

The background of the cover is a photograph of a modern interior space. It features a white staircase with a black wrought-iron railing and a wooden handrail. Below the stairs, there is a white cabinet with a black planter on top containing green plants. The wall behind the cabinet is a vibrant green. In the foreground, a wooden slat wall is visible, with the word 'PAGERO' in large, dark blue, 3D block letters. A large, dark green, semi-transparent geometric shape is overlaid on the left side of the image, containing the text for the report.

# PAGERO

## Interim Report Q3 2022

for 1 January – 30 September 2022



## Third quarter of 2022

### Strong third quarter with increased growth

- Net sales amounted to SEK 151.1 million (120.0), which is an increase of 26% (22% adjusted for currency). Organic growth amounted to 26% (16%).
- Recurring revenue amounted to SEK 129.9 million (107.8), which is an increase of 21% (18% 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 21% (14%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 16.4 million (1.9). The loss is in line with the set international expansion strategy.
- Cash flow from operating activities amounted to an outflow of SEK 25.6 million (3.1) in the quarter mainly due to seasonal variation linked to the invoicing date. The company's liquid position is SEK 458.9 million.
- Earnings per share before dilution amounted to a loss of SEK 0.91.
- Pagero is approved as a Peppol service provider in Japan.

## January - September 2022

- Net sales amounted to SEK 430.5 million (307.0), which is an increase of 40% (37% adjusted for currency). Organic growth amounted to 22% (12%).
- Recurring revenue amounted to SEK 377.4 million (277.0), which is an increase of 36% (33% 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 19% (14%).
- Annualized Recurring Revenue (ARR) amounted to SEK 535.9 million (449.4), which is an organic growth of 19% (20%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 77.5 million (22.1). EBITA is affected by external non-recurring costs of SEK 16.9 million in connection with the attempt to acquire Tungsten; adjusted EBITA amounts to a loss of SEK 60.6 million. The loss is in line with the set international expansion strategy.
- The company is financially strong despite a negative cash flow from operating activities of SEK 6.1 million (positive: 12.7). The company's liquid position is SEK 458.9 million. During the period, the company made a repayment of SEK 450 million.
- Earnings per share before dilution amounted to a loss of SEK 1.42.
- Pagero continues to successfully enter into agreements with several Fortune 500 companies and global leaders in automotive, IT and healthcare.
- The company acquires Creative Technologies, to which it previously outsourced its R&D business in Sri Lanka.

## Significant events after the end of the period

- Spain introduces national legal requirements for e-invoicing.
- A price adjustment has been announced to the existing customer base.

## Selected financial data for the group

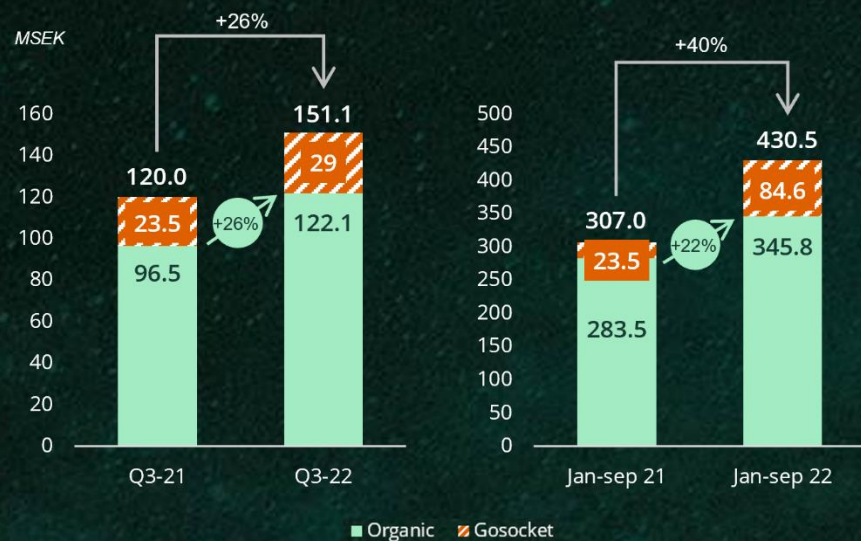
	Note	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Annualized recurring revenue (ARR), SEK million	7	535.9	449.4	475.2
Growth in ARR, %		19%	42%	41%
Organic ARR, SEK million		535.9	449.4	393.4
Organic growth in ARR, %		19%	17%	17%

	Note	July-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Net sales, SEK million	6	151.1	120.0	430.5	307.0	441.8
Net sales growth, %		26%	45%	40%	125%	27%
Organic sales growth, %		26%	16%	22%	12%	13%
Organic recurring growth, %		21%	14%	19%	14%	14%
Gross margin, %		86%	87%	87%	88%	87%
EBITA margin, %		-10.8%	-1.6%	-18.0%	-7.2%	-9.0%
Adjusted EBITA		-16.4	-1.9	-60.6	-22.1	-39.6
Adjusted EBITA margin, %		-10.8%	-1.6%	-14.1%	-7.2%	-9.0%
Cash flow from operating activities, SEK million		-25.6	-3.1	-6.1	12.7	21.0
Average number of FTE		741	565	715	462	496
R&D expenditure as % of net sales		26%	24%	24%	24%	23%

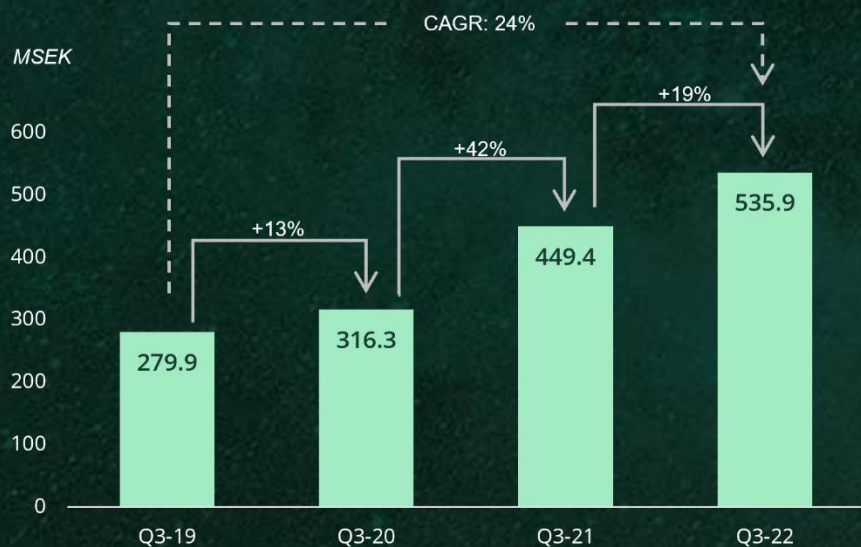




## STRONG GROWTH IN NET SALES



## CONTINUED STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



### RECURRING REVENUE

**88%**

Jan-Sep 2021: 90%

### GROSS MARGIN

**87%**

Jan-Sep 2021: 88%

### CUSTOMER CHURN

**1.8%**

Jan-Sep 2021: 3.1%

**24.4x**

Jan-Sep 2021: 14.4x

### CLV/CAC

Customer Life-time Value / Customer Acquisition Cost

**22%**

Jan-Sep 2021: 26%

### TRANSACTION GROWTH\*

\*Excluding Gosocket/LATAM

**22%**

Jan-Sep 2021: 21%

### 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

[Read more](#)





# Comments by the CEO

## Continued delivery according to plan with 26% growth in the quarter.

The phrase “what is digital shall remain digital” has now become a matter of course among authorities and companies all over the world. Although different countries have different digital maturity levels, the ambition to digitalize both government and private operations is universal. Despite the impact of the summer holiday period, business developed well with an organic net growth of 26%, an organic growth of recurring revenue of 21% and an increase in service sales of 74%. This indicates a high level of activity and increasing demand in the market. The number of countries that are introducing legal requirements for electronic invoicing and tax reporting is accelerating, which has a major impact, not least on companies with an international presence. We see a globally growing need for our services.

At the end of the quarter, new functions began to be commissioned in the Pagero Network to simplify customer acquisition and to increase utilization. In addition to a better user experience, our customers will be able to more easily invite and activate their own customers and

*“These new features mark one of the single most important milestones in Pagero’s history.”*

**Bård Langøy**  
CTO at Pagero

suppliers in the network. New features such as Monitor and Invite will help us accelerate network growth in a more efficient and scalable way, while we help our customers reduce costs and environmental impact. In addition, we are preparing for a more robust identification of companies in the network – something that, in addition to technical scalability, also opens new opportunities to offer customers more cost-effective KYC (Know Your Customer) and KYS



(Know Your Supplier) in the future. The customers who invested in Pagero 10 years ago can today use the market's most modern global network for business-to-business communication without ever having to think about changing or updating their system. Our "Zero-down-time" policy and our offer "One connection – global reach" are a guarantor for this!

We are building a global Smart Business Network, with local legislation's requirements on digital communication, reporting, privacy, security, and archiving taken into account. Our value proposition combines automation, compliance and reduced environmental impact – something that both creates huge customer value while giving Pagero a unique positioning. We constantly develop the service to ensure that our customers not only become, but also remain compliant – i.e., that we handle ongoing legal changes.

In May 2022, Pagero launched support for P27 – the new payment infrastructure that is replacing the clearing house Bankgirot in the Nordic region – as part of our service E-banking. While account-to-account payments as a business area continues to develop well in the Nordics, we see extensive

potential in a future international expansion – something we hope to realize early 2023.

Pagero has invested, and continues to invest, in both the organization and development of the Pagero Network – all to accelerate our journey towards becoming the world's largest network for communication of business documents. The communicated plan to achieve an ARR of over SEK 1,500 million and profitability above 20% EBITA by 2025 remains. The global development we are seeing in the market, and our very strong position, convinces me that we will achieve these goals.

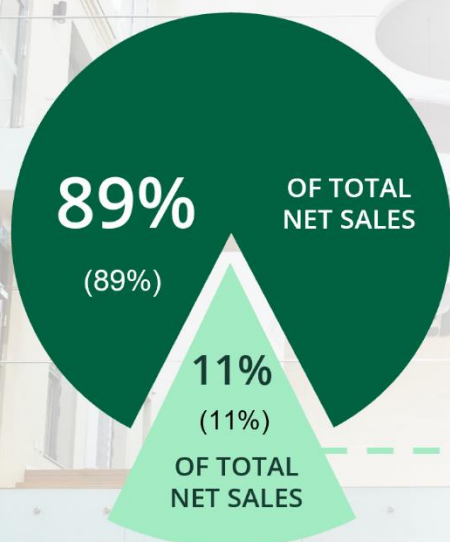
Continued automation and thus efficiency improvement is the next step in our planet's development.

Thank you for your trust!

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

Q1-3 2022



Rule of 40

51

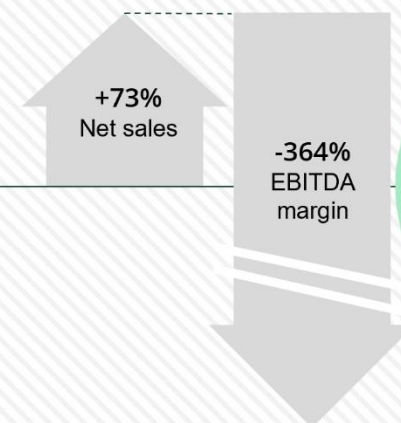
(Q1-3 2021: 54)

\* Proforma for Q1-3 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

Q1-3 2022



Rule of 40

-291

(Q1-3 2021: -300)

\*\*Definition available on page 23



# Group development

## JULY-SEPTEMBER 2022

### Sales

Net sales amounted to SEK 151.1 million (120.0), which is an increase of 26% (22% adjusted for currency). The acquisition of Gosocket positively impacted sales by SEK 29.0 million. Organic growth amounted to 26% (16%).

Recurring revenue amounted to SEK 129.9 million (107.8), which is an increase of 21% (18% adjusted for currency). Strong growth of transactions in the Pagero Network and recurring revenue from Gosocket of SEK 25.1 million are the main contributors to the increase. Organic growth amounted to 21% (14%).

### Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 7.5 million (profit: 4.9). The change from the previous year is mainly due to continued investments in both product development and a higher number of employees for the international expansion according to the set plan.

Operating loss before depreciation of tangible assets (EBITA) amounted to SEK 16.4 million (1.9).

The negative net financial items of SEK -25.9 million (-7.1) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency and the interest expense attributable to a 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 depreciation of identified surplus values of acquisitions previously made.

There was a loss for the period in an amount of SEK 69.4 million (32.8). Comprehensive income for the period, which includes foreign exchange differences of SEK 35.5 million, amounted to a loss of SEK 33.9 million which may later be returned to the income statement.

## JANUARY – SEPTEMBER 2022

### Sales

Net sales amounted to SEK 430.5 million (307.0), which is an increase of 40% (37% adjusted for currency). The acquisition of Gosocket positively impacted sales by SEK 55.0 million. Organic growth amounted to 22% (12%).

Recurring revenue amounted to SEK 377.4 million (277.0), which is an increase of 36% (33% 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 19% (14%).

### Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 52.4 million (3.9). 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 attempt to acquire Tungsten and continued investments in both product development and an increased number of employees for the international expansion according to the set plan. Adjusted EBITDA amounted to a loss of SEK 35.5 million (3.9).

Operating loss before amortization of intangible assets (EBITA) amounted to SEK 77.5 million (22.1). Adjusted EBITA amounted to a loss of SEK 60.6 million (22.1).

The negative net financial items of SEK 63.0 million (11.5) in the quarter are mainly attributable to the revaluation of liabilities in foreign currency and the interest expense attributable to a 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 depreciation of identified surplus values of acquisitions previously made.

There was a loss for the period in an amount of SEK 219.4 million (96.5). Comprehensive income for the period, which includes foreign exchange differences of SEK 83.2 million, amounted to a loss of SEK 136.3 million which may later be returned to the income statement.

# Financial comments

## JULY - SEPTEMBER 2022

### Cash flow

Cash flow from operating activities amounted to an outflow of SEK 25.6 million (3.1), which is mainly attributable to seasonal variation linked to the invoicing date of recurring 12-month contracts.

Cash flow from investing activities amounted to an outflow of SEK 42.9 million (60.3). Most of this was an investment in the development of the Pagero Network.

Cash flow from financing activities amounted to an outflow of SEK 442.6 million (inflow: 3.1), which mainly consists of a SEK 450 million loan repayment after the attempt to acquire Tungsten was not completed.

Total cash flow for the period amounted to an outflow of SEK 511.3 million (inflow 106.6).

## JANUARY - SEPTEMBER 2022

### Cash flow

Cash flow from operating activities amounted to an outflow of SEK 6.1 million (inflow 12.7), which is attributable to the loss.

Cash flow from investing activities amounted to an outflow of SEK 134.6 million (141.5). The majority, SEK 73.1 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 175.0 million (24.5), which mainly consists of repayment of previous loans in an amount of SEK 100.8 million and the SEK 450 million repayment on new loan financing of SEK 750 million from Ture Invest in connection with the acquisition attempt of Tungsten.

Total cash flow for the period amounted to an inflow of SEK 34.3 million (outflow 104.9).

### Liquidity

Liquidity amounted to SEK 458.9 million (210.8). Available liquidity including unutilized overdraft facilities amounted to SEK 461.5 million.

### Liabilities

Interest-bearing liabilities amounted to SEK 760.2 million (147.5). In the period, SEK 551.4 million was repaid, of which SEK 450 million was for a repayment on the new loan of SEK 750 million from Ture Invest in connection with the attempt to acquire Tungsten. The remaining loan amounts to SEK 300 million of the loan facility of SEK 1,500 million. The loan runs for four years. The interest expense is added to the liability during the first 18 months of the loan.

The loan liability of SEK 205.1 million (132.3) 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 2.7 million (1.4) and there was a loss before tax of SEK 34.9 million (1.3). Adjusted loss before tax amounts to SEK 18.0 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 recorded in the Parent Company.

### Staff

At 30 September 2022, there were 755 employees (591). The average number of employees amounted to 715 (459).



### 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 September 2022, there were 154,222,263 shares. The share price on 30 September 2022 closed at SEK 13.0 per share. Earnings per share before dilution amounted to a loss of SEK 1.42. Earnings per share after dilution amounted to a loss of SEK 1.42.

### 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-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
<u>Operating income</u>						
Net sales	6	151,115	119,987	430,483	307,038	441,786
Capitalised work on own behalf		25,181	21,483	73,106	60,954	83,722
Customer acquisition costs		2,924	3,822	8,801	7,572	18,210
Other operating income		0	144	2,502	1,090	1,665
		<b>179,220</b>	<b>145,436</b>	<b>514,892</b>	<b>376,654</b>	<b>545,382</b>
<u>Operating costs</u>						
Direct sales costs		-20,450	-16,096	-57,743	-38,010	-56,474
Other external expenses		-43,544	-33,814	-122,674	-85,089	-130,221
Personnel costs		-121,976	-90,575	-369,926	-257,501	-373,309
Other operating costs		-725	0	-16,917	0	0
<b>Operating profit/loss before depreciation/amortization (EBITDA)</b>		<b>-7,474</b>	<b>4,950</b>	<b>-52,368</b>	<b>-3,945</b>	<b>-14,621</b>
Depreciation of tangible assets		-8,920	-6,899	-25,115	-18,121	-24,999
<b>Operating profit/loss after depreciation/amortization (EBITA)</b>		<b>-16,394</b>	<b>-1,949</b>	<b>-77,483</b>	<b>-22,066</b>	<b>-39,620</b>
Amortization of intangible assets		-28,082	-23,971	-79,673	-64,051	-91,413
<b>Operating profit/loss (EBIT)</b>		<b>-44,476</b>	<b>-25,920</b>	<b>-157,156</b>	<b>-86,117</b>	<b>-131,032</b>
<u>Profit/loss from financial items</u>						
Financial income		5,646	0	6,860	21	24
Financial expenses		-31,548	-7,112	-69,869	-11,548	-28,774
Financial items		-25,902	-7,112	-63,009	-11,527	-28,750
<b>Profit/loss after financial items</b>		<b>-70,378</b>	<b>-33,032</b>	<b>-220,166</b>	<b>-97,644</b>	<b>-159,782</b>
Income tax		978	234	745	1,167	1,358
<b>Net profit/loss for the period</b>		<b>-69,400</b>	<b>-32,798</b>	<b>-219,421</b>	<b>-96,477</b>	<b>-158,424</b>
<b>Attributable to:</b>						
Shareholders of the Parent Company		-69,400	-32,798	-219,421	-96,477	-158,424



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

	<b>July-Sep 2022</b>	<b>July-Sep 2021</b>	<b>Jan-Sep 2022</b>	<b>Jan-Sep 2021</b>	<b>Full year 2021</b>
Net profit/loss for the period	-69,400	-32,798	-219,421	-96,477	-158,424
<b>Items that may subsequently be reclassified to profit or loss</b>					
Foreign exchange differences	35,467	5,822	83,162	16,510	24,095
<b>Other comprehensive income for the period</b>	<b>35,467</b>	<b>5,822</b>	<b>83,162</b>	<b>16,510</b>	<b>35,467</b>
<b>Comprehensive income for the period</b>	<b>-33,933</b>	<b>-26,976</b>	<b>-136,259</b>	<b>-79,967</b>	<b>-33,933</b>
<b>Attributable to:</b>					
Shareholders of the Parent Company	-33,933	-26,976	-136,259	-79,967	-134,329

# Consolidated balance sheet

<b>Assets</b> <b>(SEK 000s)</b>	<b>Note</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>31 Dec 2021</b>
<b>Fixed assets</b>				
Capitalised development expenditures		256,804	210,565	223,480
Technology		43,790	42,640	40,705
Customer relationships		137,932	124,655	124,179
Trademarks		22,369	23,655	22,828
Goodwill		383,878	308,963	313,040
Customer acquisition costs		8,338	7,734	11,741
<b>Intangible assets</b>		<b>853,111</b>	<b>763,030</b>	<b>735,973</b>
Rights of use		44,295	44,818	54,348
Equipment, computers and installations		27,685	23,536	23,889
Financial assets		9,473	4,015	7,514
Deferred tax assets		19,881	22,935	19,912
<b>Total fixed assets</b>		<b>954,445</b>	<b>813,517</b>	<b>841,637</b>
<b>Current assets</b>				
Inventories		0	39	0
Accounts receivable		105,512	78,737	125,138
Current tax assets		6,623	3,550	3,986
Other receivables		3,052	779	3,383
Prepaid expenses and accrued income		32,469	17,182	16,309
<b>Total current receivables</b>		<b>147,655</b>	<b>100,287</b>	<b>148,816</b>
Cash and cash equivalents		458,880	106,594	424,563
<b>Total current assets</b>		<b>606,535</b>	<b>206,880</b>	<b>573,379</b>
<b>Total assets</b>		<b>1,560,979</b>	<b>1,020,398</b>	<b>1,415,016</b>



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

	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Equity</b>				
Share capital		1,542	1,334	1,542
Other contributed capital		1,320,672	849,070	1,320,851
Reserves		108,250	16,510	25,087
Retained earnings including profit/loss for the year		-771,565	-490,198	-552,144
<b>Equity</b>		<b>658,899</b>	<b>376,717</b>	<b>795,336</b>
<u>Non-current liabilities</u>				
Liabilities to credit institutions		316,213	148,963	54,172
Leasing liability		23,625	29,337	33,570
Borrowings		205,062	132,293	145,857
Deferred tax		56,896	49,942	50,391
<b>Total non-current liabilities</b>		<b>601,797</b>	<b>360,535</b>	<b>283,990</b>
Liabilities to credit institutions		0	0	47,798
Leasing liability		20,235	15,908	21,122
Accounts payable		56,291	41,707	42,653
Other liabilities		48,350	42,511	37,338
Accrued expenses and deferred income		175,408	134,566	186,780
<b>Total current liabilities</b>		<b>300,284</b>	<b>283,146</b>	<b>335,690</b>
<b>Total equity and liabilities</b>		<b>1,560,979</b>	<b>1,020,398</b>	<b>1,415,016</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 2021</b>	<b>1,302</b>	<b>848,702</b>	<b>993</b>	<b>-393,721</b>	<b>457,276</b>
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
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>24,095</b>	<b>-158,424</b>	<b>-134,329</b>
New share issue	32	-32	0	0	0
New share issue	208	499,792			
Warrants programme	0	4,748	0	0	4,748
Transaction costs, new share issue	0	-32,359	0	0	-32,359
<b>Total transactions with shareholders, recognized directly in equity</b>	<b>240</b>	<b>472,149</b>	<b>0</b>	<b>0</b>	<b>472,389</b>
<b>Closing balance at 31 December 2021</b>	<b>1,542</b>	<b>1,320,851</b>	<b>25,088</b>	<b>-552,145</b>	<b>795,336</b>
<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	-219,421	-219,421
Other comprehensive income for the year	0	0	83,162	0	83,162
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>83,162</b>	<b>-219,421</b>	<b>-136,259</b>
Transaction costs, new share issue	0	-179	0	0	-179
<b>Total transactions with shareholders, recognised directly in equity</b>	<b>0</b>	<b>-179</b>	<b>0</b>	<b>0</b>	<b>-179</b>
<b>Closing balance at 30 September 2022</b>	<b>1,542</b>	<b>1,320,672</b>	<b>108,250</b>	<b>-771,565</b>	<b>658,899</b>



# Consolidated cash flow statement

(SEK 000s)	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Operating profit/loss		-44,476	-25,920	-157,156	-86,117	-131,032
Non-cash items		33,766	26,150	104,788	77,452	116,411
Interest received		4,688	-92	6,860	21	24
Interest paid		-2,171	-2,152	-6,915	-6,301	-8,337
Income tax paid		-1,480	-1,127	-6,434	-3,862	-4,906
<b>Cash flow from operating activities before changes in working capital</b>		<b>-9,673</b>	<b>-3,140</b>	<b>-58,857</b>	<b>-18,807</b>	<b>-27,840</b>
Increase (-)/decrease (+) in inventories		0	7	0	22	61
Increase (-)/decrease (+) in accounts receivable		2,144	3,965	19,626	25,221	-21,180
Increase (-)/decrease (+) in operating receivables		11,664	6,793	-11,074	5,283	3,115
Increase (+)/decrease (-) in accounts payable		-5,966	-3,327	13,638	9,251	10,196
Increase (+)/decrease (-) in operating liabilities		-23,780	-7,399	30,579	-8,297	56,608
<b>Cash flow from changes in working capital</b>		<b>-15,938</b>	<b>40</b>	<b>52,769</b>	<b>31,480</b>	<b>48,801</b>
<b>Cash flow from operating activities</b>		<b>-25,611</b>	<b>-3,100</b>	<b>-6,088</b>	<b>12,673</b>	<b>20,961</b>
<u>Investing activities</u>						
Investments in intangible assets		-32,297	-36,588	-95,126	-88,851	-112,147
Investments in tangible assets		-9,311	-2,064	-23,509	-10,599	-32,520
Acquisition of subsidiaries, less acquired cash and cash equivalents		0	-21,486	-14,219	-41,902	-58,711
Change in financial assets		-1,259	-193	-1,752	-110	-3,590
<b>Cash flow from investing activities</b>		<b>-42,866</b>	<b>-60,331</b>	<b>-134,606</b>	<b>-141,461</b>	<b>-206,967</b>
<u>Financing activities</u>						
Loans raised		12,534	1,463	741,908	1,463	1,133
Repayment of loans		-455,405	-41,662	-566,718	-50,300	-101,834
Change in overdraft facilities		0	44,938	0	44,938	0
New share issues for the period		0	-1,634	-179	28,432	500,421
<b>Cash flow from financing activities</b>		<b>-442,871</b>	<b>3,105</b>	<b>175,011</b>	<b>24,533</b>	<b>399,720</b>
<u>Cash flow for the period</u>		<b>-511,348</b>	<b>-60,326</b>	<b>34,317</b>	<b>-104,256</b>	<b>213,714</b>
Cash and cash equivalents at the beginning of the period		970,227	166,920	424,563	210,849	210,849
<b>Cash and cash equivalents at the end of the period</b>		<b>458,880</b>	<b>106,594</b>	<b>458,880</b>	<b>106,594</b>	<b>424,563</b>

# Group key performance indicators

(SEK million)	Note	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Number of customers, thousands		83.0	69.3	83.0	69.3	79.7
Growth in number of customers, %		20%	49%	20%	49%	61%
Number of e-transactions, million		15.9	13.1	46.6	38.1	53.5
Growth in number of e-transactions, %		21%	30%	22%	26%	26%
Net sales growth, %		26%	45%	40%	125%	27%
Organic net sales growth, %		26%	16%	22%	12%	13%
Recurring revenue, SEK million		129.9	107.8	377.4	277.0	392.4
Growth in recurring revenue, %		21%	42%	36%	23%	30%
Customer turnover (churn)		1.8%	2.8%	1.8%	2.8%	2.8%
Customer lifetime value/customer acquisition cost (CLV/CAC), times		24.4	14.4	24.4	14.4	14.5
Rule of 40 in established markets (pro forma)		-	-	52%	54%	-
Gross profit		130.7	103.9	372.7	269.0	385.3
Gross margin, %		86%	87%	87%	88%	87%
EBITDA		-7.5	5.0	-52.4	-3.9	-14.6
EBITDA margin, %		-4.9%	4.1%	-12.2%	-1.3%	-3.3%
EBITA		-16.4	-1.9	-77.5	-22.1	-39.6
EBITA margin, %		-10.8%	-1.6%	-18.0%	-7.2%	-9.0%
Adjusted EBITA		-16.4	-1.9	-60.6	-22.1	-0.3
Adjusted EBITA margin, %		-10.8%	-1.6%	-14.1%	-7.2%	-115.3%
Net working capital		-132.4	-122.1	-132.4	-122.1	-118.0
Net working capital as a share of net sales, %		-22%	-25%	-15%	-30%	-27%
Net debt		142.7	-87.3	142.7	-87.3	322.6



# Parent Company income statement

(SEK 000s)	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
<u>Operating income</u>					
Net sales	633	352	2,693	1,386	1,991
	<b>633</b>	<b>352</b>	<b>2,693</b>	<b>1,386</b>	<b>1,991</b>
<u>Operating costs</u>					
Other external expenses	-1,034	-634	-3,458	-2,457	-3,497
Personnel costs	-977	0	-4,261	0	0
Other operating costs	0	0	-16,715	0	0
<b>Operating profit/loss (EBIT)</b>	<b>-1,379</b>	<b>-282</b>	<b>-21,740</b>	<b>-1,071</b>	<b>-1,506</b>
<u>Profit/loss from financial items</u>					
Financial income	5,641	2	6,652	2	2
Financial expenses	-12,640	0	-19,773	-186	-551
<b>Profit/loss after financial items</b>	<b>-8,378</b>	<b>-280</b>	<b>-34,862</b>	<b>-1,256</b>	<b>-2,056</b>
<b>Profit/loss before tax</b>	<b>-8,378</b>	<b>-280</b>	<b>-34,862</b>	<b>-1,256</b>	<b>-2,056</b>
<b>Net profit/loss for the period</b>	<b>-8,378</b>	<b>-280</b>	<b>-34,862</b>	<b>-1,256</b>	<b>-2,056</b>

# Parent Company balance sheet

<b>Assets</b> <b>(SEK 000s)</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>31 Dec 2021</b>
<u>Fixed assets</u>			
Financial assets	1,633,499	1,385,597	1,589,500
<b>Total fixed assets</b>	<b>1,633,499</b>	<b>1,385,597</b>	<b>1,589,500</b>
<u>Current receivables</u>			
Receivables from Group companies	302,660	23,144	0
Other receivables	559	77	2,061
Prepaid expenses and accrued income	7,846	52	131
<b>Total current receivables</b>	<b>311,065</b>	<b>23,273</b>	<b>2,192</b>
Cash and cash equivalents	274,368	2,249	302,149
<b>Total current assets</b>	<b>585,433</b>	<b>25,523</b>	<b>304,341</b>
<b>Total assets</b>	<b>2,218,932</b>	<b>1,411,119</b>	<b>1,893,841</b>
<b>Equity and liabilities</b> <b>(SEK 000s)</b>	<b>30 Sep 2022</b>	<b>30 Sep 2021</b>	<b>31 Dec 2021</b>
<b>Equity</b>			
Share capital	1,542	1,334	1,542
Share premium reserve	1,745,420	1,273,819	1,449,453
Profit or loss brought forward	55	2,111	298,257
Comprehensive income for the period	-34,862	-1,256	-2,056
<b>Equity</b>	<b>1,712,156</b>	<b>1,276,007</b>	<b>1,747,197</b>
<u>Non-current liabilities</u>			
Liabilities to credit institutions	315,554	0	0
Non-current liabilities	189,856	132,293	145,857
<b>Total non-current liabilities</b>	<b>505,410</b>	<b>132,293</b>	<b>145,857</b>
<u>Current liabilities</u>			
Accounts payable	739	2,381	629
Other liabilities	108	1	0
Accrued expenses and deferred income	520	1,065	158
<b>Total current liabilities</b>	<b>1,367</b>	<b>3,446</b>	<b>787</b>
<b>Total equity and liabilities</b>	<b>2,218,932</b>	<b>1,411,746</b>	<b>1,893,841</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 2021 annual report, which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

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

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

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

## NOTE 3 Business combinations

### Pagero Lanka (Creative Technologies)

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

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

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

#### Purchase consideration as at 1 February 2022

Cash and cash equivalents	14,413
Conditional purchase consideration	14,413
<b>Total purchase consideration paid</b>	<b>28,826</b>

#### Carrying amount of identifiable acquired assets and assumed liabilities

Tangible assets	188
Other receivables	1095
Other liabilities	-1283
<b>Total identifiable net assets</b>	<b>0</b>

<b>Goodwill</b>	<b>28,826</b>
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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
<b>Total/weighted exercise price</b>	<b>917,000</b>	<b>197</b>	<b>9,170,000</b>	<b>19.70</b>

#### NOTE 5 Earnings per share

SEK	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Earnings per share before dilution (SEK)	-0.91	-0.25	-1.42		-1.15
Earnings per share after dilution (SEK)	-0.91	-	-1.42		-1.14
<b>Measurements of earnings used in calculating earnings per share before and after dilution (SEK millions)</b>					
Net profit/loss for the period	-69.4	-32.8	-219.4	-96.5	-122.9
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	154,222,263	133,388,930	154,222,263		154,222,263
<i>Warrants</i>					
Adjustments for calculation of earnings per share after dilution for warrants	190,983	-	416,530		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	154,413,246	-	154,638,793		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	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Licence sales	60.4	49.8	174.9	142.0	194.7
Transaction sales	69.6	57.9	202.5	134.9	197.8
Service sales	21.2	12.2	53.1	30.1	49.4
<b>Net sales</b>	<b>151.1</b>	<b>120.0</b>	<b>430.5</b>	<b>307.0</b>	<b>441.8</b>

## NOTE 7 Annualized Recurring Revenue (ARR)

	30 Sep 2022	30 Sep 2021	Full year 2021
Net new and extended customer contracts	327.2	266.3	284.3
Running transactions, rolling 12	193.1	176.4	178.6
Order book, new customer contracts	15.5	6.7	12.4
<b>Total ARR</b>	<b>535.9</b>	<b>449.4</b>	<b>475.2</b>
Total ARR development %	19%	20%	41%

## Definitions

Key performance indicators	Definition
Annualized 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, 10 November 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

Interim Report Q1 2023 – 11 May 2023

Annual General Meeting 2023 – 11 May 2023

## Financial statements

Financial statements can be downloaded from [www.pagero.com](http://www.pagero.com)

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

## Contact persons

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Jan-Olof Ohlsson

CFO

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## Certified advisor

The company's certified advisor is Erik Penser Bank.

(08-4638300 / [certifiedadvisor@penser.se](mailto:certifiedadvisor@penser.se)).



# **PAGERO**

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