

PAGERO

Year-end report 2021
for the period 1 January – 31 December 2021



Fourth quarter of 2021

Strong growth in the fourth quarter

- Net sales amounted to SEK 134.7 million (94.7), which is an increase of 42% (43% adjusted for currency). Organic growth amounted to 17% (16%).
- Recurring revenue amounted to SEK 115.5 million (78.0), which is an increase of 48% (49% adjusted for currency). The increase is mainly a result of strong growth of transactions in the Pagero Network. Organic growth of recurring revenue amounted to 19% (7%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 17.6 million (4.6). The change compared with the previous year is driven by the international expansion according to the set strategy.
- Cash flow from operating activities is positive and amounted to SEK 8.3 million (16.6).
- Earnings per share before dilution amounted to a loss of SEK 0.41.
- Amazon Business chose Pagero to provide automated document management to corporate customers.
- The need for Pagero's services is growing strongly as the date for legal requirements in Saudi Arabia approaches. More than 70 new local and international customers have purchased Pagero's services. Saudi Arabia is one of the company's new establishment markets that is under development.

January–December 2021

- Net sales amounted to SEK 441.8 million (348.2), which is an increase of 27% (28% adjusted for currency). Organic growth amounted to 13% (12%).
- Recurring revenue amounted to SEK 392.4 million (302.7), which is an increase of 30% (31% adjusted for currency). Organic growth of recurring revenue amounted to 15% (12%).
- Annual recurring revenue (ARR) amounted to SEK 475 million (337.4), which is an increase of 41% (15%). Organic growth in ARR amounted to 17%. ARR from the acquisition of Gosocket amounted to SEK 81.8 million.
- Operating loss before depreciation/amortization (EBITA) amounted to SEK 39.6 million (profit: 0.6). The change compared with the previous year is driven by the international expansion according to the set strategy.
- Cash flow from operating activities is positive and amounted to SEK 21.0 million (40.9).
- Earnings per share before dilution amounted to a loss of SEK 1.15.
- Pagero (Pty) Ltd was formed in South Africa.
- As of 1 July, Pagero acquired the Gosocket SA Group in Latin America. See the acquisition analysis in Note 3.
- Pagero was listed on the First North Growth Market on 22 October 2021. In connection with the listing, a new share issue comprising SEK 500 million was carried out and the company raised SEK 465 million in new capital after issue expenses.



Significant events after the end of the period

- Malta's government signed an agreement with Pagero for the provisioning of e-invoicing services via Peppol for all of its units.
- In February, Pagero established a subsidiary in Poland to meet the upcoming legal requirement concerning electronic invoicing that affects all companies in Poland.

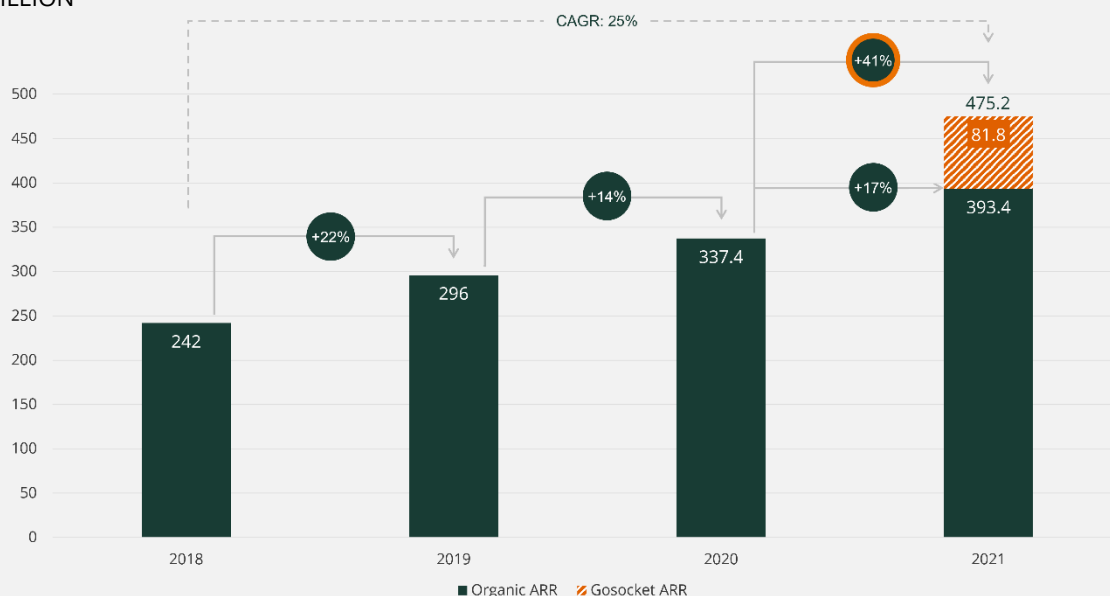
Selected financial data for the Group

	Note		31 Dec. 2021	31 Dec. 2020
Annual recurring revenue (ARR), SEK million	7		475.2	337.4
Growth in annual recurring revenue, %			41%	14%
Organic annual recurring revenue (ARR), SEK million			393.4	337.4
Organic growth in annual recurring revenue, %			17%	14%

	Note	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales, SEK million	6	134.7	94.7	441.8	348.2
Net sales growth, %		42%	16%	27%	12%
Organic net sales growth, %		17%	16%	13%	12%
Organic recurring net sales growth, %		19%	7%	15%	12%
Gross margin, %		86%	88%	87%	87%
EBITA margin, %		-13.0%	-4.9%	-9.0%	0.2%
Cash flow from operating activities, SEK million		8.3	22.6	21.0	40.9
Average number of FTE		605	364	496	341
Average number of FTE, excluding acquisitions		478	364	434	341
R&D costs as % of net sales		24%	23%	23%	22%

Strong growth in annual recurring revenue (ARR)

SEK MILLION

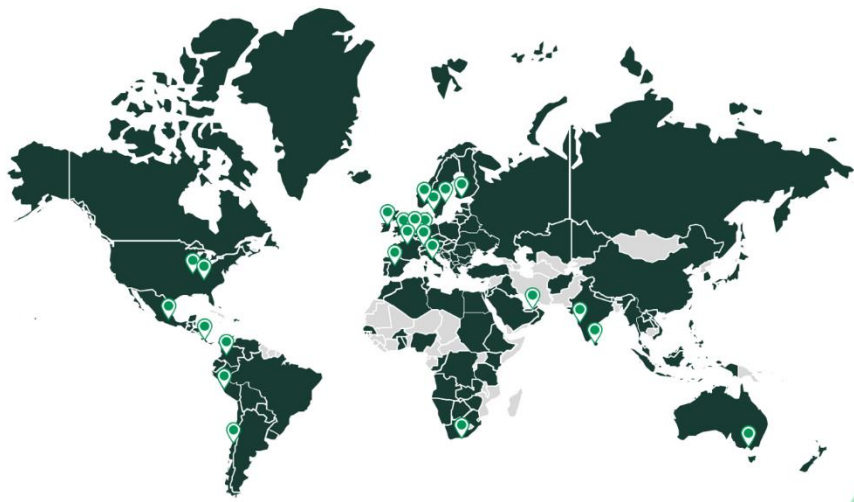


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Powered by application, we help businesses streamline order-to-cash and purchase-to-pay while unlocking the power of accurate and reliable data – regardless of system

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**ABOUT
PAGERO**



**COMPANY
PRESENTATION**

PAGERO



Comments from the CEO

Strong growth continued in the fourth quarter

The quarter saw an organic growth in transactions of 26% (14%) and a growth in the number of customers of 61% (30%). Together with the increase in recurring revenues (49%) and a growing demand in the market, this sets us up for a good start of 2022. The world is now beginning to see the light at the end of the tunnel and the end of the pandemic that had a dampening impact on Pagero's growth.

Increased growth in transactions and the number of customers is a result of our investment in scaling up our customer acquisition capabilities. Our average customer life-time value is currently 14 times higher than our customer acquisition cost (CLV/CAC), driven by low customer losses (2.8%) and a high gross profit margin (87%).

Our network of retailers continued to grow and contributed 37% of total new sales as recurring revenues during the quarter.

During the period, our strong financial position made it possible for Pagero to increase the pace of the work to evaluate possible acquisition candidates. However, it is important to point out that we are both selective and restrictive in our evaluation. At least one of three essential criteria is met when we get involved: the acquisition must strengthen Pagero's position in a country or a region, the acquisition must extend the reach of the Pagero Network (the number of companies we reach) or the acquisition must add complementary services or applications to the platform in line with our development vision. All three improving the customer experience and Pagero's market position.

Today, 90% of our net sales come from markets in which we have a well-established organization. In these markets, we also have a good profit level (30% EBITA). We invest the surplus in accelerating continued global establishment.

We saw positive development in every region during the quarter. Our new region, Latin America, is growing (+24.5% YoY)

during the ongoing integration work since the acquisition in July 2021.

Our investment market, North America, based in Chicago, is developing well and surpassed the annual budget early in the quarter and annual net sales increased 141% to SEK 13.6 million. We see great potential in the region and will continue to strengthen the local organization in 2022.

During the quarter, we also saw that Saudi Arabia, one of Pagero's other investment markets, continued to show good growth as a result of the first phase of the nationwide e-invoicing requirement that entered into force in December. More than 200 new customers, both local and international, were connected to the Pagero Network to meet the new requirements – a figure we expect will continue to increase as we approach phase 2 of the roll-out.

Pagero's ability to quickly and effectively help companies meet new legal requirements strengthens our position as one of the world leaders in the digital communication of business documents. During the quarter, we saw several countries announce upcoming requirements, including Italy, Vietnam, Spain, Panama and Guatemala.

Our goal is to become the world's largest network for communication between companies. We, therefore, continue to strengthen every part of the organization with resources at the regional level. At the end of the quarter, the company had 610 employees compared to 366 in the corresponding quarter of the previous year. Early investments in staff were made to prepare the organization for continued increased growth in 2022.

To achieve our goal, we also need to ensure that our product is the leader in terms of technology and users in order to continue to take shares in our investment markets. In

2021, we invested 250,000 hours in product development corresponding to 23% of net sales. We will continue to invest in development in the future but with the planned sales growth, the portion will decrease to below 20%.

We are at the beginning of an automation journey where the business systems that connect to open networks will achieve unprecedented productivity gains through increased automation and access to real-time information. This will drive investment to completely new levels. In the future, having the right information at the right time will not only provide business opportunities but will also drive time efficiency to new heights. Companies that do not realize that information is perishable will be left behind.



Our goal is to become the world's largest network for communication between companies.

The Pagero Network, with *One connection – global reach*, is a simple and effective way to connect a business' processes with its customers, suppliers and authorities. All to radically reduce unnecessary work and give any company the information support needed to optimally conduct competitive business.

We are investing to enable this fantastic journey into the future!

Bengt Nilsson
CEO

Group development

Sales and profit/loss

October – December 2021

Sales

Net sales amounted to SEK 134.7 million (94.7), which is an increase of 42% (43% adjusted for currency). During the quarter, the acquisition of Gosocket positively impacted sales by SEK 25.2 million. Organic growth amounted to 17% (16%).

The impact of the pandemic from 2020 remained in 2021, mainly in the transport, restaurant, hotel and entertainment segments.

Recurring revenue amounted to SEK 115.5 million (78.0), which is an increase of 48% (43% adjusted for currency). Strong transaction growth in the Pagero Network and recurring revenue from Gosocket of SEK 22.6 million are the main contributors to the increase. Organic growth amounted to 19% (7%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 10.7 million (profit: 0.9), and operating loss after depreciation/amortization (EBITA) amounted to SEK 17.6 million (4.6). The change compared with the previous year is driven by the international expansion according to plan.

The negative net financial items in the quarter are mainly attributable to the revaluation of liabilities in foreign currency.

The positive tax recognized in the quarter's profit/loss is attributable to changes in deferred tax.

There was a loss for the period in the amount of SEK 62.0 million (31.6).

January – December 2021

Sales

Net sales amounted to SEK 441.8 million (348.2), which is an increase of 27% (28% adjusted for currency). The acquisition of Gosocket positively impacted sales by SEK 48.7 million. Organic growth amounted to 13% (12%).

The full year was negatively impacted by the pandemic mainly in the first quarter and in the transport, restaurant, hotel and entertainment segments.

Recurring revenue amounted to SEK 392.4 million (302.7), which is an increase of 30% (31% adjusted for currency). Strong growth of transactions in the Pagero Network and recurring revenue from the acquisition of Gosocket of SEK 44.7 million are the main contributors to the increase. Organic growth amounted to 15% (12%).

Profit/loss

Operating loss before depreciation/amortisation (EBITDA) amounted to SEK 14.6 million (profit: 22.8). The change is mainly due to continued investments in both product development and a higher number of employees from international expansion according to the set plan.

Operating loss before depreciation/amortization (EBITA) amounted to SEK 39.6 million (profit: 0.6).

The negative net financial items in the quarter are mainly attributable to the revaluation of liabilities in foreign currency.

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

There was a loss for the period in the amount of SEK 158.4 million (84.8).

Financial comments

October – December 2021

Cash flow

Cash flow from operating activities is positive and amounted to SEK 8.3 million (16.6). This is attributable to the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 65.5 million (19.4). The largest component, SEK 22.8 million, is still the investment in the development of the Pagero Network and the cash flow effect from the payment of the remaining additional purchase consideration of SEK 8.5 million for previously made acquisition in Germany.

Cash flow from financing activities amounted to SEK 375.2 million (196.8), which consists primarily of new issues of SEK 465 million after transaction costs and loan repayments.

Total cash flow for the period is positive and amounted to SEK 318.0 million (200.1).

January – December 2021

Cash flow

Cash flow from operating activities is positive and amounted to SEK 21.0 million (40.9). This is attributable to the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 207.0 million (102.4). The largest component, SEK 83.7 million, is still the investment in the development of the Pagero Network and the cash flow effect from the acquisition of Gosocket at SEK 29.8 million and the payment of an additional purchase consideration of SEK 28.9 million for previously made acquisition in Germany.

Cash flow from financing activities amounted to SEK 399.3 million (256.7), which primarily consists of net new share issues of SEK 500 million and amortization of loans of SEK 102 million.

Total cash flow for the year is positive and amounted to SEK 213.7 million (195.3).

Liquidity

Liquidity amounted to SEK 424.6 million (210.8). Available liquidity including unutilized overdraft facilities amounted to SEK 477.1 million (263.3).

Liabilities

Interest-bearing liabilities amounted to SEK 102.0 million (147.5). The loans are currently subject to previous amortization plans.

Parent Company

The Parent Company's operations consist of performing Group-wide services. Net sales for the Parent Company amounted to SEK 2.0 million (1.8) and there was a loss before tax of SEK 2.1 million (0.7).

Staff

As of 31 December 2021, there were 610 employees (366). The average number of employees amounted to 496 (341).

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 2020.

Through the acquisition of Gosocket, a new risk arises on the grounds of the currency volatility in several of the South and Central American markets.

The effects of the pandemic mainly create uncertainty regarding the future growth rate.

Related party transactions

Related party transactions are carried out between 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

As of 31 December 2021, there were 154,222,263 shares. The Pagero share was listed on 22 October 2021 at a price of SEK 24 per share. The share price on 30 December 2021 closed at SEK 17.15 per share.

Earnings per share before dilution amounted to a loss of SEK 1.03. Earnings per share after dilution amounted to a loss of SEK 1.02.

Financial targets and dividend policy

- **Growth:** Increase ARR to at least SEK 1.5 billion 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 within the foreseeable future.

Consolidated income statement

(SEK 000s)		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
	Note				
<u>Operating income</u>					
Net sales	6	134,747	94,659	441,786	348,207
Capitalized work on own behalf		22,768	19,229	83,722	72,345
Customer acquisition costs		10,638	9,144	18,210	16,536
Other operating income		575	0	1,665	1,015
		168,728	123,032	545,382	438,103
<u>Operating costs</u>					
Direct sales costs		-18,464	-11,753	-56,474	-45,141
Other external expenses		-45,132	-27,820	-130,221	-96,693
Personnel costs		-115,808	-81,524	-373,309	-273,460
Other operating costs		0	-1,026	0	0
Operating profit/loss before depreciation/amortization (EBITDA)		-10,675	909	-14,621	22,809
Depreciation of tangible assets		-6,878	-5,523	-24,999	-22,187
Operating profit/loss after depreciation/amortization (EBITA)		-17,554	-4,614	-39 620	621
Amortization of intangible assets		-27,361	-19,078	-91,413	-74,554
Operating profit/loss (EBIT)		-44,915	-23,692	-131,032	-73,933
<u>Profit/loss from financial items</u>					
Financial income		3	55	24	265
Financial expenses		-17,226	-3,777	-28,774	-12,582
Financial items		-17,223	-3,722	-28,750	-12,317
Profit/loss after financial items		-62,138	-27,414	-159,782	-86,250
Income tax		191	-4,171	1,358	1,419
Net profit/loss for the period		-61,947	-31,585	-158,424	-84,831
Attributable to:					
Shareholders of the Parent Company		-61,947	-31,585	-158,424	-84,831
Consolidated statement of comprehensive income					
(SEK 000s)		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net profit/loss for the period		-61,947	-31,585	-158,424	-84,831
Items that may subsequently be reclassified to profit or loss					
Foreign exchange differences		36,087	9,695	24,095	-6,428
Other comprehensive income for the period		36,087	9,695	24,095	-6,428
Comprehensive income for the period		-25,860	-21,890	-134,329	-91,259
Attributable to:					
Shareholders of the Parent Company		-25,860	-21,890	-134,329	-91,259

Consolidated balance sheet

Assets (SEK 000s)	Note	31 Dec 2021	31 Dec 2020
Ongoing new share issue		0	28,032
Fixed assets			
Capitalized development expenditures		223,480	182,369
Technology		40,705	5,254
Customer relationships		124,179	50,991
Trademarks		22,827	18,754
Goodwill		313,040	178,943
Customer acquisition costs		11,741	10,722
Rights of use		54,348	26,432
Equipment, computers and installations		23,889	14,137
Financial assets		7,514	2,876
Deferred tax assets		19,912	19,916
Total fixed assets		841,637	510,394
Current assets			
Inventories		0	61
Accounts receivable		125,138	94,778
Current tax assets		3,986	991
Other receivables		3,383	3,145
Prepaid expenses and accrued income		16,309	19,509
Total current receivables		148,816	118,484
Cash and cash equivalents		424,563	210,849
Total current assets		573,379	329,333
Total assets		1,415,016	867,759

Consolidated balance sheet

Liabilities and equity (SEK 000s)	Note	31 Dec 2021	31 Dec 2020
Equity			
Share capital		1,542	1,302
Other contributed capital		1,320,851	848,702
Reserves		25,087	993
Retained earnings including profit/loss for the year		-552,144	-393,720
Equity		795,336	457,276
<u>Non-current liabilities</u>			
Liabilities to credit institutions		54,172	100,836
Leasing liability		33,570	10,580
Borrowings		145,857	0
Deferred tax		50,391	17,221
Total non-current liabilities		283,990	128,636
Liabilities to credit institutions		47,798	46,702
Leasing liability		21,122	16,398
Accounts payable		42,653	25,481
Other liabilities		37,338	45,491
Accrued expenses and deferred income		186,780	147,774
Total current liabilities		335,690	281,846
Total equity and liabilities		1,415,016	867,759

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 2020	167	547,976	7,420	-308,889	246,673
Profit/loss for the year	0	0	0	-84,831	-84,831
Other comprehensive income for the year	0	0	-6,428	0	-6,428
Total comprehensive income	0	0	-6,428	-84,831	-91,259
New share issue, conversion of convertibles	2	11,855	0	0	11,857
New share issue	161	249,839	0	0	250,000
Bonus issue	972	-972	0	0	0
Ongoing new share issue	0	50,000	0	0	50,000
Acquisition expenses, new share issue	0	-9,994	0	0	-9,994
Total transactions with shareholders, recognized directly in equity	1,135	300,727	0	0	301,862
Closing balance on 31 December 2020	1,302	848,702	993	-393,721	457,276
Opening balance on 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	500,000
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 on 31 December 2021	1,542	1,320,851	25,088	-552,145	795,336

Consolidated cash flow statement

(SEK 000s)		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	Note	2021	2020	2021	2020
Operating profit/loss		-44,915	-23,693	-131,032	-73,933
Non-cash items		38,959	21,602	116,411	96,742
Interest received		3	55	24	265
Interest paid		-2,036	-3,544	-8,337	-11,549
Income tax paid		-1,044	-553	-4,906	-4,174
Cash flow from operating activities before changes in working capital		-9,033	-6,133	-27,840	7,350
Increase (-)/decrease (+) in inventories		39	0	61	0
Increase (-)/decrease (+) in accounts receivable		-46,401	-19,301	-21,180	-13,808
Increase (-)/decrease (+) in operating receivables		-2,168	2,606	3,115	4,487
Increase (+)/decrease (-) in accounts payable		946	-4,087	10,196	-11,127
Increase (+)/decrease (-) in operating liabilities		64,904	43,543	56,608	54,002
Cash flow from changes in working capital		17,321	22,761	48,801	33,554
Cash flow from operating activities		8,288	16,628	20,961	40,904
<u>Investing activities</u>					
Investments in intangible assets		-37,039	-12,426	-112,147	-77,954
Investments in tangible assets		-8,177	-4,677	-32,520	-23,628
Acquisition of subsidiaries, less acquired cash and cash equivalents		-16,809	-1,544	-58,711	0
Change in financial assets		-3,480	-750	-3,590	-795
Cash flow from investing activities		-65,506	-19,397	-206,967	-102,378
<u>Financing activities</u>					
Loans raised		0	7	1,133	49,841
Repayment of loans		-51,865	-19,127	-101,834	-19,127
Change in overdraft facilities		-44,938	-46,687	0	-35,794
New share issues for the period		471,989	262,654	500,421	261,813
Cash flow from financing activities		375,187	196,846	399,720	256,732
<u>Cash flow for the period</u>		317,969	194,077	213,714	195,259
Cash and cash equivalents at the beginning of the period		106,594	16,772	210,849	15,591
Cash and cash equivalents at the end of the period		424,563	210,849	424,563	210,849

Group key performance indicators

Key performance indicators (IFRS)		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	Note	2021	2020	2021	2020
Net sales, SEK million	6	134.7	94.7	441.8	348.2
Operating profit/loss, SEK million		-44.9	-23.7	-131.0	-73.9
Profit/loss for the period, SEK million		-61.9	-31.6	-158.4	-84.8
Earnings per share before dilution (SEK)		-0.41	-2.68	-1.15	-7.2
Earnings per share after dilution (SEK)		-0.41	-	-1.14	-
Equity/assets ratio, %				56.2%	52.7%
Selected financial data for the Group		Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
SEK MILLION		2021	2020	2021	2020
	Note				
Number of customers, thousands		79.7	49.6	79.7	49.6
Growth in number of customers, %		61%	30%	61%	30%
Number of e-transactions, millions		15.3	12.2	53.5	42.3
Growth in number of e-transactions, %		26%	14%	26%	10%
Net sales growth, %		42%	16%	27%	12%
Organic net sales growth, %		17%	16%	13%	12%
Recurring revenue, SEK million		115.5	78.0	392.4	302.7
Growth in recurring revenue, %		48%	7%	30%	12%
Gross profit		116.3	82.9	385.3	303.1
Gross margin, %		86%	88%	87%	87%
EBITDA		-10.7	0.9	-14.6	22.8
EBITDA margin, %		-7.9%	1.0%	-3.3%	6.6%
EBITA		-18.0	-4.6	-40.0	0.6
EBITA margin, %		-13.0%	-4.9%	-9.0%	0.2%
Net working capital		-118.0	-100.3	-118.0	-100.3
Net working capital as a share of net sales, %				-27%	-29%
Net debt				322.6	63.3

Parent Company income statement

(SEK 000s)	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
<u>Operating income</u>				
Net sales	606	579	1,991	1,797
	606	579	1,991	1,797
<u>Operating costs</u>				
Other external expenses	-1,040	-686	-3,497	-2,505
Operating profit/loss (EBIT)	-435	-106	-1,506	-707
<u>Profit/loss from financial items</u>				
Financial income	0	0	2	0
Financial expenses	-365	-13	-551	-13
Profit/loss after financial items	-800	-119	-2,056	-720
Profit/loss before tax	-800	-119	-2,056	-720
Net profit/loss for the period	-800	-119	-2,056	-720
Attributable to:				
Shareholders of the Parent Company	-800	-119	-2,056	-720

No items in the Parent Company are recognized in other comprehensive income and total comprehensive income is therefore consistent with profit for the period.

Parent Company balance sheet

Assets (SEK 000s)	31 Dec 2021	31 Dec 2020
Ongoing new share issue	0	28,032
<u>Fixed assets</u>		
Financial assets	1,589,500	1,108,827
Total fixed assets	1,589,500	1,108,827
<u>Current receivables</u>		
Other receivables	2,061	652
Prepaid expenses and accrued income	131	454
Total current receivables	2,192	1,106
<u>Cash and cash equivalents</u>		
	302,149	141,914
Total current assets	304,341	143,020
Total assets	1,893,841	1,279,879
Equity and liabilities (SEK 000s)	31 Dec 2021	31 Dec 2020
Equity		
Share capital	1,542	1,302
Share premium reserve	1,449,453	982,052
Profit or loss brought forward	298,257	294,230
Comprehensive income for the period	-2,056	-720
Equity	1,747,197	1,276,863
<u>Non-current liabilities</u>		
Non-current liabilities	145,857	0
Total non-current liabilities	145,857	0
<u>Current liabilities</u>		
Accounts payable	629	763
Liabilities to Group companies	0	2,251
Other liabilities	0	0
Accrued expenses and deferred income	158	1
Total current liabilities	787	3,016
Total equity and liabilities	1,893,841	1,279,879

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-404 21 Gothenburg, Sweden.

All amounts are presented in SEK thousands (SEK 000s) unless otherwise stated. Information in parentheses refers to 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 2020 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 2021. 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 2020 annual report.

NOTE 3 Business combinations

Gosocket Corporation SA

On 30 June 2021, Pagero AB acquired 68.85% of the share capital in Gosocket Corporation SA, hereafter called Gosocket, for SEK 164,207 thousand. As a result of the acquisition, the Group is strengthening its product portfolio and its customer offering and geographic growth opportunities in South and Central America within the digital business messages segment. The acquisition is fully consolidated according to the contract structure.

The goodwill totalling SEK 123,326 thousand that arises through the acquisition is related to synergy effects expected through the merger of the Group's and Gosocket's operations. 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 Gosocket and the fair value of acquired assets and assumed liabilities that are recognized on the acquisition date. The acquisition calculation below is preliminary.

Purchase consideration as of 30 June 2021

Cash and cash equivalents	29,786
Offset of receivable	2,128
Conditional purchase consideration	132,293
Total purchase consideration paid	164,207

Carrying amount of identifiable acquired assets and assumed liabilities

Cash and cash equivalents	10,114
Intangible assets	2,744
Tangible assets	2,784
Financial assets	891
Technology	38,296
Customer contracts and customer relationships	76,593
Trademarks	6,808
Accounts receivable and other receivables	12,329
Accounts payable and other liabilities	-38,071
Borrowing	-37,046
Deferred tax liabilities	-34,562
Total identifiable net assets	40,881
Goodwill	123,326

In the period, SEK 988 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 20 million.

Fair value of accounts receivable and other receivables is SEK 12,329 thousand and includes accounts receivable with a fair value of SEK 9,179 thousand. No accounts receivable are deemed to be doubtful.

The net sales from Gosocket included in the consolidated income statement since 30 June 2021 amounted to SEK 23,533 thousand. Gosocket contributed an operating profit of SEK 5,516 thousand for the same period.

If Gosocket were consolidated as of 1 January 2021, the Group's income statement for the period would show net sales of SEK 66,863 thousand and an operating profit of SEK 16,415 thousand.

NOTE 4 Warrants

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

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

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

NOTE 5 Earnings per share

SEK	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Earnings per share before dilution (SEK)	-0.41		-1.15	
Earnings per share after dilution (SEK)	-0.41		-1.14	
Measurements of earnings used in calculating earnings per share before and after dilution (SEK millions)				
Net profit/loss for the period	-61.9		-158.4	
The profit/loss above is attributable to the Parent Company's shareholders in its entirety				
Weighted average number of shares before and after dilution				
<i>Before dilution</i>				
Weighted average number of shares when calculating earnings per share before dilution	149,466,828		137,441,441	
<i>Warrants</i>				
Adjustments for calculation of earnings per share after dilution for warrants	1,280,294		1,280,294	
<i>After dilution</i>				
Weighted average number of shares and potential shares used as the denominator in calculating earnings per share after dilution	150,747,122		138,751,735	

No dilution effect has been able to be calculated for 2020 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	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2021	2020	2021	2020
Licence sales	52.6	42.5	194.7	169.0
Transaction sales	62.8	35.5	197.8	133.8
Service sales	19.3	16.6	49.4	45.5
Net sales	134.7	94.7	441.8	348.2

NOTE 7 Annual recurring revenue (ARR)

	31 Dec 2021	31 Dec 2020
Net new and extended customer contracts	284.3	240.5
Running transactions, rolling 12	178.6	102.6
Order book, new customer contracts	12.4	7.8
Currency and amount adjustment earlier period	0.0	-13.6
Total ARR	475.2	337.4
Total ARR development %	41%	

Definitions

Recurring revenue – *Revenue of an annually recurring nature that relates to income from licence and transaction sales.*

Annual recurring revenue (ARR) – *Contracted recurring revenue and R12 transaction income (SAAS). Historic figures are adapted for comparability.*

Organic annual recurring revenue - *Contracted recurring revenue and R12 transaction income (SAAS) excluding acquisitions. Historic figures are adapted for comparability.*

Number of e-transactions, thousands – *E-transactions in the Pagero Network platform.*

Organic growth – *Growth calculated without acquisitions made.*

FTE – *Full-time employees.*

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, 25 February 2022

Birger Steen
Chairman of the Board

Mats Ryding
Board Member

Karin Sandsjö
Board Member

Jonas Edlund
Board Member

Fredrik Vom Hofe
Board Member

Christian Melby
Board Member

Bengt Nilsson
CEO

Other information

Calendar

Annual Report 2021 – *21 April 2022*

Interim Report Q1 2022 – *12 May 2022*

Annual General Meeting 2022 – *12 May 2022*
5:00 PM CET

Interim Report Q2 2022 – *23 August 2022*

Interim Report Q3 2022 – *10 November 2022*

Certified advisor

The company's certified advisor is Erik Penser Bank.

(08-4638300 / certifiedadvisor@penser.se).

Financial statements

Financial statements can be ordered from
www.pagero.com

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

Contact persons

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