

Year-end report 2023

For the period 1 January – 31 December 2023

PAGERO



FOURTH QUARTER OF 2023

An eventful end to a year of continued strong growth

- Net sales amounted to SEK 223.0 million (169.6), which is an organic increase of 31% (26%) and 28% adjusted for currency.
- Recurring revenue amounted to SEK 179.7 million (143.2), which is an organic increase of 25% (24%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network.
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 17.4 million (25.5). Adjusted EBITA amounted to a loss of SEK 16.3 million (25.5). The result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to an outflow of SEK 5.9 million (7.7) for the quarter.
- Earnings per share after dilution amounted to a loss of SEK 0.52 (0.22).
- Pagero launched the next generation business network.
- Pagero and Vertex established a partnership to deliver a global e-invoice solution.
- Pagero opened an office in Japan.
- Bengt Nilsson was appointed the Chairman of GENA.
- Pagero received a public take-over bid from Vertex.

JANUARY – DECEMBER 2023

- Net sales amounted to SEK 795.4 million (600.1), which is an increase of 33% (36%) and 31% adjusted for currency. Organic growth amounted to 33% (24%).
- Recurring revenue amounted to SEK 677.2 million (520.7), which is an increase of 30% (33%). The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 30% (20%).
- Annual Recurring Revenue (ARR) amounted to SEK 764.5 million (604.2), which is an organic growth of 27% (27%).
- Operating loss after depreciation/amortization (EBITA) amounted to SEK 75.1 million (103.0). Adjusted EBITA amounted to a loss of SEK 74.1 million (86.1). The result is in line with the international expansion strategy.
- Cash flow from operating activities amounted to an outflow of SEK 50.6 million (30.1). The company's cash and cash equivalents amounted to SEK 217.6 million.
- Earnings per share after dilution amounted to a loss of SEK 1.98 (1.79).
- Pagero's warrants programme 2020/2023 raised SEK 54 million for the company fully utilised.
- Pagero received an order for EUR 4.2 million.
- Pagero and Thomson Reuters are starting a partnership to offer customers a service for indirect tax compliance.

Events after the end of the period

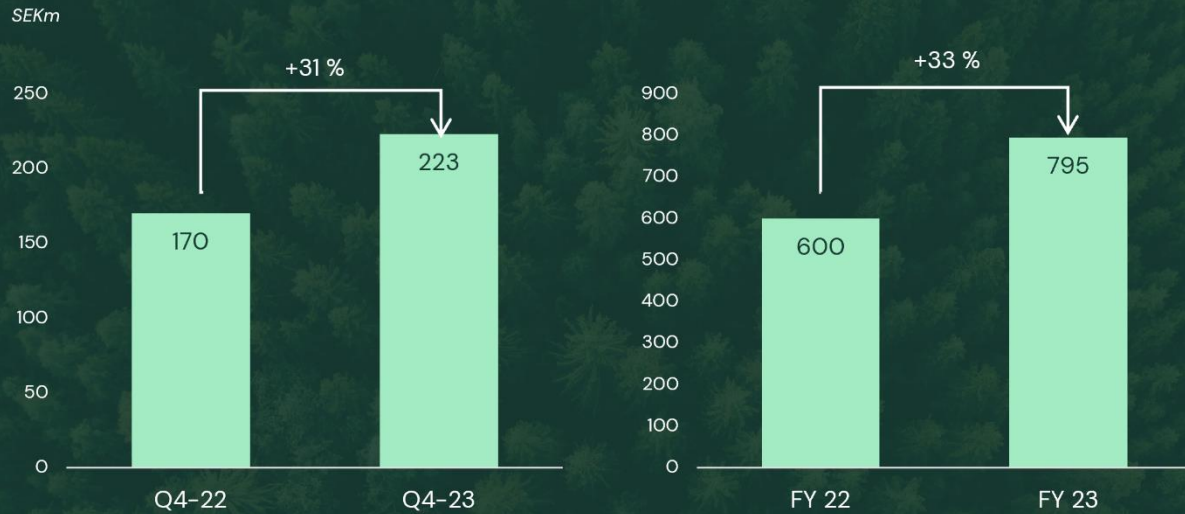
- Pagero received a public take-over bid from Avalara Inc.
- Pagero received a public take-over bid from Thomson Reuters.
- Vertex and Avalara Inc. withdraws from the bidding process.
- Thomson Reuters successfully completes the acquisition offer and reaches 99.46% shareholding in Pagero. Thomson Reuters intend to call for the compulsory redemption of the remaining shares and promote a delisting of Pagero from Nasdaq First North Growth Market.

Selected financial data

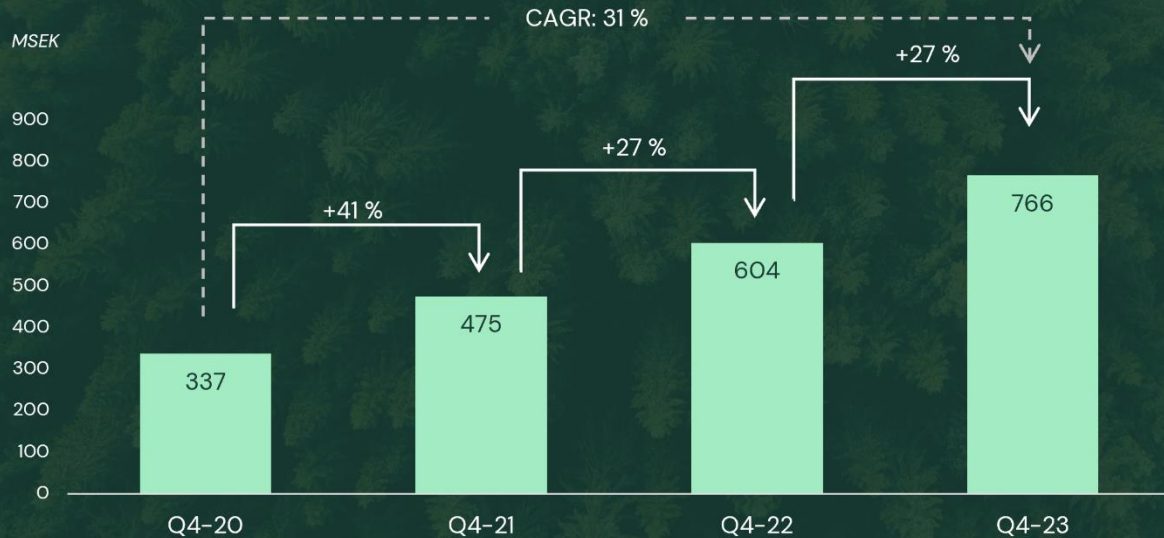
	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
ARR, SEK million	7	764.5	604.2	764.5	604.2
ARR growth, %		27%	27%	27%	27%
Rule of 40		–	–	28%	11%
Net sales, SEKm	6	223.0	169.6	795.4	600.1
Net sales growth, %		31%	26%	33%	36%
Organic net sales growth, %		31%	26%	33%	23%
Organic growth in recurring revenue, %		25%	24%	30%	20%
Gross margin, %		89%	87%	88%	87%
EBITA margin, %		–7.8%	–15.0%	–9.4%	–17.2%
Earnings per share after dilution, SEK		–0.52	–0.22	–1.98	–1.79
Cash flow from operating activities, SEKm		–5.9	–7.7	–50.6	–30.1
FTE (Average)		871	741	838	711
R&D costs as % of net sales		26%	26%	25%	25%



STRONG GROWTH IN NET SALES



STRONG GROWTH IN ANNUALIZED RECURRING REVENUE (ARR)



RECURRING
REVENUE SHARE

85%

FY 22: 87%

GROSS MARGIN

88%

FY 22: 87%

CUSTOMER
CHURN

2.3%

FY 22: 1.8%

19x

FY 22: 26x

CLV/CAC

*Customer Life-time Value
/Customer Acquisition
Cost*

20%

FY 22: 18%

TRANSACTION
GROWTH*

**Exclusive
Gosocket/LATAM*

14%

FY 22: 8%

CUSTOMER BASE
GROWTH

BUYING AND SELLING SHOULD BE EASY

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



30+
OFFICES



CUSTOMERS IN
140+
COUNTRIES



A NETWORK OF
14M+
BUSINESSES

PAGERO

COMMENTS BY THE CEO

The stars are aligned for our business.

Automation through digital transformation is nothing new. On the other hand, we see that companies and authorities are beginning to shift focus – enabling digital information to remain digital all the way instead of taking a detour through analogue media. It pains me to hear that suppliers still print and mail invoices (created digitally in their systems) to customers who then type the invoice information into their systems. The fact that our streamlining and automating of business communication and tax reporting, and that our adaptation to modern technology have a positive impact on the environment, are good examples of productivity-increasing synergies for everyone involved.

During the year, Pagero's commercial expansion continued and the organization delivered an organic growth of 33% (24%) in net sales. Our strategy to grow the organization globally in parallel with our continued investment in product development has proven to be right. A winning value proposition requires people with domain knowledge – both for product development and operation as well as to assist customers in delivery and support. Today, Pagero consists of almost 900 people who ensure that we deliver a leading service to our customers every day of the year (24/7).

During the year, we built and delivered over 6,000 new product releases into production, several of which are to future-proof our customers' continued needs and growth opportunities. All releases were put into production without impact or downtime for our customers, according to our "Zero Downtime" policy.

During the year, the first transactions were made in production between Pagero's network and authorities through our Latin American platform Gosocket. This is the first step in being able to offer the Latin American market through our vision "One



connection – Global reach”. In addition, we increased the number of countries where we can offer our comprehensive compliance offering. These new countries include: Japan, the Dominican Republic, El Salvador and Serbia with many more countries lined up for 2024.

A significant milestone for the year was the launch of the next generation network with a number of new features. As a user, you can now easily see which business partners are in the network, send invitations and immediately be connected. Pagero is your LinkedIn for B2B communication. We already see that more than 4,000 companies are using the new functions to increase their digital traffic without any time-consuming and expensive integration projects.

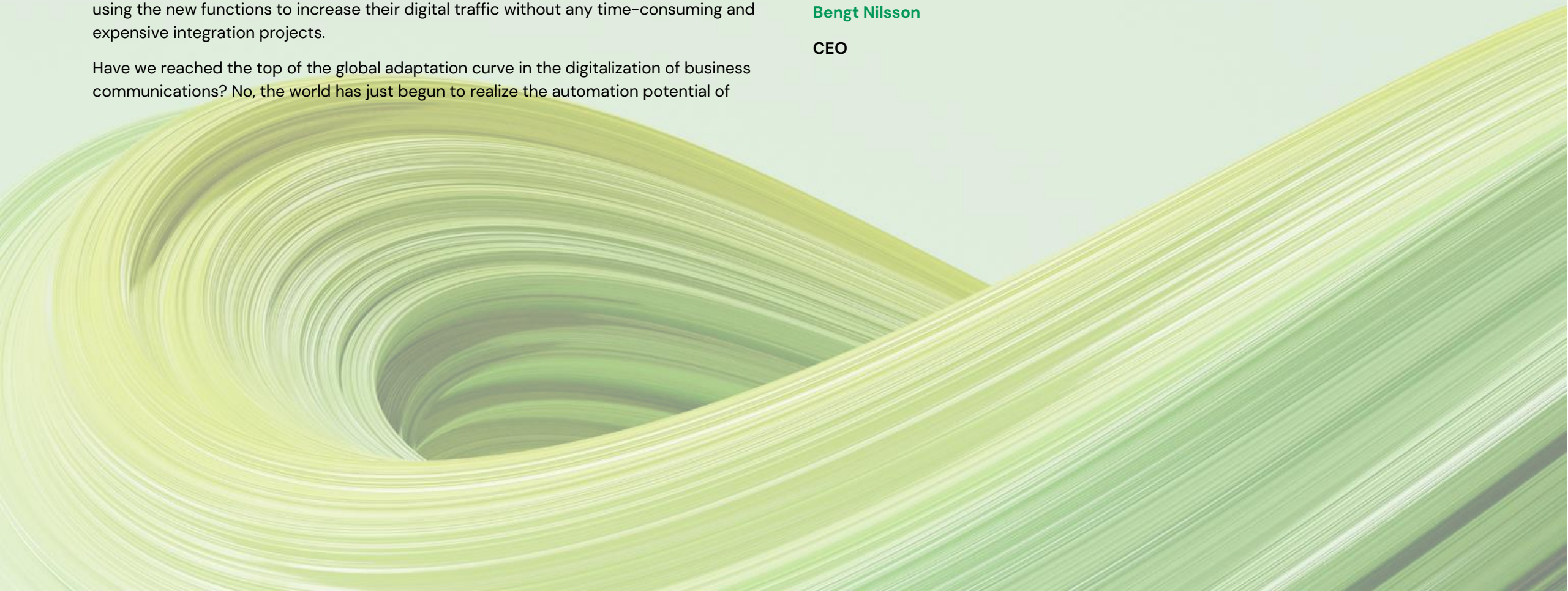
Have we reached the top of the global adaptation curve in the digitalization of business communications? No, the world has just begun to realize the automation potential of

connecting business systems with each other, and authorities have just begun to realize the importance of digitally obtaining continuous reporting of business transactions, the primary basis of taxation. Consequently, we are continuing to invest in the world’s largest business communications network. We are still just at the beginning of our journey.

I’m glad you want to join us on this journey!

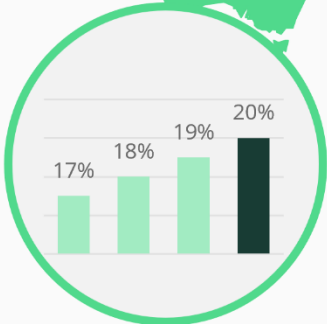
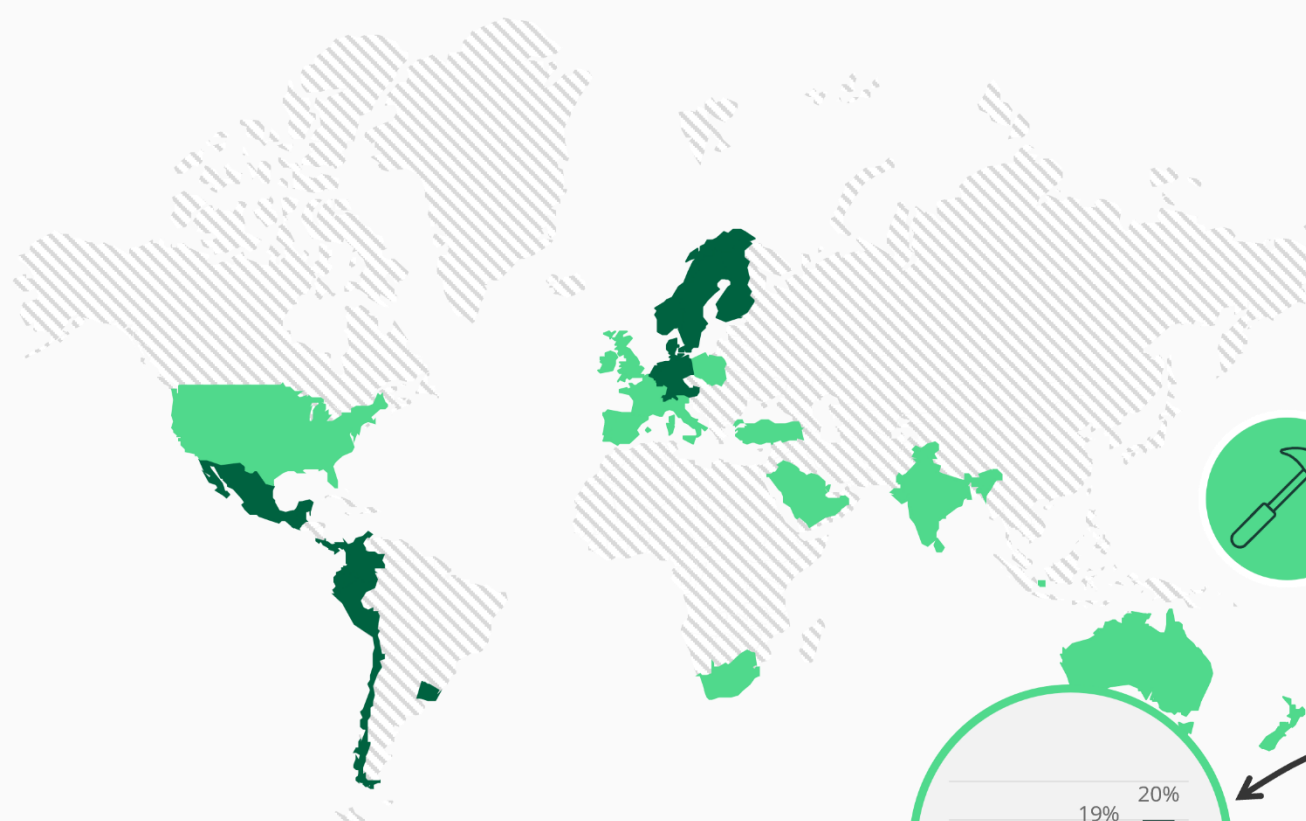
Bengt Nilsson

CEO



GROWTH AND PROFITABILITY

A proven business model during the global expansion phase



ESTABLISHED MARKETS

(Full year)



80%
OF TOTAL
NET SALES
(87%)



+22%
NET SALES
GROWTH
(+18%)



+36%
EBITDA
MARGIN
(+35%)



58%
RULE OF 40
(53%)



INVESTMENT MARKETS

(Full year)



20%
OF TOTAL
NET SALES
(13%)



+106%
NET SALES
GROWTH
(+87%)



-166%
EBITDA
MARGIN
(-330%)



-60%
RULE OF 40
(-243%)

GROUP DEVELOPMENT

OCTOBER – DECEMBER 2023

Sales

Net sales amounted to SEK 223.0 million (169.6), which is an organic increase of 31% (26%) and 28% (18%) adjusted for currency.

Recurring revenue amounted to SEK 179.7 million (143.2), an organic increase of 25% (24%) and 22% (16%) adjusted for currency. The increase is a result of a strong growth of both transactions and licences in the Pagero Network.

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 8.4 million (21.4). Continued investments in both product development and a higher number of employees for the international expansion is according to the set plan.

Operating loss after depreciation/amortization (EBITA) amounted to SEK 17.4 million (25.5). Adjusted EBITA amounted to a loss of SEK 16.3 million (25.5). This adjusted EBITA is attributable to non-recurring costs incurred as a result of the sales process of the company.

The negative net financial items of SEK 19.4 million (positive: 6.1) in the period are mainly attributable to revaluation and currency adjustment of acquisition liabilities in USD and interest expenses.

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

There was a loss for the period in an amount of SEK 84.2 million (56.4). Comprehensive income for the period amounted to a loss of SEK 126.3 million.

JANUARY – DECEMBER 2023

Sales

Net sales amounted to SEK 795.4 million (600.1), which is an increase of 33% (36%) and 31% (31%) adjusted for currency. Organic growth amounted to 33% (24%).

Recurring revenue amounted to SEK 677.2 million (520.7), an increase of 30% (33%) and 28% (28%) adjusted for currency. The increase is a result of a strong growth of both transactions and licences in the Pagero Network. Organic growth of recurring revenue amounted to 30% (20%).

Profit/loss

Operating loss before depreciation/amortization (EBITDA) amounted to SEK 38.6 million (73.8). The change from the previous year is due to improved earnings and partly the non-recurring costs incurred in connection with the attempt to acquire Tungsten. Continued investments in both product development and a higher number of employees for the international expansion is according to the set plan.

Operating loss after depreciation/amortization (EBITA) amounted to SEK 75.1 million (103.0). Adjusted EBITA amounted to a loss of SEK 74.1 million (86.1). This adjusted EBITA is attributable to non-recurring costs incurred as a result of the sales process of the company. The adjusted EBITA of last year is mainly attributable to the non-recurring costs incurred in connection with the attempt to acquire Tungsten.

The negative net financial items of SEK 86.5 million (56.8) in the period are mainly attributable to revaluation and currency adjustment of acquisition liabilities in USD and interest expenses.

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

There was a loss for the period in an amount of SEK 313.9 million (275.8). Comprehensive income for the period, which includes negative foreign exchange differences of SEK 1.2 million, amounted to a loss of SEK 315.0 million which may later be returned to the income statement.

FINANCIAL COMMENTS

OCTOBER – DECEMBER 2023

Cash flow

Cash flow from operating activities amounted to an outflow of SEK 5.9 million (7.7), which consists of the loss and the positive change in working capital.

Cash flow from investing activities amounted to an outflow of SEK 165.4 million (61.5), which is mainly attributable to the previously announced advance payment of SEK 88.6 million to the minority shareholders in Gosocket, and continued investments in the development of the Pagero Network, which represents an outflow of SEK 38.8 million.

Cash flow from financing activities amounted to an outflow of SEK 6.4 million (5.7) and is linked to IFRS 16 (Leasing).

Total cash flow for the period amounted to an outflow of SEK 177.7 million (75.0).

JANUARY – DECEMBER 2023

Cash flow

Cash flow from operating activities amounted to an outflow of SEK 50.6 million (30.1), which is mainly attributable to the loss.

Cash flow from investing activities amounted to an outflow of SEK 293.4 million (179.8), which is mainly attributable to the previously announced advance payment of SEK 88.6 million to the minority shareholders in Gosocket, and continued investments in the development of the Pagero Network, which represents an outflow of SEK 134.6 million.

Cash flow from financing activities amounted to an inflow of SEK 177.7 million (169.3), which is mainly attributable a new loan of SEK 150 million within the existing credit limit of SEK 1,500 million in connection with the previously announced advance payment to the minority shareholders of Gosocket and the 2020/2023 warrants programme of 4,170,000 shares at

SEK 13 each that was fully subscribed during the period, which contributed SEK 54.2 million to the company.

Total cash flow for the period amounted to an outflow of SEK 166.3 million (40.6).

Liquidity

Liquidity amounted to SEK 217.6 million (383.9). Available liquidity, including unutilized overdraft facilities amounted to SEK 220.1 million (386.4).

Liabilities

Interest-bearing liabilities amounted to SEK 502.2 million (323.0) and consist of the loan from Ture Invest, where Pagero holds a total loan facility of SEK 1,500 million. The loan runs for four years. The interest expense is added to the liability during the first 18 months of the loan.

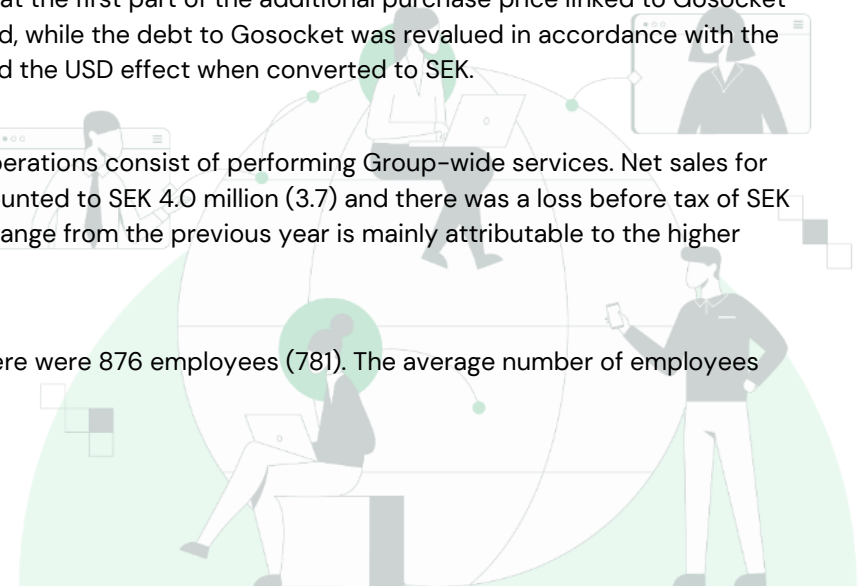
The loan liability of SEK 96.1 million (196.1) is comprised of additional purchase considerations for the acquisitions of Gosocket and the R&D organization in Sri Lanka. The change is attributable to the fact that the first part of the additional purchase price linked to Gosocket was paid during the period, while the debt to Gosocket was revalued in accordance with the new maturity, (Note 7) and the USD effect when converted to SEK.

Parent Company

The Parent Company's operations consist of performing Group-wide services. Net sales for the Parent Company amounted to SEK 4.0 million (3.7) and there was a loss before tax of SEK 54.6 million (43.2). The change from the previous year is mainly attributable to the higher interest expenses.

Personnel

At 31 December 2023, there were 876 employees (781). The average number of employees was 838 (711).



Significant risks and uncertainties

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

Related party transactions

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

The share

At 31 December 2023, there were 161,167,486 shares. The share price on 31 December 2023

closed at SEK 35.84 per share. Earnings per share before dilution amounted to a loss of SEK 1.98. Earnings per share after dilution amounted to a loss of SEK 1.98.

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	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
<u>Operating income</u>					
Net sales	6	222,993	169,644	795,429	600,127
Capitalized work on own behalf		39,554	32,299	130,906	105,406
Customer acquisition expenses		34,750	21,826	53,500	30,627
Other operating income		0	2,775	0	5,277
		297,298	226,544	979,835	741,437
<u>Operating costs</u>					
Direct sales costs		-24,818	-22,815	-96,750	-80,558
Other external expenses		-61,457	-61,831	-211,112	-184,505
Personnel costs		-216,396	-163,293	-707,962	-533,219
Other operating costs		-3,052	0	-2,576	-16,917
Operating profit/loss before depreciation (EBITDA)		-8,426	-21,394	-38,564	-73,762
Depreciation of tangible assets		-8,954	-4,135	-36,535	-29,250
Operating profit/loss before depreciation of tangible assets (EBITA)		-17,380	-25,529	-75,099	-103,012
Amortization of intangible assets		-43,911	-34,464	-147,765	-114,137
Operating profit/loss (EBIT)		-61,291	-59,993	-222,864	-217,149
<u>Profit/loss from financial items</u>					
Financial income		1,189	6,186	2,892	7,938
Financial expenses		-20,590	0	-89,418	-64,761
Financial items		-19,402	6,186	-86,526	-56,823
Profit/loss after financial items		-80,693	-53,806	-309,391	-273,972
Income tax		-3,545	-2,595	-4,476	-1,850
Net profit/loss for the period		-84,238	-56,401	-313,866	-275,822
Attributable to:					
Shareholders of the Parent Company		-84,238	-56,401	-313,866	-275,822

Consolidated statement of comprehensive income (SEK 000s)	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net profit/loss for the period	-84,238	-56,401	-313,866	-275,822
Items that may subsequently be reclassified to profit or loss				
Foreign exchange differences	-42,021	-23,887	-1,159	59,275
Other comprehensive income for the period	-42,021	-23,887	-1,159	59,275
Comprehensive income for the period	-126,259	-80,288	-315,025	-216,547
Attributable to:				
Shareholders of the Parent Company	-126,259	-80,288	-315,025	-216,547

CONSOLIDATED BALANCE SHEET

Assets (SEK 000s)	Note	31 Dec 2023	31 Dec 2022
Fixed assets			
Capitalized development expenditures		338,031	277,734
Technology		30,125	38,943
Customer relationships		111,375	130,137
Trade marks		15,400	21,138
Goodwill		370,081	376,485
Customer acquisition expenses		38,416	23,325
Intangible assets		903,428	867,762
Rights of use		23,337	37,906
Equipment, computers and installations		30,095	27,574
Financial assets		2,769	8,857
Deferred tax assets		20,292	20,179
Total fixed assets		979,920	962,278
Current assets			
Accounts receivable		243,353	200,079
Current tax assets		9,620	2,021
Other receivables		16,143	3,985
Prepaid expenses and accrued income		31,206	32,627
Total current receivables		300,322	238,711
Cash and cash equivalents		217,597	383,921
Total current assets		517,463	622,632
Total assets		1,497,839	1,584,910

CONSOLIDATED BALANCE SHEET

Liabilities and equity (SEK 000s)

	Note	31 Dec 2023	31 Dec 2022
Equity			
Share capital		1,612	1,542
Other contributed capital		1,418,593	1,320,672
Reserves		83,204	84,363
Retained earnings including profit/loss for the year		-1,141,832	-827,966
Equity		361,576	578,611
<u>Non-current liabilities</u>			
Liabilities to credit institutions		502,183	323,030
Leasing liability		3,081	19,021
Non-current liabilities		96,133	196,064
Deferred tax		48,765	56,181
Total non-current liabilities		650,162	594,295
<u>Current liabilities</u>			
Leasing liability		20,256	19,505
Accounts payable		66,655	68,382
Other liabilities		55,633	49,518
Accrued expenses and deferred income		343,100	274,600
Total current liabilities		486,101	412,004
Total equity and liabilities		1,497,839	1,584,910

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(SEK 000s)

	Share capital	Other contributed capital	Reserves	Retained earnings including profit or loss for the year	Total equity
Opening balance at 1 January 2022	1,542	1,320,851	25,088	-552,145	795,336
Profit/loss for the year	0	0	0	-275,822	-275,822
Other comprehensive income for the year	0	0	59,275	0	59,275
Total comprehensive income	0	0	59,275	-275,822	-216,546
Transaction costs, new share issue	0	-179	0	0	-179
Total transactions with shareholders, recognized directly in equity	0	-179	0	0	-179
Closing balance at 31 December 2022	1,542	1,320,672	84,363	-827,966	578,611
Opening balance at 1 January 2023	1,542	1,320,672	84,363	-827,966	578,611
Profit/loss for the year	0	0	0	-313,866	-313,866
Other comprehensive income for the year	0	0	-1,159	0	-1,159
Total comprehensive income	0	0	-1,159	-313,866	-315,025
New share issue, warrants programme	42	54,170	0	0	54,212
New share issue	28	44,015	0	0	44,043
Transaction costs, new share issue	0	-265	0	0	-265
Total transactions with shareholders, recognized directly in equity	69	97,921	0	0	97,990
Closing balance at 31 December 2023	1,612	1,418,593	83,204	-1,141,832	361,576

CONSOLIDATED CASH FLOW STATEMENT

(SEK 000s)	Note	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Operating profit/loss		-61,291	-59,993	-222,864	-217,149
Non-cash items		52,866	38,598	184,300	143,387
Interest received		1,189	1,078	2,892	7,938
Interest paid		-2,068	-546	-1,757	-7,461
Income tax paid		-1,836	-1,488	-10,728	-7,922
Cash flow from operating activities before changes in working capital		-11,141	-22,351	-48,158	-81,208
Increase (-)/decrease (+) in accounts receivable		-72,764	-94,567	-43,274	-74,941
Increase (-)/decrease (+) in operating receivables		2,872	2,996	-20,399	-8,079
Increase (+)/decrease (-) in accounts payable		5,376	12,090	-1,726	25,729
Increase(+)/decrease (-) in operating liabilities		69,765	94,102	62,916	108,408
Cash flow from changes in working capital	8	5,249	14,620	-2,484	51,117
Cash flow from operating activities		-5,892	-7,730	-50,641	-30,091
<u>Investing activities</u>					
Investments in intangible assets		-75,182	-56,731	-199,393	-151,857
Investments in tangible assets		-1,354	-5,397	-11,773	-12,634
Acquisition of subsidiaries, less acquired cash and cash equivalents		-88,600	0	-88,600	-14,219
Change in financial assets		-293	622	6,359	-1,130
Cash flow from investing activities	8	-165,428	-61,506	-293,407	-179,840
<u>Financing activities</u>					
Loans raised		0	0	150,000	741,855
Amortization of loans		-6,390	-5,722	-26,223	-572,387
New share issues for the period		0	0	53,948	-179
Cash flow from financing activities		-6,390	-5,722	177,724	169,289
<u>Cash flow for the period</u>		-177,710	-74,959	-166,324	-40,642
Cash and cash equivalents at the beginning of the period		395,307	458,880	383,921	424,563
Cash and cash equivalents at the end of the period		217,597	383,921	217,597	383,921

GROUP KEY PERFORMANCE INDICATORS

(SEKm)	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Customer base, thousands	97,8	85.9	97,8	85.9
Customer base growth	14%	8%	14%	8%
Transaction volume, million	31.8	26.9	114.1	94.9
Transaction volume growth	18%	21%	20%	18%
Net revenue growth	31%	26%	33%	36%
Organic net sales growth	31%	26%	33%	23%
Recurring revenue, SEK million	179.7	143.2	677.2	520.7
Recurring revenue's share of net sales	81%	80%	85%	87%
Recurring revenue growth	25%	24%	30%	33%
Customer turnover (churn)	1.9%	1.8%	2.3%	1.8%
CLV/CAC, times	–	–	19.0	26.2
Rule of 40	–	–	28%	11%
NRR (Net Retention Rate)	–	–	116%	–
Gross profit	198.2	146.8	698.7	519.6
Gross margin	89%	87%	88%	87%
EBITDA	–8.4	–21.4	–38.6	–73.8
EBITDA margin	–3.8%	–12.6%	–4.8%	–12.3%
EBITA	–17.4	–25.5	–75.1	–103.0
EBITA margin	–7.8%	–10.8%	–9.4%	–17.2%
Adjusted EBITA	–16.3	–25.5	–74.1	–86.1
Adjusted EBITA margin	–7.3%	–10.8%	–9.3%	–14.3%
Net working capital	–143.1	–153.8	–143.1	–153.8
Net working capital as a share of net sales	–16%	–23%	–18%	–26%
Net debt	–284.6	60.9	–284.6	60.9

PARENT COMPANY INCOME STATEMENT

(SEK 000s)

Operating income

Net sales

Operating costs

Other external expenses

Personnel costs

Other operating costs

Operating profit/loss (EBIT)

Profit/loss from financial items

Financial income

Financial expenses

Profit/loss after financial items

Profit/loss before tax

Net profit/loss for the period

	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Net sales	1,006	1,010	4,032	3,703
	1,006	1,010	4,032	3,703
Other external expenses	-4,287	-1,426	-8,881	-3,497
Personnel costs	-1,433	-1,152	-5,741	0
Other operating costs	0	0	-1,039	-16,715
Operating profit/loss (EBIT)	-4,714	-1,568	-11,629	-23,308
Financial income	804	1,060	2,452	7,712
Financial expenses	-17,944	-7,793	-45,496	-27,566
Profit/loss after financial items	-21,855	-8,300	-54,673	-43,162
Profit/loss before tax	-21,855	-8,300	-54,673	-43,162
Net profit/loss for the period	-21,855	-8,300	-54,673	-43,162

PARENT COMPANY BALANCE SHEET

Assets (SEK 000s)	31 Dec 2023	31 Dec 2022
Fixed assets		
Financial assets	2,336,621	2,000,780
Total fixed assets	2,336,621	2,000,780
Current receivables		
Receivables from Group companies	0	0
Other receivables	621	48
Prepaid expenses and accrued income	5,268	7,271
Total current receivables	5,889	7,319
Cash and cash equivalents	6,467	201,655
Total current assets	12,356	208,973
Total assets	2,348,977	2,209,754
Equity and liabilities (SEK 000s)	31 Dec 2023	31 Dec 2022
Equity		
Share capital	1,612	1,542
Share premium reserve	1,843,479	1,745,420
Profit or loss brought forward	-43,107	55
Comprehensive income for the period	-54,673	-43,162
Total equity	1,747,311	1,703,855
Non-current liabilities		
Liabilities to credit institutions	501,948	322,424
Non-current liabilities	81,919	181,696
Total non-current liabilities	583,867	504,120
Current liabilities		
Accounts payable	2,746	1,153
Other liabilities	0	0
Accrued expenses and deferred income	14,595	625
Total current liabilities	17,799	1,778
Total equity and liabilities	2,348,977	2,209,754

NOTES

NOTE 1 GENERAL INFORMATION

The consolidated financial statements cover the parent company, Pagero Group AB (“the Parent Company”), with corp. ID no. 559189–9173, and its subsidiaries (“the Group”). The Parent Company is a limited liability company registered in Sweden with its registered office in Gothenburg at the address Västra Hamngatan 1, SE–411 17 Gothenburg, Sweden.

All amounts are presented in SEK thousands (SEK 000s) unless otherwise stated. Information in parentheses refers to the same period in the previous year unless otherwise stated.

NOTE 2 ACCOUNTING PRINCIPLES

This consolidated interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable provisions in the Swedish Annual Accounts Act. The interim report for the Parent Company was prepared in accordance with RFR 2 and the Swedish Annual Accounts Act’s Chapter 9, Interim reports. For the Group, accounting principles and calculation principles were applied in an equivalent manner as for the 2022 annual report, which was prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

The IASB issued amended accounting standards and interpretations that were approved by the EU, effective on 1 January 2023. None of these have had any material impact on the Pagero Group’s financial statements.

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

For a more complete presentation of accounting principles, refer to the notes in the 2022 annual report.

NOTE 3 WARRANTS

The Annual General Meeting on 22 April 2021 resolved to issue 500,000 warrants to the Board, management and employees of the Group with the aim of creating long-term commitment, which can be expected to increase interest in the business and the development of the company.

The warrants were acquired at market value, which was calculated according to the Black & Scholes valuation model. The redemption period is May 2024 to July 2024. The warrant will be split 1:10 at redemption due to the share split of 1:10 that was carried out on 21 September 2021.

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

Warrants programme overview	Warrants Number	Exercise price SEK	Warrants after split 1:10 Number	Exercise price after split 1:10 SEK
Warrants programme 2021/2024	500,000	250	5,000,000	25.00
Total/weighted exercise price	500,000	250	5,000,000	25.00

NOTE 4 EARNINGS PER SHARE

SEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings per share before dilution (SEK)	-0.52	-0.22	-1.98	-1.79
Earnings per share after dilution (SEK)	-0.52	-0.22	-1.98	-1.78
Measurements of earnings used in calculating earnings per share before and after dilution (SEKm)				
Net profit/loss for the period	-84.2	-56.4	-313.9	-275.8
The profit/loss above is attributable to the Parent Company's shareholders in its entirety				
Weighted average number of shares before and after dilution				
<i>Before dilution</i>				
Weighted average number of shares when calculating earnings per share before dilution	160,868,831	154,222,263	158,238,861	154,222,263
<i>Warrants</i>				
Adjustments for calculation of earnings per share after dilution for warrants	-	-	-	-
<i>After dilution</i>				
Weighted average number of shares and potential shares used as the denominator in calculating earnings per share after dilution	160,868,831	154,413,246	158,392,263	154,557,302

NOTE 5 SEGMENTS

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

Analysis of revenues by revenue type	Oct-Dec 2023	Oct-Dec 2022	Full year 2023	Full year 2022
Licence sales	78.5	64.8	306.8	239.8
Transaction sales	101.2	78.4	370.4	280.9
Service sales	43.3	26.4	118.2	79.5
Net sales	223.0	169.6	795.4	600.1

NOTE 6 ANNUAL RECURRING REVENUE (ARR)

	31 Dec 2023	31 Dec 2022
Net new and extended customer contracts	508.2	390.0
Running transactions, rolling 12	243.7	199.7
Order book, new customer contracts	12.6	14.5
Total ARR	764.5	604.2
Total ARR growth, %	27%	27%

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

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

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

NOTE 8 CORRECTION OF CASH FLOW FROM RIGHTS OF USE

During the period, a correction was made to the classification in cash flow due to cash flow from rights of use incorrectly being reported under investing activities in previous periods. For comparability, comparison periods were also corrected according to the same principle.

DEFINITIONS

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

BOARD CERTIFICATION

The Board of Directors and CEO provide their assurance that this interim report provides an accurate overview of the operations, position and performance of the Group and the Parent Company, and that it also describes the material risks and uncertainties faced by the Parent Company and the companies within the Group.

GOTHENBURG, 23 February 2024

Birger Steen
Chairman of the Board

Fredrik Vom Hofe
Deputy Chairman of the Board

Marianne K Knudsen
Board Member

Christian Melby
Board Member

Karin Sandsjö
Board Member

Mats Ryding
Board Member

Bengt Nilsson
CEO and Board Member

ADDITIONAL INFORMATION

CALENDAR

Extra General Meeting 18 March 2024

FINANCIAL STATEMENTS

Financial statements can be downloaded from www.pagero.com

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

CERTIFIED ADVISER

The company's certified adviser is Carnegie Investment Bank AB (publ).

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