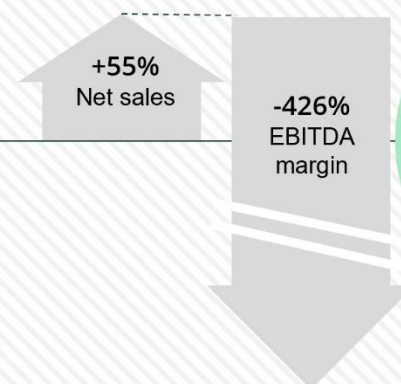
(H1-21: 44%)

* Proforma for H1 2021 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

H1 2022



Rule of 40

-371%

(H1-21: -336%)

*Definition available on page 23

Group performance

APRIL – JUNE 2022

Sales

Net sales amounted to SEK 142.7 million (97.6), which is an increase of 46% (43% adjusted for currency). The acquisition of Gosocket positively impacted sales by SEK 29.0 million. Organic growth amounted to 17% (16%).

Recurring revenue amounted to SEK 127.0 million (87.5), which is an increase of 45% (42% adjusted for currency). Strong growth of transactions in the Pagero Network and recurring revenue from the acquisition of Gosocket of SEK 25.1 million are the main contributors to the increase. Organic growth amounted to 16% (18%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 39.9 million (6.6). 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 acquisition attempt of 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 23.0 million (6.6).

Operating loss before depreciation of tangible assets (EBITA) amounted to SEK 48.3 million (12.3). Adjusted EBITA amounted to a loss of SEK 31.4 million (12.3).

The negative net financial items of SEK 31.6 million (2.2) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency and the interest expense attributable to the new loan.

The positive tax recognized in the profit/loss for the period is attributable to a decrease in deferred tax as an effect of depreciations on acquisitions made.

There was a loss for the period in an amount of SEK 106.3 million (33.8).

JANUARY– JUNE 2022

Sales

Net sales amounted to SEK 279.4 million (187.1), which is an increase of 49% (46% adjusted for currency). The acquisition of Gosocket positively impacted sales by SEK 55.0 million. Organic growth amounted to 20% (10%).

Recurring revenue amounted to SEK 247.5 million (169.2), which is an increase of 46% (43% 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 18% (14%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 44.9 million (8.9). 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 acquisition attempt of 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 28.0 million (8.9).

Operating loss before depreciation of tangible assets (EBITA) amounted to SEK 61.1 million (20.1). Adjusted EBITA amounted to a loss of SEK 44.2 million (20.1).

The negative net financial items of SEK 37.1 million (4.4) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency and the interest expense attributable to the new loan.

The positive tax recognized in the profit/loss for the period is attributable to a decrease in deferred tax as an effect of depreciations on acquisitions made.

There was a loss for the period in an amount of SEK 150.0 million (63.7).

Financial comments

APRIL - JUNE 2022

Cash flow

Cash flow from operating activities is positive and amounted to SEK 12.0 million (-7.6), which is attributable to the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 42.8 million (31.6). Most of this was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to SEK 634.8 million (-1.9), which mainly consists of repayment of loans in an amount of SEK 89.2 million and the raising of new loan financing of SEK 750 million from Ture Invest in connection with the acquisition attempt of Tungsten.

Total cash flow for the period is positive and amounted to SEK 603.9 million (-40.5).

JANUARY – JUNE 2022

Cash flow

Cash flow from operating activities is positive and amounted to SEK 19.5 million (15.8), which is attributable to the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 91.7 million (81.1). The majority, SEK 47.9 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 617.9 million (21.4), which mainly consists of repayment of previous loans in an amount of SEK 100.8 million and the raising of new loan financing of SEK 750 million from Ture Invest in connection with the acquisition attempt of Tungsten.

Total cash flow for the period is positive and amounted to SEK 545.7 million (-43.9).

Liquidity

Liquidity amounted to SEK 970.2 million (166.9). Available liquidity including unutilized overdraft facilities amounted to SEK 972.7 million (260.0). At the beginning of July, a repayment of SEK 450 million was made on a loan raised of SEK 750 million.

Liabilities

Interest-bearing liabilities amounted to SEK 760.2 million (147.5). In the period, SEK 101.4 million was repaid and a new loan of SEK 750 million from Ture Invest in connection with the acquisition attempt by Tungsten was utilized 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. At the beginning of July, a repayment of SEK 450 million was made on the loan raised of SEK 750 million.

The loan liability of SEK 185.0 million 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 2.1 million (1.0) and there was a loss before tax of SEK 26.5 million (1.0). Adjusted loss before tax amounts to SEK 3.7 million, the difference of SEK 16.9 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 booked in the Parent Company.

Staff

At 30 June 2022, there were 718 employees (424). The average number of employees amounted to 681 (412) of which 154 were added through the acquisition of Gosocket compared to the previous period.

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 30 June 2022, there were 154,222,263 shares. The share price on 30 June 2022 closed at SEK 13.9 per share. Earnings per share before dilution amounted to a loss of SEK 0.97. Earnings per share after dilution amounted to a loss of SEK 0.97.

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-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
<u>Operating income</u>						
Net sales	6	142,705	97,629	279,368	187,052	441,786
Capitalized work on own behalf		26,550	20,338	47,925	39,471	83,722
Customer acquisition costs		3,428	1,822	5,877	3,750	18,210
Other operating income		737	94	3,195	946	1,665
		173,419	119,883	336,364	231,218	545,382
<u>Operating costs</u>						
Direct sales costs		-19,383	-11,312	-37,293	-21,913	-56,474
Other external expenses		-43,314	-26,924	-79,130	-51,275	-130,221
Personnel costs		-133,734	-88,233	-247,950	-166,926	-373,309
Other operating costs		-16,885	0	-16,885	0	0
Operating profit/loss before depreciation/amortization (EBITDA)		-39,897	-6,587	-44,894	-8,896	-14,621
Depreciation of tangible assets		-8,408	-5,679	-16,195	-11,222	-24,999
Operating profit/loss after depreciation/amortization (EBITA)		-48,305	-12,266	-61,090	-20,118	-39,620
Amortization of intangible assets		-26,548	-20,300	-51,591	-40,080	-91,413
Operating profit/loss (EBIT)		-74,853	-32,566	-112,681	-60,198	-131,032
<u>Profit/loss from financial items</u>						
Financial income		1,015	56	1,214	113	24
Financial expenses		-32,580	-2,263	-38,321	-4,527	-28,774
Financial items		-31,565	-2,206	-37,107	-4,415	-28,750
Profit/loss after financial items		-106,418	-34,773	-149,788	-64,612	-159,782
Income tax		84	978	-233	933	1,358
Net profit/loss for the period		-106,334	-33,794	-150,021	-63,680	-158,424
Attributable to:						
Shareholders of the Parent Company		-106,334	-33,794	-150,021	-63,680	-158,424

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

	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
Net profit/loss for the period	-106,334	-33,794	-150,021	-63,680	-158,424
Items that may subsequently be reclassified to profit or loss					
Foreign exchange differences	43,013	-535	47,695	2,430	24,095
Other comprehensive income for the period	43,013	-535	47,695	2,430	24,095
Comprehensive income for the period	-63,321	-34,329	-102,326	-61,250	-134,329
Attributable to:					
Shareholders of the Parent Company	-63,321	-34,329	-102,326	-61,250	-134,329

Consolidated balance sheet

Assets (SEK 000s)	Note	30 June 2022	30 June 2021	31 Dec 2021
Fixed assets				
Capitalized development expenditures		244,747	198,961	223,480
Technology		42,108	4,643	40,705
Customer relationships		131,690	47,890	124,179
Trademarks		22,435	17,530	22,828
Goodwill		365,640	180,346	313,040
Customer acquisition costs		10,310	8,140	11,741
Intangible assets		816,930	457,510	735,973
Rights of use		49,748	50,537	54,348
Equipment, computers and installations		24,309	19,963	23,889
Financial assets		8,203	2,917	7,514
Deferred tax assets		19,865	19,949	19,912
Total fixed assets		919,055	550,876	841,637
Current assets				
Inventories		0	46	0
Accounts receivable		107,656	73,522	125,138
Current tax assets		5,744	2,662	3,986
Other receivables		1,425	2,898	3,383
Prepaid expenses and accrued income		39,248	19,596	16,309
Total current receivables		154,073	98,724	148,816
Cash and cash equivalents		970,227	166,920	424,563
Total current assets		1,124,300	265,643	573,379
Total assets		2,043,355	816,519	1,415,016

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

	Note	30 June 2022	30 June 2021	31 Dec 2021
Equity				
Share capital		1,542	1,334	1,542
Other contributed capital		1,320,672	850,704	1,320,851
Reserves		72,783	2,430	25,087
Retained earnings including profit/loss for the year		-702,166	-457,400	-552,144
Equity		692,831	397,068	795,336
<u>Non-current liabilities</u>				
Liabilities to credit institutions		760,174	147,500	54,172
Leasing liability		28,287	39,184	33,570
Borrowings		184,960	0	145,857
Deferred tax		54,963	15,578	50,391
Total non-current liabilities		1,028,384	202,262	283,990
Liabilities to credit institutions		0	0	47,798
Leasing liability		20,923	11,845	21,122
Accounts payable		62,257	38,059	42,653
Other liabilities		38,565	18,148	37,338
Accrued expenses and deferred income		200,394	149,137	186,780
Total current liabilities		322,139	217,189	335,690
Total equity and liabilities		2,043,355	816,519	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	0	0	0
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	-150,021	-150,021
Other comprehensive income for the year	0	0	47,695	0	47,695
Total comprehensive income	0	0	47,695	-150,021	-102,326
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 at 30 June 2022	1,542	1,320,672	72,783	-702,166	692,831

Consolidated cash flow statement

(SEK 000s)	Note	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
Operating profit/loss		-74,853	-32,566	-112,681	-60,198	-131,032
Non-cash items		38,192	25,979	71,022	51,302	116,411
Interest received		963	56	1,161	113	24
Interest paid		-1,196	-2,086	-3,733	-4,149	-8,337
Income tax paid		-1,920	-982	-4,954	-2,735	-4,906
Cash flow from operating activities before changes in working capital		-38,814	-9,599	-49,185	-15,667	-27,840
Increase (-)/decrease (+) in inventories		0	7	0	15	61
Increase (-)/decrease (+) in accounts receivable		7,397	-2,805	17,481	21,256	-21,180
Increase (-)/decrease (+) in operating receivables		-16,531	-4,489	-22,738	-1,510	3,115
Increase (+)/decrease (-) in accounts payable		18,287	7,041	19,605	12,577	10,196
Increase (+)/decrease (-) in operating liabilities		41,639	2,821	54,359	-898	56,608
Cash flow from changes in working capital		50,793	2,576	68,707	31,440	48,801
Cash flow from operating activities		11,978	-7,023	19,522	15,773	20,961
<u>Investing activities</u>						
Investments in intangible assets		-34,882	-26,689	-62,828	-52,263	-112,147
Investments in tangible assets		-7,879	-4,978	-14,199	-8,535	-32,520
Acquisition of subsidiaries, less acquired cash and cash equivalents		0	0	-14,219	-20,415	-58,711
Change in financial assets		-57	26	-494	83	-3,590
Cash flow from investing activities		-42,818	-31,641	-91,740	-81,130	-206,967
<u>Financing activities</u>						
Loans raised		729,375	0	729,375	0	1,133
Repayment of loans		-94,621	-4,353	-111,314	-8,638	-101,834
New share issues for the period		0	2,469	-179	30,066	500,421
Cash flow from financing activities		634,754	-1,884	617,882	21,427	399,720
<u>Cash flow for the period</u>		603,914	-40,548	545,664	-43,930	213,714
Cash and cash equivalents at the beginning of the period		366,313	207,468	424,563	210,849	210,849
Cash and cash equivalents at the end of the period		970,227	166,920	970,227	166,920	424,563

Group key performance indicators

(SEK million)	Note	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
Number of customers, thousands		82.0	56.0	82.0	56.0	79.7
Growth in number of customers, %		46%	28%	46%	28%	61%
Number of e-transactions, million		15.8	13.5	30.8	25.1	53.5
Growth in number of e-transactions, %		17%	37%	23%	25%	26%
Net sales growth, %		46%	16%	49%	10%	27%
Organic net sales growth, %		17%	16%	20%	10%	13%
Recurring revenue, SEK million		127.0	87.5	247.5	169.2	392.4
Growth in recurring revenue, %		45%	18%	46%	14%	30%
Customer churn		2.2%	2.8%	2.2%	2.8%	2.8%
Customer lifetime value/customer acquisition cost (CLV/CAC), times		18.1	15.7	18.1	15.7	14.5
Rule of 40 in established markets (pro forma)		-	-	52%	44%	-
Gross profit		123.3	86.3	242.1	165.1	385.3
Gross margin, %		86%	88%	87%	88%	87%
EBITDA		-39.9	-6.6	-44.9	-8.9	-14.6
EBITDA margin, %		-6.7%	-6.7%	6.6%	-4.8%	-3.3%
EBITA		-48.3	-12.3	-61.1	-20.1	-39.6
EBITA margin, %		-33.8%	-12.6%	-21.9%	-10.8%	-9.0%
Adjusted EBITA		-31.4	-6.6	-44.2	-20.1	-39.6
Adjusted EBITA margin, %		-22.0%	-6.7%	-15.8%	-4.8%	-3.3%
Net working capital		-147.1	-106.7	-147.1	-106.7	-118.0
Net working capital as a share of net sales, %		-26%	-27%	-26%	-29%	-27%
Net debt		210.1	19.4	210.1	19.4	322.6

Parent Company income statement

(SEK 000s)	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
<u>Operating income</u>					
Net sales	1,044	528	2,060	1,033	1,991
	1,044	528	2,060	1,033	1,991
<u>Operating costs</u>					
Other external expenses	-1,241	-842	-2,424	-1,823	-3,497
Personnel costs	-1,734	0	-3,284	0	0
Other operating costs	-16,683	0	-16,683	0	0
Operating profit/loss (EBIT)	-18,614	-314	-20,330	-789	-1,506
<u>Profit/loss from financial items</u>					
Financial income	1,011	0	1,011	0	2
Financial expenses	-7,118	0	-7,133	-186	-551
Profit/loss after financial items	-24,721	-314	-26,452	-976	-2,056
Profit/loss before tax	-24,721	-314	-26,452	-976	-2,056
Net profit/loss for the period	-24,721	-314	-26,452	-976	-2,056

Parent Company balance sheet

Assets (SEK 000s)	30 June 2022	30 June 2021	31 Dec 2021
<u>Fixed assets</u>			
Financial assets	1,614,729	1,108,827	1,589,500
Total fixed assets	1,614,729	1,108,827	1,589,500
<u>Current receivables</u>			
Other receivables	766,578	370	2,061
Prepaid expenses and accrued income	20,496	15	131
Total current receivables	1,002,088	30,089	2,192
Cash and cash equivalents	48,665	140,548	302,149
Total current assets	1,050,754	170,636	304,341
Total assets	2,665,483	1,279,463	1,893,841
Equity and liabilities (SEK 000s)	30 June 2022	30 June 2021	31 Dec 2021
Equity			
Share capital	1,542	1,334	1,542
Share premium reserve	1,745,420	1,280,200	1,449,453
Profit or loss brought forward	55	-2,637	298,257
Comprehensive income for the period	-26,452	-976	-2,056
Equity	1,720,565	1,277,921	1,747,197
<u>Non-current liabilities</u>			
Liabilities to credit institutions	759,465	0	0
Non-current liabilities	171,086	0	145,857
Total non-current liabilities	930,551	0	145,857
<u>Current liabilities</u>			
Accounts payable	13,211	1,387	629
Other liabilities	97	0	0
Accrued expenses and deferred income	1,058	155	158
Total current liabilities	14,367	1,542	787
Total equity and liabilities	2,665,483	1,279,463	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

Lanka SA

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 at 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	1095
Other liabilities	-1283
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.

Lanka contributed reduced costs for development that affect operating profit by SEK 780 thousand for the period.

If Lanka were consolidated as of 1 January 2022, the consolidated income statement for the period would show an operating loss of SEK 37,438 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	Exercise price	Warrants after split 1:10	Exercise price after split 1:10
	Number	SEK	Number	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	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
Earnings per share before dilution (SEK)	-0.69	-2.53	-0.97		-1.15
Earnings per share after dilution (SEK)	-0.69	-	-0.97		-1.14
Measurements of earnings used in calculating earnings per share before and after dilution (SEK millions)					
Net profit/loss for the period The profit/loss above is attributable to the Parent Company's shareholders in its entirety	-106.3	-33.8	-150.0	-63.7	-86.3
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	13,338,893	154,222,263		154,222,263
<i>Warrants</i>					
Adjustments for calculation of earnings per share after dilution for warrants	403,998	-	527,551		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	154,626,261	-	154,749,814		155,502,605

No dilution effect has been able to be calculated for Q1 2021 as there has not been a valuation of the share in earlier periods.

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	Apr-June 2022	Apr-June 2021	Jan-June 2022	Jan-June 2021	Full year 2021
Licence sales	58.7	46.8	114.6	92.2	194.7
Transaction sales	68.2	40.6	132.9	77.0	197.8
Service sales	15.7	10.2	31.9	17.9	49.4
Net sales	142.7	97.6	279.4	187.1	441.8

NOTE 7 Annual Recurring Revenue (ARR)

	30 June 2022	30 June 2021	Full year 2021
Net new and extended customer contracts	321.7	247.9	284.3
Running transactions, rolling 12	191.0	101.4	178.6
Order book, new customer contracts	14.9	5.5	12.4
Total ARR	527.6	354.8	475.2
Total ARR development %	49%	15%	41%

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.
Operating margin	Operating profit/loss before financial items/net sales.
Profit after financial items as a percentage of net sales	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, 23 August 2022

Birger Steen
Chairman of the Board

Mats Ryding
Board Member

Karin Sandsjö
Board Member

Marianne K Knudsen
Board Member

Fredrik Vom Hofe
Board Member

Christian Melby
Board Member

Bengt Nilsson
CEO

Additional information

Calendar

Interim Report Q3 2022 – *10 November 2022*

Year-end report Q4 2022 – 24 February 2023

Financial statements

Financial statements can be ordered from www.pagero.com

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

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