PAGERO

Annual Report 2021

We believe buying and selling should be easy. That's why we are building the world's largest, open business network.

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.

One connection – global reach

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"2021 was a successful year with strong growth and continued expansion."

Bengt Nilsson, CEO

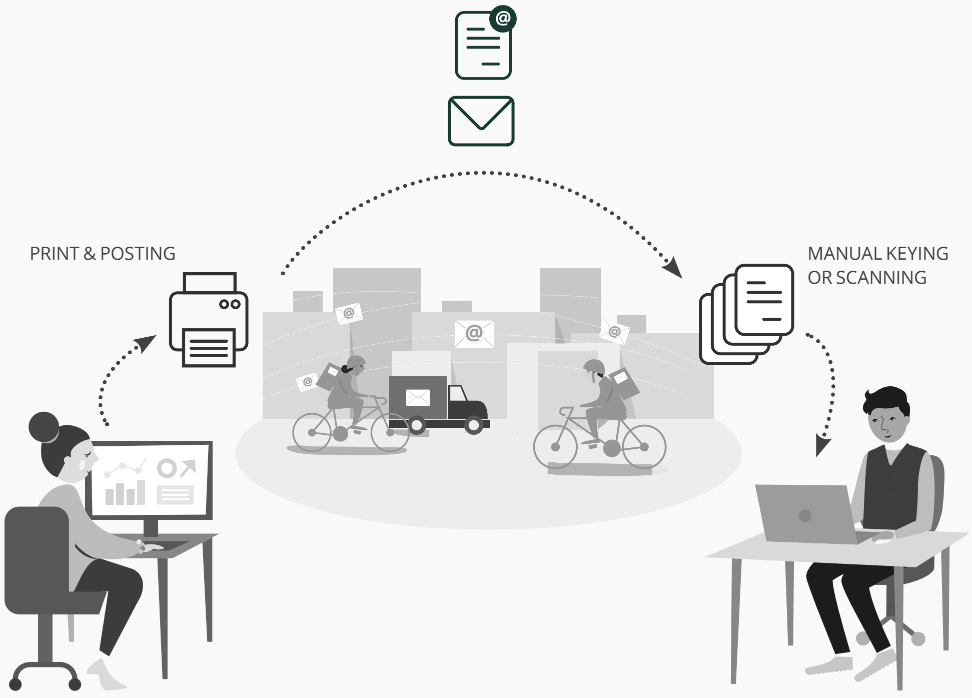
/ PAGERO IN BRIEF

End-to-end digitalization

Learn more about Pagero on our website

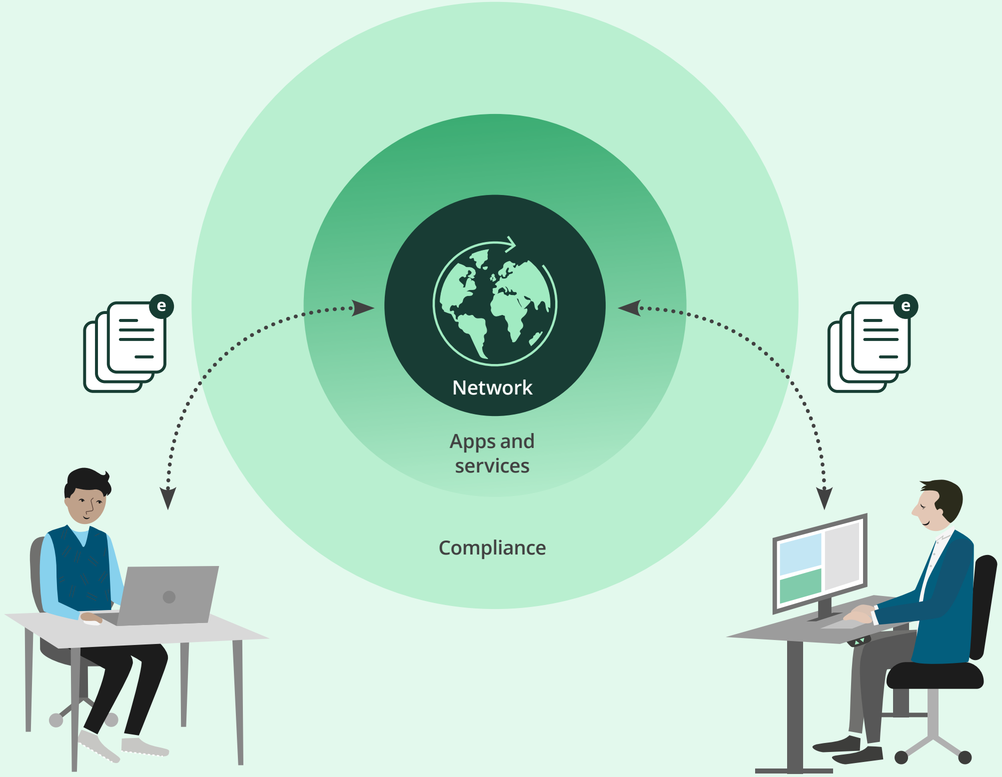
BUSINESS COMMUNICATION IS ANALOGUE AND MANUAL

A transaction between businesses normally sees the exchange of orders, delivery information, invoices, payments and other business documents. Although most businesses have invested in systems to digitalize and automate internal processes and tasks, the communication of documents between businesses largely remains analogue and inefficient.



WE BRING BUYING AND SELLING INTO THE 21ST CENTURY

Our Smart Business Network connects millions of businesses worldwide for automated and compliant exchange of digital documents. An open network, amplified with smart apps and built-in compliance services, makes buying and selling easy for businesses of all sizes.

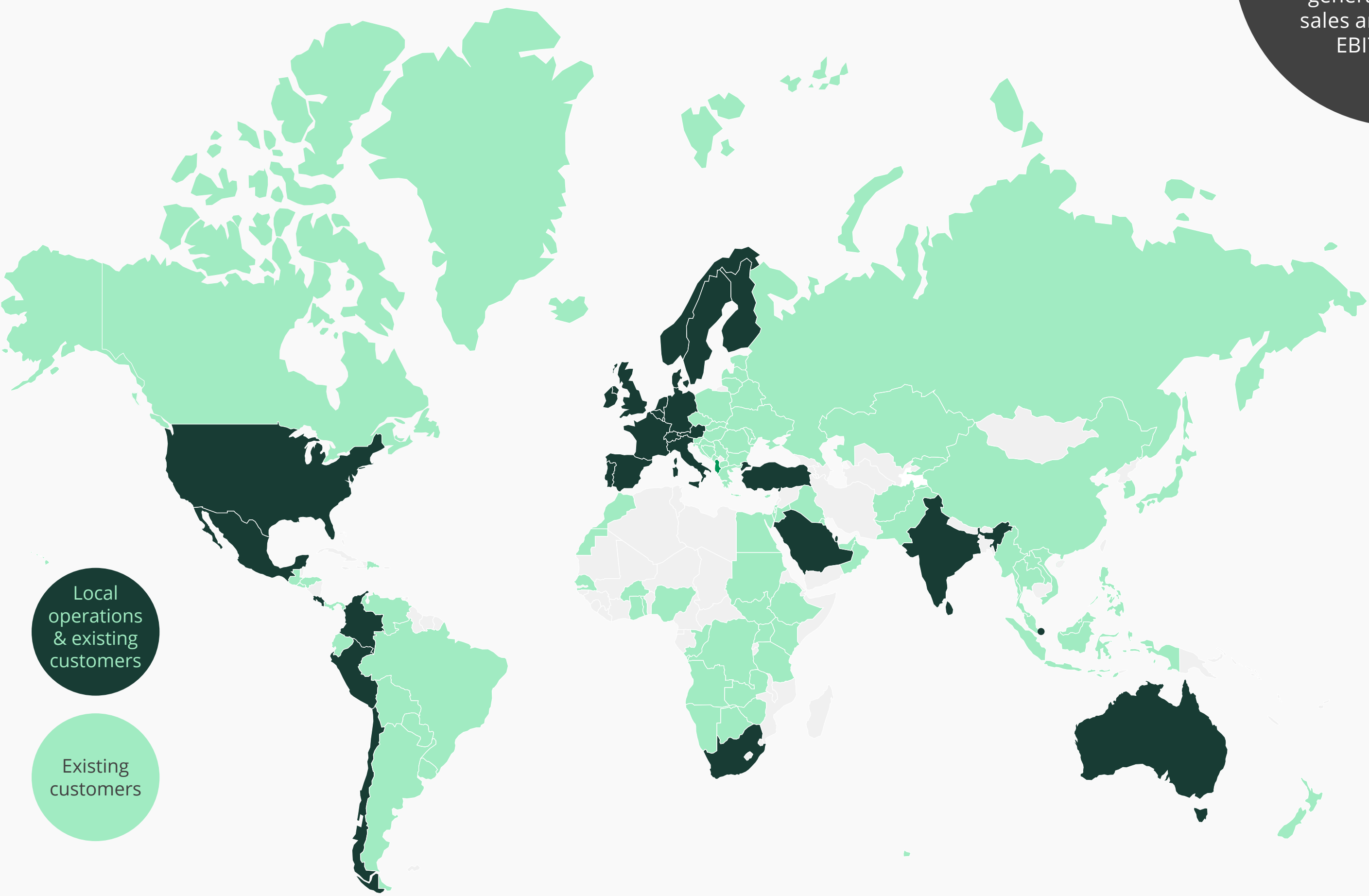


Investing for global market leadership

A strong basis for growth is driven by multiple factors: regulation, automation, control, security, sustainability. Pagero is present on all continents today, which gives us a unique position to become a global market leader.

Established operations: Nordics, DACH and LATAM[1)]

Established operations generate 90% of net sales and have a 30% EBITA margin.



MARKET PRESENCE:
Local offices in 20+ countries

NETWORK:
Connecting 12M+ businesses

R&D:
250,000+ hours annually

1) DACH: Germany, Austria and Switzerland
LATAM: Central and South America

QUALITATIVE SUMMARY OF THE YEAR

A year of strong growth and continued investments towards becoming the world's largest open business network.

First day of trading in the Pagero share was on October 22nd 2021.

EVENTS

Pagero listed on Nasdaq First North

In October, Pagero was listed on the Nasdaq First North Growth Market in Stockholm and raised approximately 500 MSEK before transaction costs through a new share issue. I&T Asset Management and Swedbank Robur were anchor investors in the offering.

Pagero acquired Gosocket

In July, Pagero acquired Gosocket, the leading business document exchange platform in Latin America and a partner to Pagero since 2019. The acquisition significantly strengthened Pagero's position in Latin America and globally.

More countries implement regulations

There has been a strong trend of stricter e-invoicing and CTC (Continuous Transaction Controls) regulations. Two examples from the year were Poland and France, who announced the implementation of nationwide e-invoicing mandates starting in 2023 and 2024. The year also saw enforced CTC mandates in countries such as Saudi Arabia.

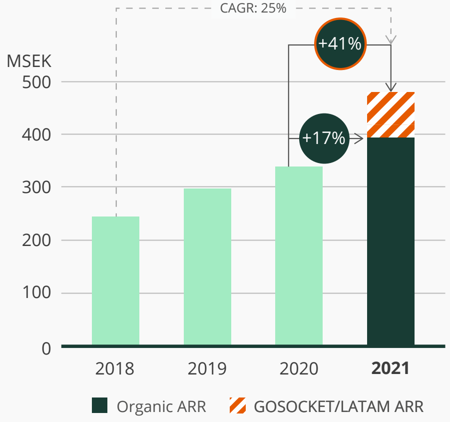
New office in South Africa and decision to enter Poland

Pagero opened a new office in South Africa in July and decided to open an office in Poland in the first quarter of 2022. Both openings are part of our strategy to support local businesses ahead of changes in the regulatory landscape.

FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018
Annualized Recurring Revenue (ARR), MSEK	475.2	337.4	295.7	241.7
Growth, %	41%	14%	22%	43%
Net sales, MSEK	441.8	348.2	310.3	264.9
EBITA, MSEK	–39.6	0.6	–0.7	8.2
EBITA margin (%)	–9%	0.2%	–0.2%	3.1%
Profit/loss before tax, MSEK	–159.8	–86.3	–73.6	–27.1
Total assets	1,415	868	557	243
Equity/assets ratio (%)	56.2%	52.7%	41.7%	43.9%

ARR



2021 – A year of strong ARR growth (+41%) and expansion despite the pandemic

After two years of disruption and uncertainty, we today find ourselves adapted to the new normal. It has been a steep learning curve, but has fast-forwarded us into becoming a more goal-oriented and customer-centric team in how we develop, sell and deploy our services around the world. Our marketing and commercial functions are entirely digital – operationally as well as in their execution – and we are beginning to see significant scale-up opportunity as a result. We look forward to seeing face-to-face interaction and unrestricted company operation amplify our organization, which has doubled in size since 2019.

Despite this being a year in which many countries and industries struggled, we managed to grow net sales by 27% while welcoming over 30,000 new customers (+61%) to the Pagero community. We have added a strong organization in Latin America who have increased their growth awhile the merge continues. We have listed the Pagero Group on Nasdaq First North Growth Market and managed to add a multitude of global brands to our customer base while strengthening our position as a market leader within compliance – it has been a good year!

With continued determination to win the race to provide customers with the most valuable global business network, we have invested 250,000 R&D hours into growing our reach and adding functionality to Pagero Network – we have never been closer to our goal of "One connection – global reach". With an impressively low customer churn (2.8%), we know that our customers stay with us for a long period of time. While the goal of our investments is to grow revenues and profit, it also gives our existing customers the comfort of a future-proof platform that grows with their needs and market developments. Investment in technology and new markets is a necessity for taking this company to the next level. With 30% EBITA margin in established operations and positive cashflow of 21 MSEK from operating activities, we are currently in the process of implementing our proven business model globally.

We strive to become the world's largest business network. The winner of that race needs to constantly expand the size of the network while ensuring compliance with the swiftly changing regulatory landscape. To get there, we also need to have a simple business model, easy integration options, user-friendliness, world-class support, zero downtime and flawless security. Challenging? Yes – but that's what sets us apart!

Digital transformation of businesses has just started, and we want to be the obvious network for businesses seeking to become more sustainable, save time, reduce stress, increase control and stay compliant. Once the systems of buying and supplying businesses become connected, from order through transportation, invoicing and payment, that is when we will see unprecedented opportunities for automation and productivity efficiencies, with accurate information available in real-time.

The Pagero network supports businesses all over the world in all industries. Together with our employees, customers, partners and shareholders, I am looking forward to continuing this journey and constantly making both the network and our service even better.

It is a true pleasure!

Bengt Nilsson, CEO

/ MARKET OVERVIEW

Strong adoption drivers in a growing market

Businesses are increasingly digitalizing their processes with motives ranging from cost efficiency to regulatory compliance. The addressable market for Pagero is huge.

But invoices are just one of the many different documents and message types that companies send each other. There are also documents related to ordering, transportation, payment, etc. In total there are approximately 40 message types that need to be digitalized to enable full automation of business processes. Enabling end-to-end digital exchange of data is a much bigger market and it is driven by several factors.

The global e-invoicing market is estimated to be worth EUR 7.5 billion in 2022 and projected to grow 25% annually to EUR 23 billion in 2027.[1)]

Regulation
Many governments are introducing mandates for businesses to adopt e-invoicing and digital tax reporting. These can range from requirements on companies doing business with the public sector to mandates for all taxable businesses within a country.

Automation
True digitalization is an enabler for organizations to automate and streamline manual tasks and internal processes.

Environment
Digitalization means less paper and manual transports which reduces an organization's eco-footprint.

Control
Digitalization and automation increases data accuracy and availability in internal systems and ensures traceability and transparency.

Security
End-to-end digital and secure communication guarantees safe handling of sensitive or business critical data.

Resilience and flexibility
Digital processes do not require staffed offices, increasing resilience in operations and flexibility for employees to work from home.

1) *Billentis 2022*

Government mandated digitalization

70+
countries with e-document demands

Government mandates for e-invoicing and digital tax reporting are strong adoption drivers in Pagero's markets. There are currently over 70 countries that have either announced or enforced demands. As the specific motives differ between countries, so does the market impact of new regulations. Tax reporting motives tend to have the strongest impact such as countrywide e-invoicing mandates affecting all taxable businesses.

Upcoming e-document mandates

2022

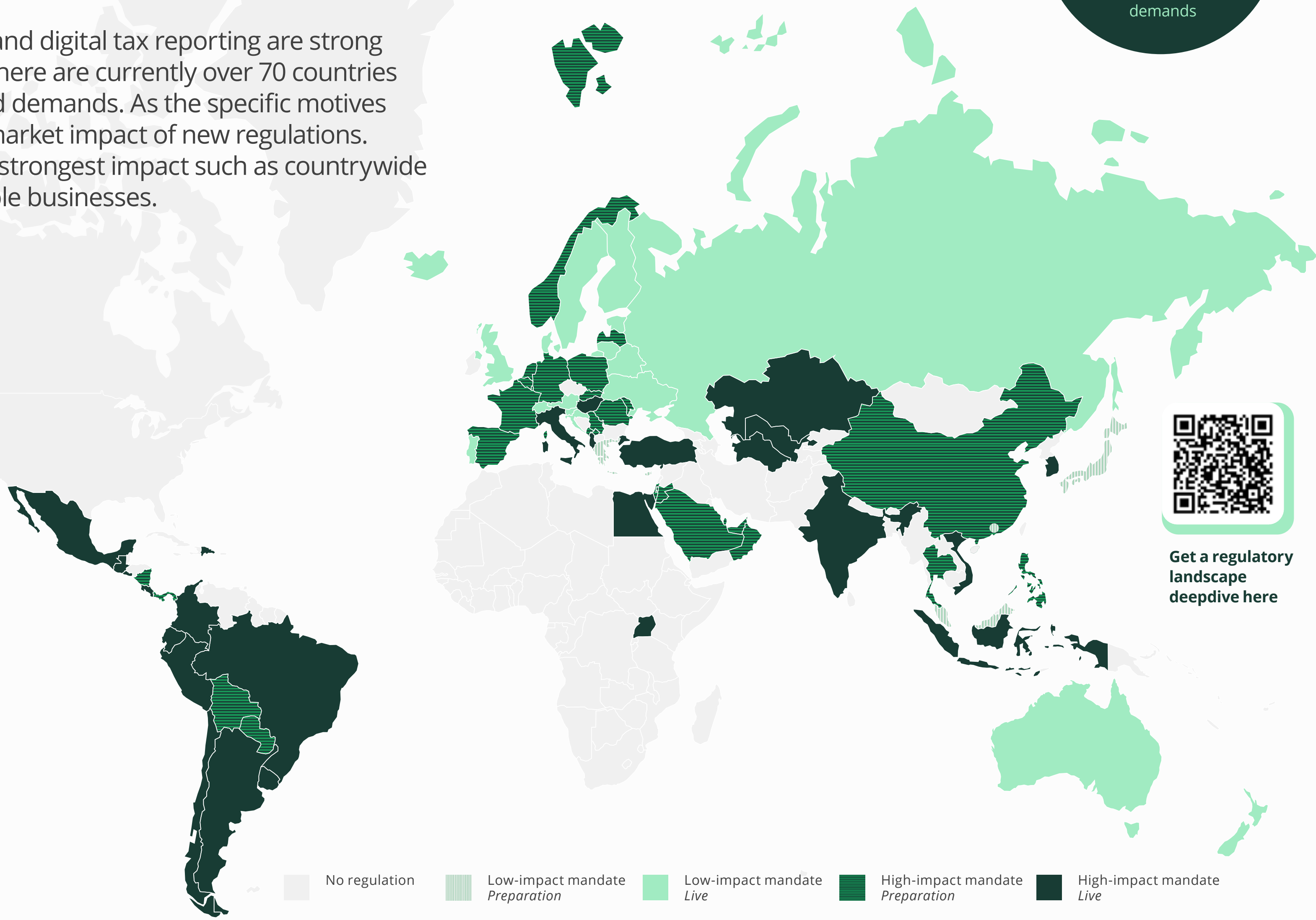
Panama: Start of gradual introduction of countrywide e-invoicing mandate
Paraguay: Start of gradual introduction of countrywide e-invoicing mandate
Peru: Final implementation of countrywide e-invoicing mandate
Vietnam: Countrywide e-invoicing mandate
Spain, Basque Country: Start of gradual introduction of RTIR

2023

Poland: Countrywide e-invoicing mandate
Japan: Introduction of Qualified Invoice
Belgium: Start of graudal introduction of countrywide e-invoicing mandate

2024

France: Countrywide e-invoicing and e-reporting mandate, phase 1



Get a regulatory landscape deepdive here

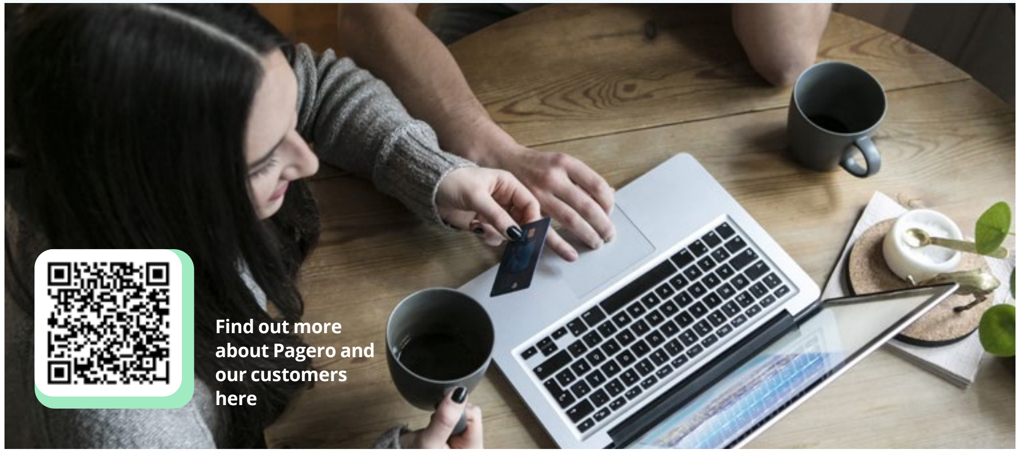
CUSTOMER STORY / **AMAZON BUSINESS**

Amazon Business selects Pagero to support its e-document exchange programme

As global demand grows for secure and compliant e-invoicing, Amazon Business has partnered with Pagero to give customers access to Pagero Network for receiving invoices digitally and automatically.

"I am excited about how the partnership with Pagero will create a smoother invoicing experience for customers who are looking to receive and process compliant invoices from us electronically."

Nabil De Marco, Director, Amazon Business Europe



CUSTOMER STORY / **MEDIUS**

Medius partners with Pagero to help customers make smarter business decisions

Medius is a leading global provider of cloud-based spend management solutions, helping organizations drive their business forward by enabling best-in-class process efficiency, cost-saving opportunities and greater financial control. Nearly 4,000 customers and more than 500,000 unique users worldwide use Medius spend management solutions, managing transactions worth over $160 billion annually.

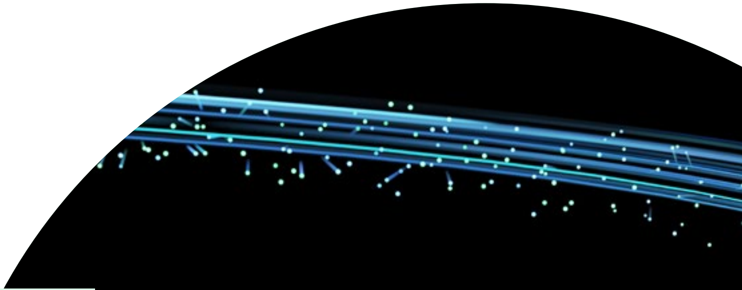
In 2021, Pagero and Medius formed a strategic partnership focused on delivering the best single-solution for e-invoicing. Within a few short months, Medius was able to offer its customers access to some of the world's most innovative capabilities, ensuring they had the right data at the right time and in the right format – all through a single, integrated solution.

"These days, customers don´t just want a standalone workflow but seamless user experience, from receipt of the e-invoice to final payment. That is what we can provide now, powered by the Pagero partnership."

Katarina Andersson, VP Products at Medius

Competitive landscape

The market is fragmented, with many different technical solutions for digitalising communication between businesses. Most lack the openness and scalability of Pagero.



COMPETING SOLUTIONS

Application providers
Application-based solutions are focused on streamlining internal tasks and processes, rather than communication between businesses. There is no network.

Closed network providers
Closed networks only connect businesses within that same network. If your customers and suppliers are on different networks, you'll have to be on them too.

Local network providers
Local networks facilitate communication between businesses in one country or jurisdiction. This makes them useful for local but not for international businesses.

THE CHALLENGE FOR INTERNATIONAL COMPANIES

Managing connectivity along with the ability to send and receive documents from all trading partners, across multiple jurisdictions with differing national implementations for e-invoicing regulations is a daunting task. International companies have found that adding local providers on a market-by-market basis is a recipe for high costs and low scalability. Increasingly, they are looking for solutions that can help them technically and legally in all countries.

Pagero – the global open network
Pagero is an open global network – built to enable connectivity with other networks and support varying local requirements and practices. At present, one connection to Pagero allows businesses to reach 12+ million companies around the world.

Prediction: a few dominant networks will emerge

In this competitive landscape, we predict that a few global open business networks will emerge as dominant. Closed networks will face a choice between massive investment to stay relevant or outsourcing connectivity to open networks to focus on core strengths. Pagero is built to become the leading network worldwide.

Hewlett Packard Enterprise

CUSTOMER STORY / **HEWLETT PACKARD ENTERPRISE (HPE)**

Achieving legal compliance in 29 countries

Hewlett Packard Enterprises (HPE) is one of the world's leading technology companies, with many business sectors providing a broad array of products and solutions. When e-invoicing was introduced, there were no standard structured files that could be submitted across Europe, Middle East, Africa, Asia-Pacific and Japan.

'In almost every case we needed to make adjustments based on customer- or country-specific requirements. This is something which is very difficult to implement without a vendor that performs enrichments,' says Mihai Chiriac, Program Manager, EMEA & APJ E-Invoicing Program, HPE.

HPE uses Pagero's services in 29 countries, which entails a broad variety of legal and tax requirements. Every new legal mandate brings a new set of challenges.

'While countries using the Peppol infrastructure have been easily implemented, others, such as Italy, Spain and India, have adopted more complex designs. In these cases, Pagero's capabilities have really shone through,' says Mihai Chiriac.

Using a single service provider across different countries to manage this was a major factor for HPE.

'For HPE, Pagero was – and is – the only e-invoicing provider with a very high bandwidth and remarkable flexibility. Our intensive interaction and their highly service-minded approach far exceed any other providers we encountered in this space,' says Mihai Chiriac.

Network amplified by applications

Find out more about our smart business network here

Pagero has built an open network to provide end-to-end digital communication for businesses. On top of that, we have added applications that add value by enabling touchless processes and seamless exchange of e-documents.

Our technology

The network and connectivity are the core of our technology. All data in our network is harmonized through our internal format, enabling any system to send and receive data from any other system. As the network is open, it is built to integrate with new solutions, services and networks as they appear.

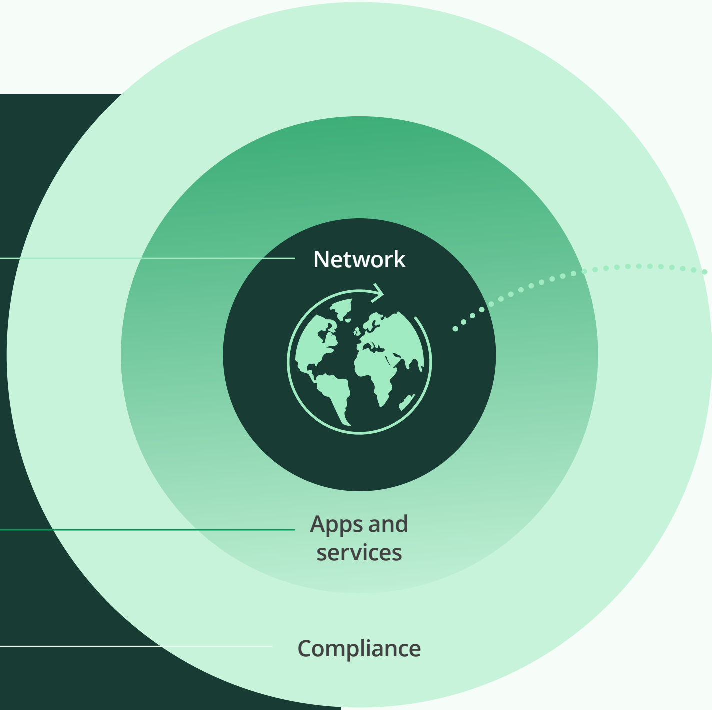
We build our solutions to serve all customers – we do not do custom build – and we use a microservices architecture. This ensures scalability both from a customer perspective, as we can onboard new customers without the need for customization, and technically, with the ongoing opportunity to add more services and capabilities to our platform.

THE SMART BUSINESS NETWORK

Pagero Network
The very core of Pagero's offering; the network that connects 12+ million senders and receivers for digital and streamlined exchange of digital business documents.

Amplified by apps and services
Applications and services that helps customers automate processes and unlock the power of data. Pagero offers an extensive ecosystem of both core and third-party features, such as Analytics, Archive and Validation, that bring unparallelled value for network users.

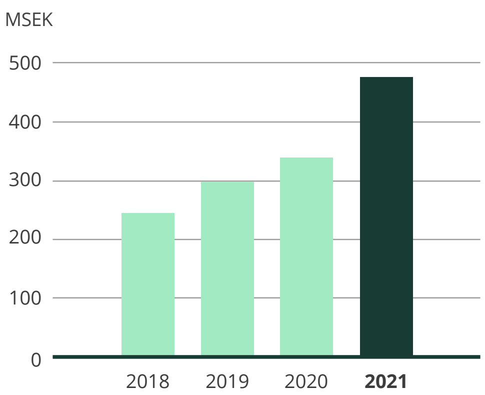
Compliance is built in
Ensuring compliance with national and local regulations is part of everything we do and is built into all solutions and services we offer.



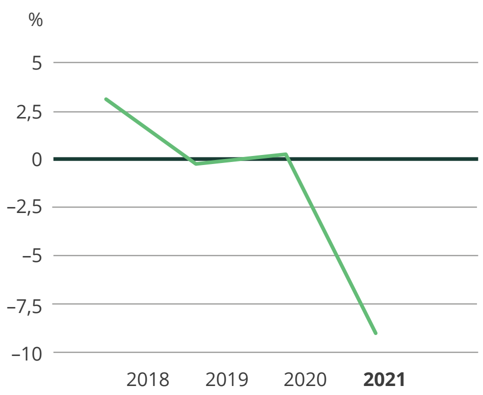
/ TARGETS

Financial targets

GROW ARR (ANNUALIZED RECURRING REVENUE) TO AT LEAST 1,500 MSEK BY END OF 2025



REACH EBITA MARGIN OF 20% BY END OF 2025 WHILE MAINTAINING STRONG FOCUS ON GROWTH



COMMENT ON ARR DEVELOPMENT FOR 2021

Strong ARR growth as a result of a resilient business model, increasing maturity and growing utilization. The acquisition of Gosocket/LATAM has added 81.8 MSEK in ARR.

COMMENT ON EBITA AND EBITA MARGIN FOR 2021

A decrease in EBITA margin due to significant investments in resources in newer investment markets. Established operations have +30% EBITA margin.

Performance indicators (2021)

CUSTOMER CHURN:

2.8%

(3%)

CLV/CAC

14.5X

(13.3X)

(customer lifetime value/ customer acquisition cost)

GROSS MARGIN:

87%

(87%)

EBITA MARGIN IN ESTABLISHED OPERATIONS*

30%

*Nordics, DACH and LATAM

RECURRING REVENUE SHARE:

89%

(87%)

Network users pay a subscription and a transaction fee per document exchanged through the network. These revenues are recurring and account for 89% of our total. The other 11% are services related to the implementation and increased usage of Pagero Network.

See note 35 for definitions of key performance indicators.

/ STRATEGY AND GO TO MARKET

Several strategic growth levers

Our growth strategy is based on scaling new customer acquisition and increasing usage within our existing customer base. Additional upside will come through a selective acquisition strategy.

LEVER 1:

Scale new customer acquistion

APART FROM DIRECT SALES, WE HAVE THREE MAIN PATHWAYS FOR SCALING CUSTOMER ACQUISITION:

ONLINE: AUTOMATED SALES PROCESS THROUGH IMPROVED SELF-SERVICE FUNCTIONALITY

We are investing in an improved self-service platform with the goal of allowing businesses to sign up to Pagero Network and to purchase value-added services without the need to interact with a Pagero representative.

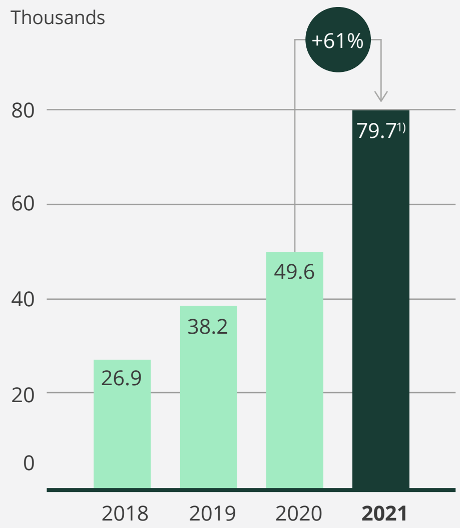
PARTNER-LED: GROW PARTNER NETWORK TO INCREASE SCALE OF GO-TO-MARKET

We have a growing community of over 85 commercial partners, which either refer customers to us or resell our solutions by integrating Pagero Network with their own software. We expect our partner sales to grow quickly in importance in coming years.

CUSTOMER-LED CUSTOMER ACQUISITION

Many customers of Pagero proactively request their own customers and suppliers to enrol with Pagero Network. As a large business often has thousands of trading partners, this network effect is a significant scalability enabler.

CUSTOMER BASE GROWTH



1. To which Gosocket/LATAM contributed with 20,400 customers.

LEVER 2:

Grow existing customer revenue

Today, we have 79,000 customers ranging from small businesses to very large multi-nationals. Together, they sent 53 million documents through our platform in 2021.

As more government mandates are introduced, and as the need for automation, sustainability and control grows, we are already seeing existing customers extend their usage into new geographies, adding new message types and services.

Countries and messages

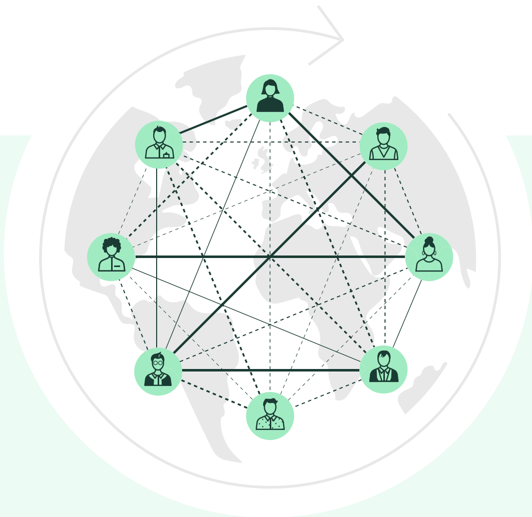
Customers using Pagero in more countries and for more message types is a significant opportunity for increasing customer lifetime value.

Additional services

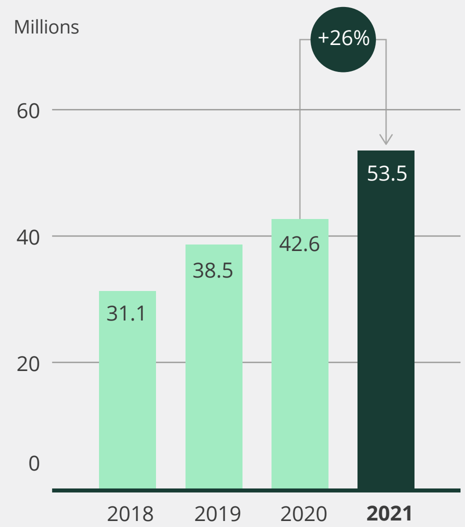
Another contributor will be adding additional services. We identify gaps in the digitalization of the P2P and O2C processes and close them by launching new applications, either self-developed or developed by a third party and enabled to network users. Our philosophy is to complement rather than compete with our partners' solutions.

NETWORK EFFECT

As our network within a country or industry reaches critical mass, we also start to see a network effect where businesses increasingly start connecting and transacting with each other, further accelerating transaction revenues and increasing stickiness.



TRANSACTION GROWTH



NEW SERVICE EXAMPLE: E-BANKING

One important focus area for new development is e-banking, where our service provides real-time overview of financial data, balances, account events, and enables authentication of payments, salaries and other expenses via a single interface. The service connects customers to the bank system and facilitates transfers of payment instructions which is part of the P27 (Nordics) initiative. Customers pay a licence fee for using the service, which so far is only available in Sweden. In the future, we plan to charge a variable fee per transaction.

LEVER 3:

Selective acquisitions

OUR SUCCESSFUL ACQUISITION STRATEGY IS BUILT ON CANDIDATES FULFILLING AT LEAST ONE OF THREE CRITERIA:

Geographical expansion
Expanding our geographical presence through local and regional solutions with strong market positions.

Network expansion
Growing our network and global reach by absorbing similar business networks in different geographies or industries.

Functionality extension
Adding functionality to our platform by acquiring specialized expert solutions.

OUR ACQUISITIONS:

		Geographical expansion	Network expansion	Functionality extension
2017	primelog	●		
2018	HBS	●	●	●
2018	Palette		●	●
2021	Gosocket	●		●

24.5%
Gosocket/Latam growing net sales YoY in 2021 during the post acquisition integration.

Santiago, Chile

Gosocket

In July 2021, Pagero became the owner of Gosocket, the leading Latin American platform for electronic exchange of compliance documents based on digital signature. The deal:

- creates an unparalleled offering thanks to the combination of two highly complementary networks,
- accelerates Pagero's ambition of becoming the world's largest open business network,
- creates a global platform with significant R&D resources and,
- gives significant cross-selling opportunities by introducing Pagero's offering in Latin America.

Pagero sustainability report 2021

‘Making digitalization happen by building trust, being global and ensuring efficiency.’

Sustainability is a business perspective and societal trend that keeps growing in importance. Companies are now expected to scrutinize the broader impact of their operations and report the findings, and investors are expected to take those findings into consideration when making investment decisions.

/ SUSTAINABILITY REPORT 2021

Pagero's sustainability framework

Our sustainability framework is based on three areas: trust, global presence, and efficiency which cover our material topics regarding governance, social and environmental issues respectively. These topics were identified in a stakeholder dialogue conducted in preparation for this report.

The background to the growth of sustainability as a trend is the realization that climate change will force many companies to change how they do business. As existing processes for value creation may no longer be viable, new ways for doing things will have to be found. The same logic can be applied to all topics within sustainability, commonly summarized as ESG (Environmental, Social, Governance), but perhaps not with the same sense of urgency that is applied to climate change.

As a cloud-based SaaS company, Pagero's direct negative environmental impact is limited to the energy used in our offices and data centres and business travel, and we do not have long supply-chains with a high risk of poor working conditions. On the other hand, our positive impact is substantial. By providing solutions for electronic exchange of business documents, we directly contribute to reducing paper consumption and transportation of physical letters. Increased access to better data may also allow our customers to gain better insights into their own operations, enabling them to take action on reducing their own negative impact. This is a direct contribution to UN Sustainable Development Goal 12.

Our solutions also enable more streamlined interactions between business and government, reducing unnecessary burdens on businesses due to reporting requirements. Digital business communication and reporting of tax have been shown to substantially reduce the VAT gap and thus contribute to stronger institutions, in line with UN Sustainable Development Goal 16.

Therefore, we take sustainability seriously and will be taking steps to improve our reporting using this, our first sustainability report, as a starting point. The board of directors is responsible for the statutory sustainability report.

WE SUPPORT THE UN SUSTAINABLE DEVELOPMENT GOALS

No. 12 Responsible consumption and production

No. 16 Peace, justice and strong institutions

TRUST
- Compliance
- Anti-corruption
- Cyber security
- Customer privacy
- Customer productivity

GLOBAL
- Attractive workplace
- Diversity & inclusion
- Competence development
- Social supplier assessment

EFFICIENCY
- Waste reduction
- Energy
- Emissions
- Environmental supplier assessment

Building trust

Customers trust us to look after their business-critical data and to help them comply with different national e-invoicing mandates and regulations. Our business is founded on their trust, and we take every measure to ensure that we deserve to keep it.

Digitalization needs trust in order to happen: trust that data is handled safely, that privacy is ensured, and that business-critical functionality is secured. Once trust is built, all stakeholders can reap the benefits of digitalization.

Compliance

We do not conduct any operations requiring a licence, but we do offer services that need to comply with local laws and regulations regarding VAT on e-invoices, invoice processing, invoice design, and the processing of personal data. Built-in compliance is an important part of our value proposition to customers. Therefore, we spend significant resources on monitoring regulatory developments to make sure both we and our customers have up-to-date information regarding upcoming regulatory changes.

Anti-corruption

To retain the trust of our customers our conduct must be beyond reproach. We have a zero-tolerance policy on corruption and bribes, and our anti-corruption policy is included in our code of conduct, which all employees are required to read when beginning their employment. Since it may not always be clear what constitutes a bribe, Pagero employees are required to err on the side of caution and report any potentially improper offers to senior management. Special care is required in contact and dealings with government officials. In 2021, we had no cases of corruption.

Cyber security

Keeping our customers' data safe is critical for our success. Consequently, we work proactively and with a high level of focus within the company to ensure a very high level of information security. Underpinning our work is a large number of different regulations regarding security standards.

We use the Trust Services Criteria framework and comply with external standards such as ISAE 3000 – SOC2 TYPE 2 and ISAE 3402 – SOC1 TYPE 2. Two independent auditors, Transcendent Group and Mazars, perform audits and provide an opinion annually on our compliance with the principles and criteria for trust services under these standards. We also work closely with Outpost24, a vulnerability and threat management company that offers industry-leading solutions to help companies identify and prevent vulnerabilities in their systems.

Suppliers of information and communications technology to the UK public sector are required to comply with the Cyber Essentials guidelines on personal data processing and information security. We are certified since 2016 and allowed to use their logo.

We also comply with the ISO20022 standard for financial electronic transfers and have begun work to develop infrastructure to enable users to create audit trails and connect to P27 via the platform.

PAGERO'S GOVERNING DOCUMENTS AND POLICIES

- Code of conduct
- Supplier code of conduct
- Whistleblowing policy
- Employee welfare policy
- Alcohol, drugs and gambling policy
- Information security policy
- Data protection policy

The platform uses secure communication protocols to ensure that information cannot be accessed by third parties or unauthorized personnel. Our support staff can only access sensitive information on Pagero Online after two-factor authentication.

Our datacentres are manned 24 hours a day and are physically protected in accordance with industry standards for burglar alarms, fire protection and flooding.

Data protection

Safeguarding our customers' personal data is essential for Pagero. We have adapted our services to ensure compliance with data protection regulations such as the GDPR, and test our compliance by performing external audits on an ongoing basis.

Customer productivity

Our solutions contribute to significant productivity gains for our customers. Digitalization enables the automation of manual tasks, such as scanning incoming paper invoices or importing different files to the company's ERP system – or, at the other end of the process, tasks including printing and mailing invoices and exporting data from the ERP system.

Then there is compliance with local and national e-invoicing mandates. The motives for implementing regulations can differ, but generally include either creating efficiency in the governmental sector by getting rid of paper invoices or closing the VAT Gap. The VAT Gap is the difference between the VAT that should be collected and the VAT that is collected. Reasons for the gap can include tax evasion and tax fraud.

Both the number of jurisdictions implementing mandates and the scope of the mandates are growing. Some only cover the communication between government entities and their suppliers, while others cover communication between all taxable businesses in the country. Becoming and staying compliant would therefore be a potentially significant cost for our customers, were it not for Pagero. This is especially true for multinationals who can rely on Pagero for compliance globally.

EMPLOYEE INTERVIEW / **COMPLIANCE**

An increasingly complex regulatory landscape

The continued growth of the regulatory e-invoicing landscape is causing a paradigm shift in the way that multinationals buy technology solutions. Several years ago, only a handful of markets had implemented e-invoicing regulations. Since then, the number of regulated markets has grown exponentially (and continues to grow).

‘This has caused companies to revisit their strategy, as the original point-to-point approach is no longer sustainable,’ says Erik Modh, Managing Director for Pagero North America.

As e-invoicing regulations have been proven to not only close tax gaps and reduce tax fraud, but also to allow governments to gather data on how companies operate within their borders, more and more countries are coming up with new regulations. These are, however, rarely the same from country to country, causing headaches for international companies.

‘What I hear all the time from customers is: "We are not in the business of compliance." They want to focus on their core business and are looking for a single global provider who can solve e-invoicing for them. Not just with technology, but also with support and advice on coming changes,’ says Brad Colie, Director of Sales at Pagero North America.

Built-in compliance is an important part of Pagero's value proposition, and the company commits significant resources to monitoring compliance development globally. But besides meeting strict demands on things like IT security, Pagero need to prove it can deliver.

‘We need to show our customers that we can execute at the local level, yet still provide solutions on a global scale, under a single, standardized, and strategic e-invoicing solution. Many customers will start working with us in one country, and then expand to 10, 20, 30+ countries as their own needs grow. They are looking for a strategic compliance partner that can support this approach.’

Erik Modh, Managing Director for Pagero North America.

Being global

Supporting our customers globally is a contributing factor to our success and one that has earned us the business of several large multinational companies. Ensuring a supportive, safe and productive work environment across our global organization, with offices in more than 20 countries, is essential for reaching our business goals.

Social supplier assessment

We require all our suppliers to take measures to ensure that both their own operations, their supply chains and other external business relationships are free from child labour, slavery and human trafficking practices. In 2021, we had no reported cases against human rights.

Attractive workplace

A healthy working environment is comprised of both provisions ensuring the health and safety for all employees and having processes and practices in place that mitigate potential negative impact from work-related stress. We have developed a four-part employee welfare framework to support our work of maintaining a healthy work environment. In addition, employees are encouraged to take an interest in this area and bring suggestions for new initiatives forward.

Health, safety and security policy

The HSS policy outlines the key responsibilities and details which are held by the company, and which are applicable to all employees. Since ensuring health and safety is a collaborative effort, all employees are provided with a copy of the policy.

Regular risk assessments and ongoing support

Risk assessments are conducted regularly regarding both physical and mental wellbeing. We also have the following systems in place to continuously monitor mental health at work and provide appropriate support:

Employee introductions – all new employees are given introductions and support so that they can familiarize themselves with their new role and working environment.

Job descriptions – all employees are provided with job descriptions that clearly delineate their responsibilities and performance expectations. These job descriptions are updated regularly so that they are up to date and relevant.

Regular feedback – employees have regular meetings with management to review progress and performance. Feedback is given through these meetings so that employees are always aware of their performance and any areas in need of improvement. The meetings are also an opportunity to for employees to raise any concerns.

Annual appraisals – formal performance appraisals take place once a year. This is also a forum for employees to identify any training and development needs.

Ongoing training – to enable and equip employees to succeed in their roles, training in any skills or development areas that have been identified is offered.

Promotion of good health

We encourage employees to maintain a healthy lifestyle and an appropriate work/life balance. This is facilitated through management practices and various benefits and working arrangements in line with country-specific tax laws, such as: discounted gym memberships, private health insurance, provision of refreshments and rest breaks, and supporting employees returning to work following long-term sick leave through appropriate and reasonable adjustments.

Maintaining open and regular communications

We view ongoing communication as essential for a healthy working environment and make sure employees can have questions answered and be kept up to date on the company's performance and future plans. We maintain three channels for communication: regular feedback meetings with management, company updates with management, and annual meetings with the entire group where information about the business is shared, achievements celebrated, and targets set.

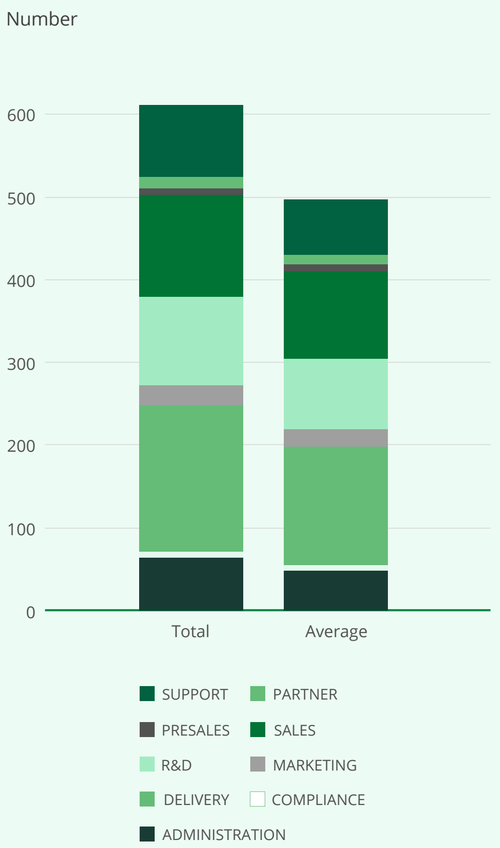
Diversity and inclusion

We are a global company with a global workforce. Making all employees feel they are a valued member of the Pagero team and affording everyone the same opportunities based on their competence and performance is essential for our success. Our zero tolerance for discrimination is clearly stated in our code of conduct, and it is the responsibility of managers to ensure that the letter and spirit of the code is understood and acted on in their departments.

/ BEING GLOBAL

People make Pagero

EMPLOYEES PER DEPARTMENT



AVERAGE NUMBER OF EMPLOYEES

Parent Company Subsidiaries	Average number of employees	Of which, women
Sweden	253	84
Norway	3	0
Finland	28	10
Ireland	1	0
United Kingdom	12	5
United Arab Emirates	7	1
Spain	40	12
France	2	0
United States	11	2
Germany	65	24
Italy	2	0
India	0	0
Australia	8	2
Singapore	3	0
Chile	25	10
Colombia	9	2
Costa Rica	9	4
Mexico	14	4
Peru	4	2
Total subsidiaries	**496**	**162**

EMPLOYEES

	2021	2020	2019
Total number of employees	610	366	299
New employee hires	321[1]	97	95
Employee turnover	11%	8%	10%

1) Whereof 132 from the acquisition of Gosocket

94%

of Pagero's employees think it's important that Pagero works with sustainability

/ BEING GLOBAL

PERCENTAGE OF EMPLOYEES, WOMEN/MEN

33% WOMEN

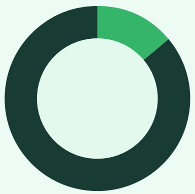
67% MEN

PERCENTAGE OF MANAGEMENT & EXECUTIVES, WOMEN/MEN

32% WOMEN

68% MEN

PERCENTAGE OF THE BOARD, WOMEN/MEN



14% WOMEN

86% MEN

EMPLOYEE INTERVIEW / **PAGERO ACADEMY**

Giving everyone equal opportunities

The Pagero Academy is Pagero's comprehensive onboarding and introductory training programme. It familiarizes all new employees with Pagero's organization, strategy, and products, and creates a standard technical vocabulary within the company.

The Academy runs two times a year and usually starts within a few days or weeks of the employee's first day. Hiring is usually done in periods that coincide with the start of a new semester. The first two weeks are the same for everyone and offer an introduction to Pagero and its systems. After that, role-specific training ensues and runs for up to 18 weeks before the employee is introduced to the department's regular training and development routines.

Prior to the pandemic, the first two weeks of introductory training were held at the company's headquarters in Gothenburg with participants from all over the world flown in.

'We organized social activities such as team-building exercises and dinners while everyone was here. Besides being fun, it gave everyone a chance to get know colleagues from other departments,' says Victoria Samuelsson, VP Process & Competence Development at Pagero.

For the last two years, the Academy has been held digitally. But with the pandemic beginning to wane, the physical meetings will be resumed.

'We managed to do a lot digitally, but meeting in person is better,' says Samuelsson.

'It does not matter who your boss is, what department you are in or what your background is, everyone gets the same information and the same opportunity to develop within the company.'

Victoria Samuelsson, VP Process & Competence Development at Pagero.

Ensuring efficiency

Our products enable end-to-end digitalization of data flows and automation of manual processes. Not only does this free up internal resources from administrative tasks, it also directly reduces paper use and the emissions associated with mailing documents. In other words, it creates efficiency.

When it comes to office work, doing a task on a computer is orders of magnitude more resource-efficient than doing the same task on paper. Companies that go paperless rid themselves of reliance on whole supply chains, such as paper, printers and postal services, and their associated greenhouse gas emissions. We help our customers track how many trees, CO2 emissions, energy and kilometres of transport that they have saved by using Pagero's services on an environmental dashboard.

Our own footprint

We design our products and processes to use energy, natural resources and raw materials efficiently and to minimize waste and residual products. Since we are a company that builds digital cloud-based products, our physical footprint is limited to offices, business travel and datacentres.

Applicable laws regarding energy and water conservation and waste handling are naturally adhered to at all our offices and we aim to recycle all of our electronic devices.

We have thoroughly assessed our datacentre suppliers and strive to ensure that the equipment used adheres to high quality and environmental standards. We strive to ensure that all of our datacenter suppliers are certified according to ISO 140001 and 27001, and we also strive to ensure that they, as a minimum, follow the ENERGY STAR Servers V2.1 Specification standards.

STANDARDS AND FRAMEWORKS

ISO 14001 – Specifies requirements for environmental management system.

ISO 27001 – Specifies requirements for information security management system.

67%
Share of renewable electricity

SCOPE 1

Direct emissions from owned or controlled resources, like company facilities and vehicles.

For Pagero, the direct emissions consist of burning fossil fuels from Pagero's fleet of vehicles.

82.3 tons
CO_2 EMISSIONS

SCOPE 2

Indirect emissions from purchased energy.

Today, Pagero can calculate energy consumption at its four largest offices: Gothenburg, Stockholm, Madrid and Langenfeldt. Standard calculations are performed for all remaining offices with over 5 employees.

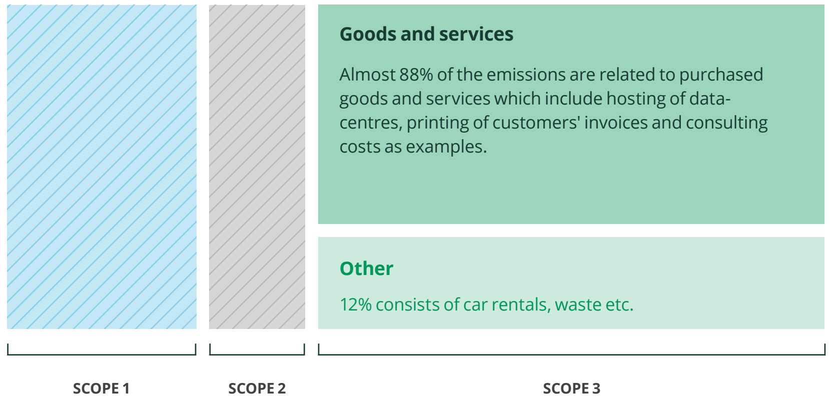
42.7 tons
CO_2 EMISSIONS

SCOPE 3

Indirect emissions occurring in a company's supply chain.

Pagero reports total transaction emissions for purchased goods and services. The company does not currently have reliable data for business travel but is evaluating collecting and adding it to next year's report.

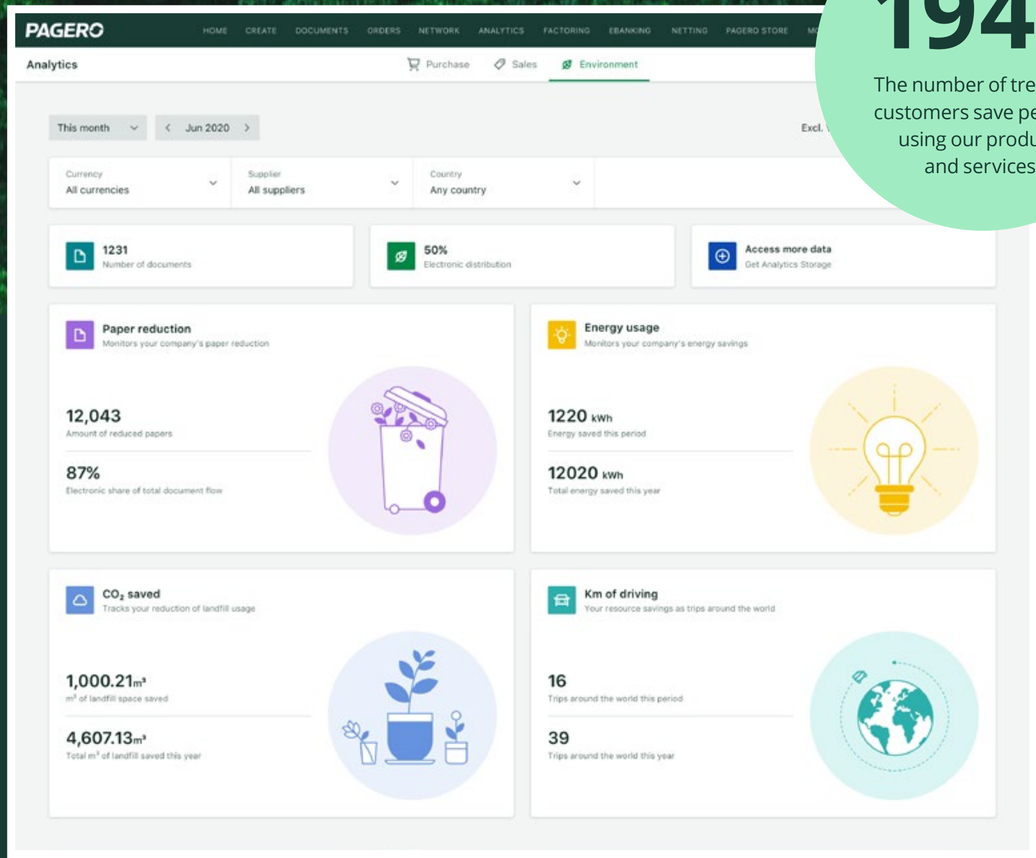
2,240 tons
CO_2 EMISSIONS



/ ENSURING EFFICIENCY

Helping businesses track their carbon footprint – in real-time

Businesses use data from invoices to calculate their carbon footprint. We can help businesses monitor the effectiveness of their green initiatives in real-time via our environmental dashboard. This way businesses can ensure they have an accurate understanding of their emissions and environmental impact on a daily basis, enabling them to adjust their operations before the end of their reporting cycles.



194k

The number of trees our customers save per year using our products and services.

EMPLOYEE INTERVIEW / **SUPPLIER ASSESSMENT**

Structured process for assessing datacentres

As a global cloud-based service provider, Pagero contracts datacentres worldwide to deliver its services and store customers' data. Data security is of course extremely important and a big focus.

'But environmental issues are growing in importance, not least for our customers who are getting better and better at taking the environment into account when choosing their service providers,' says Sofia Arveteg, Legal Counsel and Data Protection Officer at Pagero.

The onboarding process for datacentre providers always follows a structured process in which documentation, proof for different certifications and third-party verifications are collected and reviewed.

'Even though we have a very structured process, there are still judgement calls to make as you have to weigh different solutions and aspects against each other,' says Arveteg.

'Environmental issues are growing in importance, not least for our customers who are getting better and better at taking the environment into account when choosing their service providers.'

Sofia Arveteg, Legal Counsel and Data Protection Officer at Pagero

STATUTORY SUSTAINABILITY REPORT IN ACCORDANCE WITH THE SWEDISH ANNUAL ACCOUNTS ACT

The following table indicates where sustainability information (in accordance with Chapter 6, Section 11 of the Swedish Annual Accounts Act) can be found in this annual report.

Area	Disclosure name	Page reference
Business model	Pagero's business model, strategy and governance	2–6, 13–15
Anti-corruption and human rights	Pagero's measures to prevent human rights violations and anti-corruption measures	18, 20
Environment and climate	Pagero's work to reduce its impact on the environment and climate	23–24
Social conditions and personnel	Pagero's work with HR-related issues, such as gender equality and education	20–22
Policies and code of conduct	The code of conduct and other policies that form the basis for Pagero's sustainability work and follow-up	18, 23
Risks and risk management	Pagero's risk management process is fully integrated into its strategy and governance of operations	29–30

Auditor's report on the statutory sustainability report

To the general meeting of the shareholders in Pagero Group AB (publ), corporate identity number 559189-9173

Engagement and responsibility

It is the board of directors who is responsible for the statutory sustainability report for the year 2021 on pages 16–25 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

Gothenburg, 13 April 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Resebo
Authorized Public Accountant

Leveraging a strong position to capture market opportunity

Strong drivers support our business

The implementation of e-invoicing mandates in many countries is only accelerating an already strong digitalization trend. End-to-end digital communication is environmentally friendly, enables automation of business processes and increases security and control.

Multiple strategic growth levers

We have several growth levers and a clear roadmap for reaching our target of at least 1.5 BSEK in Annualized Recurring Revenues by 2025. We will scale new customer acquisition with partners and improved self-service and increase revenue from existing customers by adding countries, message types and services. In 2018–2020, our ten biggest customers grew their business with us by 70%. A selective acquisition strategy offers additional upside.

Proven and highly scalable business model

We have a high share of recurring revenues (89%), low churn (2.8%) and high gross margin (87%). So far, most of our sales (90%) come from established operations where our profitability is strong (30% EBITA margin). The return on sales and marketing investments is excellent with a customer lifetime value that is 14.5 times our customer acquisition cost.

Unique position

We believe that customers' expectations for connectivity will force closed or local networks to choose between huge investments in new technology and outsourcing connectivity. This will be the driver behind the emergence of a few globally dominant open networks. Pagero is built, both technically and geographically, to be one of them.

Experienced management with skin-in-the-game

Pagero's management is experienced and holds a significant number of shares in the company. CEO Bengt Nilsson, who for 20 years ran IFS, a company he co-founded, owns 8.6% and the management team combined owns 11.2%.

89%

Recurring revenues

The share

The Pagero share is listed on Nasdaq First North Growth Market. Since the first day of trading on October 22nd, the share has traded down 28% compared with the subscription price in the IPO.

Trading in the Pagero share

From the first day of trading until the end of the year, 7.5 million shares were traded on Nasdaq First North representing a total turnover SEK 159 million. The average daily volume was approximately 154 thousand shares, representing an average daily turnover of SEK 3.2 million.

Analyst coverage

Ramil Koria, SEB
Felix Henriksson, Nordea

Dividend policy

Pagero is focused on growth and will not be paying a dividend for the foreseeable future.

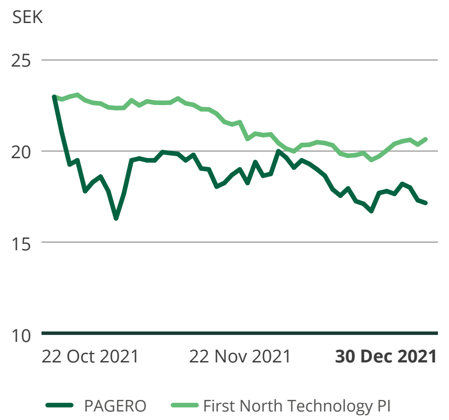
SHARE INFORMATION

Marketplace	**Nasdaq First North Growth Market**
Share name	**PAGERO**
ISIN code	**SE0012193407**
LEI code	**5493004DI6NJ2LIK2388**
Market cap as of 30th December 2021, SEK m	2,700
Share price average as of 30th December 2021, SEK	17.34
Highest price for the year, SEK	24
Lowest price for the year, SEK	16.9

LARGEST SHAREHOLDERS AS OF 30 DEC 2021

Shareholder	Number of shares	Capital share, %
Summa Equity through company	51,976,150	33.7%
Swedbank Robur through funds	14,246,300	9.2%
Bengt Nilsson through companies	13,211,400	8.6%
Sixth Pension fund	10,609,920	6.9%
Harbour Vest through companies	9,832,720	6.4%
Mats Ryding	6,720,420	4.4%
Björn Hovstadius	4,930,950	3.2%
BNY Mellon SA/NV (former BNY), W8IMY	4,177,934	2.7%
Other shareholders	38,516,469	25,0%
Total number of shares	**154,222,263**	**100.0%**

SHARE PRICE



Risk overview

Operational and sustainability risks

Recruitment and retainment of staff and key employees

Pagero's employees are mainly specialized in IT and technology. The company depends on being able to recruit, develop and retain qualified employees and other key personnel, such as senior executives, in order to execute on its growth strategy. The company considers there to be a medium probability of these risks occurring.

Compliance for products

Pagero offers products that help customers to comply with local regulations, such as relating to VAT on invoices. Changes in regulations may affect the company's sales opportunities as well the company's cost for ensuring compliance. Failure of the company's products to comply with regulations may result in damages and negatively impact the company's reputation. The company has a whole department working on regulatory compliance issues and considers the likelihood of these risks occurring to be low.

Product development

Pagero's continuously develops its cloud-based network, Pagero Online, to allow customers to communicate electronically with all businesses via a single connection to the network. It is crucial that Pagero Online evolves at the pace that customers expect and require. Pagero also establishes services in new markets. The cost of developing these services may not be recouped if the expected demand does not materialize. Pagero assesses the probability of this risk occurring as low and that the risk, if it were to occur, would have a low to medium impact on the company.

Third-party providers

Pagero is dependent on third-party suppliers to provide certain services. These include digital signatures and support for various types of transactions. In the event that the agreements with these suppliers were terminated and the company were unable to replace them on acceptable terms or within a reasonable time, this could result in material adverse disruptions to the company's services in the short term. Should a third-party supplier fail to provide services as contracted, this may also result in disruptions of Pagero's services. The company considers both the probability of these risks materializing and the impact should they materialize to be low.

Difficulties in implementing acquisitions

Acquisitions made by Pagero may fail to generate the expected outcome in terms of business performance and realization of synergies. They may also expose Pagero to unknown liabilities that the company would be unable to identify during the acquisition process. Should these risks materialize, they may negatively impact the company's future prospects and financial results. The company assesses any impact from the materialization these risks to be minor.

IT security

Pagero's services handle confidential and business-critical data. If a party gains unauthorized access to the company's services through an IT attack, there is a risk that they may gain access to said data. There is also a risk that the company's services may experience downtime as a result of an IT attack. Should these risks materialize, there may be a material negative impact on the company's business. The company considers the probability of these risks occurring to be low.

Operational disturbances

Pagero uses external hosting providers for networking, maintenance and operation of the company's IT systems, data and platform. Should an adverse event occur, such as a natural disaster, terrorist attack or human error, it could affect the availability of the company's IT systems and services and may result in significant costs to recover lost or corrupted data. The company has back-ups and redundancies in place and considers the probability of the risk occurring to be low. Should it occur however, the impact on the company is assessed to be high.

Data protection

Pagero collects and handles personal data from customers and is therefor required to comply with applicable data protection laws, such as the GDPR in the EU. The company has taken far-reaching measures to ensure compliance, such as the appointment of a data protection officer, but in the event of an inspection, the supervisory authority may decide that the company does not comply. Furthermore, the development of case law or pronouncement of regulatory authorities may significantly impact the company's business and compliance cost. The company considers the probability of this risk occurring to be low.

Physical climate and environmental risk

Physical risks associated with climate change, such as rising sea levels and more frequent extreme weather events, may impact the company's datacentres. Pagero imposes strict requirements on datacentre suppliers regarding environmental protection, including flooding and power surges from lightning strikes, redundant power infrastructure, and damage protection for power and telecommunications cables. The company considers the probability that these risks will impact operations as low.

Anti-corruption

Pagero has a zero-tolerance policy on corruption and bribes and require all employees to abstain from behaviour that may be interpreted as bribery or corruption. Extra care should be taken in contact with governmental bodies. The policy is included in the company's Code of conduct, which all employees are required to read. Pagero's business is based on the trust of customers and failure to comply may lead to loss of that trust. The company assesses both the probability of the risk occurring and the impact, should it occur, to be low.

Human rights

Pagero does not have a supply-chain where there are high risks of human rights violations, such as forced or child labour etc. The main human rights risk the company faces is the right to privacy, which is discussed under ' Data protection ' above.

Financial risks

See the Director's report and note 3 for an overview of financial risks.

Executive Team

Bengt Nilsson

CEO
Background: See BoD on the next page

Jan-Olof Ohlsson

CFO since 2017
Born: 1963
Background: Co-Founder and Partner at Business Control Partner, CFO at Hexatronic, Carmen Systems and Meda
Holdings: 922,600 shares and 35,000 warrants*

Bård Langöy

Chief Technology Officer since 2009
Born: 1976
Background: Software Engineer at Pagero
Holdings: 17,830 shares and 5,000 warrants*

Christer Wejke

Chief Information Security Officer since 2015
Born: 1975
Background: R&D Manager at Pagero, Project Manager at Volvo IT, Support Manager at IFS
Holdings: 262,490 shares and 17,000 warrants*

Fredrik Rosenqvist

Chief Relationship Officer since 2020
Born: 1966
Background: CEO at Pagero Sverige AB
Holdings: 335,560 shares and 5,500 warrants*

Gustav Dahllöf

Chief Product Officer since 2019
Born: 1991
Background: Product Owner at Pagero, Delivery Manager MENA at Pagero
Holdings: 475,430 shares and 60,000 warrants*

Helena Stolpe

Chief Delivery Officer since 2016
Born: 1973
Background: Project Manager at Pagero, Solution Integrator at Ericsson
Holdings: 75,310 shares and 17,000 warrants*

Julius Nilsson

Chief Commercial Officer since 2020
Born: 1991
Background: VP Growth & Strategy at Pagero, MD MENA at Pagero
Holdings: 1,642,000 shares and 100,000 warrants*

Malin Stenberg

HR Manager since 2019
Born: 1978
Background: Staff Manager at GTAviation
Holdings: 28,230 shares

Oscar Wegland

Chief Marketing Officer since 2020
Born: 1991
Background: MD Western Europe at Pagero
Holdings: 212,670 shares and 15,000 warrants*

Nazar Paradivskyy

VP Regulatory Affairs since 2017
Born: 1983
Background: Senior Manager at Klarna, Analyst at SEB
Holdings: 94,850 shares and 20,000 warrants*

Fredrik Hjorth

General Counsel and Secretary of the board since 2020
Born: 1974
Background: Lawyer, Administrative Court in Gothenburg, ICA Banken, Transcendent Group
Holdings: 20,180 shares and 10,000 warrants*

*One warrant gives holders the right to purchase 10 shares.

Board of Directors

Birger Steen

Chairman

Born: 1966

Principal Occupation: Thematic Partner at Summa Equity. Member of the board since 2020

Other assignments: Board Chair at Nordic Semiconductor ASA and myneva GmbH, Non-exec Dir and Chair, Board Operations and Sustainability Committee at Nordea Bank Abp

Work experience: CEO Parallels, Inc., VP SMB & Distribution at Microsoft Corp, General Manager at Microsoft Russia/Norway

Education: INSEAD, Defence School of Security and Intelligence, Norwegian Institute of Technology

Holdings: 19,870 shares, 30,000 warrants* and a call option for 147,910 shares

Independent in relation to Pagero and its senior executives: Yes

Independent in relation to major shareholders: No

Bengt Nilsson

CEO

Born: 1955

Principal occupation: CEO & President of Pagero Group. Member of the board since 2008

Other assignments: Member of the board of GJL AB, Green-Trade Aviation AB, GreenTrade AB, Greenfield AB, Homes and Villas LTD, Ides AB, Vilja AB, Norelia AB, Oneflow AB and Wint AB

Work experience: Co-founder, CEO and Vice Chairman of IFS

Education: Linköping Technical University, Sweden

Holdings: 13,211,400 shares, 27,000 warrants*

Independent in relation to Pagero and its senior executives: No

Independent in relation to major shareholders: Yes

Fredrik vom Hofe

Board member and Member of the Audit Committee

Born: 1966

Principal occupation: CEO Shoreside Equity Partners AB, Investor & Advisor. Member of the board since 2021

Other assignments: –

Work experience: Group Senior Vice President at IFS AB, Senior executive roles at Cap Gemini Ernest & Young, Framfab, Ericsson and ABB

Education: Chalmers University of Technology, Sweden, University of California, Berkeley, USA

Holdings: 5,655 shares, 15,000 warrants*

Independent in relation to Pagero and its senior executives: Yes

Independent in relation to major shareholders: Yes

Mats Ryding

Board member

Born: 1962

Principal occupation: Private investor. Member of the board since 2000

Other assignments: –

Work experience: VP Products and Co-founder Diamo AB, VP Products and Co-founder Vendimo AB, VP Products and Co-founder Unifaun, Co-founder Pagero AB

Education: Chalmers University of Technology, Sweden

Holdings: 6,720,420 shares, 8,000 warrants*

Independent in relation to Pagero and its senior executives: Yes

Independent in relation to major shareholders: Yes

Jonas Edlund

Board member

Born: 1962

Principal occupation: VP Corporate Development. Member of the board since 2000

Other assignments: –

Work experience: Co-founder Pagero AB, CEO Diamo AB and Vendimo AB 1990–2004, Senior Advisor CRM IFS World 2004–2006

Education: Chalmers University of Technology, Sweden

Holdings: 953,410 shares, 20,500 warrants*

Independent in relation to Pagero and its senior executives: No

Independent in relation to major shareholders: Yes

Christian Melby

Board member

Born: 1974

Principal occupation: Partner and CIO at Summa Equity. Member of the board since 2017

Other assignments: Member of the board, Eco Online and InfoBric

Work experience: Partner at Norvestor Equity and Reiten & Co, Management Consultant at Arthur Anderssen

Education: Norwegian University of Science and Technology, Norwegian School of Economics

Holdings: 0

Independent in relation to Pagero and its senior executives: Yes

Independent in relation to major shareholders: No

Karin Sandsjö

Board member and Chairperson of the Audit Committee

Born: 1965

Principal occupation: – Member of the board since 2020

Other assignments: Member of the board Q-Free and Länsförsäkringar Gotland

Work experience: Group CFO of Bisnode, CFO of Parallels, CFO of NetOnNet, CFO of Microsoft Russia/Norway, Finance Director Microsoft Sweden/International

Education: Karlstad University, Sweden

Holdings: 33,250 shares, 5,000 warrants*

Independent in relation to Pagero and its senior executives: Yes

Independent in relation to major shareholders: Yes

*One warrant gives holders the right to purchase 10 shares.

Directors' report

Pagero Group AB (publ)
Corp. ID nr. 559189-9173

The annual report has been prepared with all figures stated in thousands of Swedish kronor (KSEK) unless otherwise stated. In some cases, numbers have been rounded up or down, which means that tables and calculations do not always add up exactly.

Financial year

During this financial year, the Group continued to invest in both products and markets. The growth journey has continued nationally and internationally, both through the acquisition of Gosocket with operations in South and Latin America, and the formation of a new subsidiary in South Africa to include these countries in the offer.

In 2021, Pagero Network was successfully marketed and was being used almost by 80,000 customers by the end of the year, including 20,000 customers from Gosocket in more than 140 countries, which is an increase of 61%. With the Nordic region as its home market since 2009, in 2021 Pagero has continued investing in markets in the USA, the Middle East and Africa, and in Asia / Pacific. We are now also established in South and Latin America through the acquisition of Gosocket.

Established operations such as the Nordic region, Central Europe with Germany at the forefront, together with the addition from the acquisition of Gosocket, contributed to a 24% increase in sales for the Group with an EBITA margin of 30%. It should be noted that these markets are still early in their degree of maturity in digitization of business messages.

In regions such as the USA, the Middle East and Africa, and Asia / Pacific where we continue to invest strongly, sales increased to SEK 44.3 million, which corresponds to 61%.

Operations

Pagero Group AB was listed on October 22, 2021 on the Nasdaq First North Growth Market in Stockholm. In connection with this listing, Pagero Group AB's Board of Directors chose to prepare consolidated accounts for Pagero Group AB for 2020 instead of in the subgroup Pagero AB. The company is headquartered in Gothenburg.

Pagero is a global SaaS, or ‘software as a service’ company, offering cloud-based services and products via a subscription-based business model whose vision is to make the buying and selling process smooth and simple for companies. The process from purchase to payment (“P2P”) and from the moment of sale until the money is in checkout (“O2C”) is today characterized by high complexity. It involves a huge range of business systems, specialized solutions and older outdated systems that use a

MULTI-YEAR COMPARISON, GROUP

	2021	2020	2019	2018	2017
Annualized Recurring Revenue (ARR)	475,202	337,425	295,660	241,684	169,018
ARR Growth %	41%	14%	22%	43%	–
Net sales	441,786	348,207	310,260	264,936	181,733
Profit/loss after depreciations (EBITA)	–39,620	621	–689	8,162	–2,192
Profit/loss after financial items	–159,782	–86,250	–73,607	–27,121	–32,018
Profit/loss after financial items as a percentage of net sales	–36.2%	–24.8%	–23.7%	–10.2%	–17.6%
Total assets	1,415,016	867,759	556,858	242,676	185,982
Equity/assets ratio (%)	56.2%	52.7%	41.7%	43.9%	3.9%
Average number of employees	496	341	281	248	175

variety of document formats in different countries, and which must be adapted to unique laws and protocols for handling e-documents.

Pagero offers a Smart Business Network that connects buyers and sellers worldwide for automated and secure communication of business documents (orders, invoices, payment files) in accordance with local rules.

The company provides a format and system independent solution for the delivery of digital business documents, which at the same time enables its customers to meet ever-changing regulations in e-document management. Pagero's cloud-based open network seamlessly connects buyers, suppliers, partners, banks and authorities to digitize and automate the P2P and O2C processes, including communication of order messages, delivery documents, price catalogues, invoices and payments. The company's proprietary network is purposefully built to be quickly and easily integrated with customers' existing business systems for secure and seamless communication with suppliers and customers – regardless of the format or service providers used.

Our open network, combined with a wide range of apps, helps our customers streamline their buying and selling processes and take advantage of accurate and reliable data – independent of business systems.

Pagero Group AB is the parent company in a group consisting of companies in 22 countries as of 31 December 2021. In 2021, subsidiaries were started in South Africa.

As of July 1, 2021, Pagero has acquired the Gosocket SA Group in Latin America with operations in Costa Rica, Chile, Mexico, Columbia, Peru, etc. See acquisition analysis in note 32 for more information about the acquisition.

Sales and earnings for the financial year

The Group's total revenues for 2021 amounted to 545.4 MSEK (438.1). Net sales amounted to 441.8 MSEK (348.2), which gives sales growth of 27% (28% currency-adjusted). Of the Group's net sales, 89% (88%) are recurring revenues in the form of licences and transaction revenues. The acquisition of Gosocket has positively affected sales by 48.7 MSEK. Organic growth amounts to 13% (12%).

The full year was negatively affected by the pandemic, mainly in the first quarter and in the Transport, Restaurant, Hotel & Entertainment segments.

Recurring income amounted to 392.4 MSEK (302.7), an increase of 30% (31% currency-adjusted). Strong growth in transactions in Pagero Network and recurring income from the acquisition of Gosocket of 44.7 MSEK are the main contributions to the increase. Organic growth amounted to 15% (12%).

Operating profit before depreciation (EBITDA) amounted to –14.6 MSEK (22.8). The change is mainly due to continued investments in both product development and an increased number of employees for the international expansion according to the plan.

Operating profit before amortization of intangible assets (EBITA) for the financial year 2021 amounts to –39.6 MSEK (0.6) million.

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

The positive tax reported in the profit for the period is attributable to reduced deferred tax as an effect of amortization of acquisitions made. Profit for the period amounted to SEK –158.4 million (–84.8).

The Parent Company operations consist of performing Group-wide services. The Parent Company’s net sales amounted to SEK 2.0 million (1.8) and profit before tax amounted to SEK –2.1 million (–0.7).

Financial position and liquidity

The company's earning capacity and liquidity position were managed during the year and were satisfactory. Cash and cash equivalents amounted to 424.6 MSEK (210.8). Available liquidity, including unutilized overdraft facilities, amounted to 477.1 MSEK

MULTI-YEAR COMPARISON, PARENT COMPANY[1)]

	2021	2020	2019	2018	2017
Net sales	1,991	1,797	340	0	0
Profit/loss after financial items	–2,056	–720	–1,917	0	0
Total assets	1,893,841	1,279,879	976,478	0	0
Equity/assets ratio (%)	92.3%	99.8%	99.9%	0.0%	0.0%

1) Definitions of key performance indicators, see supplementary disclosures.

(263.3). The Group has interest-bearing liabilities to credit institutions amounting to 102.0 MSEK (147.5), of which overdraft facilities amounted to 0 MSEK (0) out of a total of 52.6 MSEK (52.6) in overdraft facilities. In connection with the listing on Nasdaq in October, a new issue of 500 MSEK was made. During the period, loans were repaid to the amount of 46.7 MSEK.

The Board of Directors of the Parent Company Pagero Group AB decided in September 2021 on a new issue of a total of 20,833,323 shares with a value of SEK 500 million in connection with listing on Nasdaq First North Growth Market on October 22, 2021. The issue was fully subscribed.

Cash flow from operating activities is positive and amounted to 21.0 MSEK (40.9), which is explained by the positive change in working capital.

Cash flow from investing activities amounted to –207.0 MSEK (–102.4). The largest portion of this, 83.7 MSEK, is continued investment in the development of Pagero Network and the cash flow effect from the acquisition of Gosocket 29.8 MSEK, and payment of an additional purchase price of 28.9 MSEK for previous acquisitions in Germany.

Cash flow from financing activities amounted to 399.7 MSEK (256.7), which consists mainly of net new issues of 500 MSEK and loan repayments of 102 MSEK. Total cash flow for the year is positive and amounted to 213.7 MSEK (195.3).

Acquisitions and investments

As of July 1, Pagero has acquired the Gosocket SA Group in Latin America. See acquisition analysis in Note 32.

During the financial year, investments mainly consisted of capitalizing development costs and smaller investments in computers and equipment.

Product development

The company's product development organization was strengthened with new employees over the course of the year. Development of Pagero Network is ongoing to adapt the product to new markets, new customers, new formats and legal requirements as well as integration with new applications.

Product development organization was also strengthened this year with new employees and development costs were 23% (22%) of the Group's net sales.

Personnel

The number of employees in the Group as of 31 December 2021 was 610 (366). The average number of employees was 496 (341). During the year, staff increased by 244 employees, mainly as a result of the international expansion and the acquisition of Gosocket.

Pagero share

The company's share is listed on Nasdaq First North from October 22, 2021 under the ticker PAGERO.

The company's shareholder list consists of approximately 4,400 shareholders as of December 31, 2021.

Name	Number	% of total
Summa Equity through company	51,976,150	33.7%
Swedbank Robur through funds	14,246,300	9.2%
Bengt Nilsson through companies	13,211,400	8.6%
Sixth Pension fund	10,609,920	6.9%
Harbour Vest through companies	9,832,720	6.4%
Mats Ryding	6,720,420	4.4%
Björn Hovstadius	4,930,950	3.2%
BNY Mellon SA/NV (former BNY), W8IMY	4,177,934	2.7%
Other shareholders	38,516,469	25.0%
Total number of shares	**154,222,263**	**100.0%**

Information on new issues and option programmes can be found in Notes 25 and 26.

Significant events after the end of the financial year

The Government of Malta has signed an agreement with Pagero for the provision of e-invoicing services via Peppol for all its units.

In February, Pagero established a subsidiary in Poland to meet the upcoming legal requirement regarding electronic invoicing, which affects all companies in Poland.

Pagero also acquired Sri Lankan-based R&D operations. In an agreement signed with Creative Technologies, Pagero will acquire the entirety of its previously outsourced Sri Lankan-based R&D operations. Pagero bought 75% of the shares for 1,500 KUSD on February 1 2022 and have a call option to purchase the remaining 25% of the shares for 1,500 KUSD on January 2 2026. The company will be fully consolidated into Pagero Group.

We do not currently see the war in Ukraine affecting Pagero's operations.

The Group's financial targets

Growth: Increase ARR to at least SEK 1,500 million by the end of the financial year 2025.

Profitability: Achieve an EBITA margin of approximately 20% by the end of the financial year 2025 while maintaining a strong focus on growth.

Dividend policy: Pagero intends to reinvest its cash flow in growth initiatives and will therefore not pay an annual dividend in the foreseeable future.

Sustainability report

In accordance with ÅRL 6, Chapter 11, Pagero Group AB has chosen to prepare the sustainability report as a separate report from the annual report. The sustainability report can be found on pages 16-26 and 29-30 of this annual report.

Environmental impact
The Group does not conduct operations subject to registration under the Environmental Code.

Financial risks
A finance policy for the new group is being implemented as new operations are added during the financial year with new perspectives on risks. The following areas will be specified in the policy.

Currency risk
The Group currently has sales and purchases in several different currencies, such as EUR, NOK, DKK, USD, GBP, CLP and COP. As of 31 December 2021, the Group does not hedge any currency flows except for natural hedging through having revenues and costs exposure in the same currency.

Credit risks
The company is working methodically with the demand and reminder routines and the Board closely monitors the development of the sales ledger. During the financial year, the Group has become more international, which has entailed longer payment periods. Our assessment is that credit risks remain limited. During the 2021 financial year, the Group only reported minor credit losses.

Liquidity risks
After the new share issue in December, the Group's liquidity and financial position are good and ensure continued growth. Ongoing and future projects are planned to be financed with equity and expanded and existing credit facilities. The process of ensuring long-term operating financing is continuously ongoing. The overdraft facility for the Group amounts to MSEK 52.6 (52.6).

Cash flow risks
Cash flow from operations is positive on a full-year basis. We see that larger transactions with international customers bind capital in accounts receivable for a longer time than before.

The Group works continuously with the management of the working capital process.

Should the business cycle deteriorate significantly or currently unplanned major investments be made, a larger negative cash flow cannot be ruled out on a yearly basis.

Pagero's business risk assesment can be found on pages 29–30 of the annual report.

Appropriation of earnings

Proposed profit appropriation	
Share premium reserve	1,449,452,693
Retained earnings	298,257,377
Profit/loss for the year	–2,055,702
SEK	**1,745,654,368**

The Board proposes that the profits be appropriated as follows:	
Retained earnings	1,745,654,368
Profit/loss for the year	**1,745,654,368**

As for the company's performance and position otherwise, please refer to the following income statements and balance sheets with associated supplementary disclosures.

Consolidated statement of comprehensive income

Amounts in KSEK	Note	Financial year 2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating income			
Net sales	5, 6	441,786	348,207
Capitalized work on own behalf	16	83,722	72,345
Customer acquisition expenses	16	18,210	16,536
Other operating income	7	1,665	1,015
		545,382	**438,103**
Operating costs			
Direct sales costs		–56,474	–45,141
Other external expenses	8, 9	–130,221	–96,693
Personnel costs	11	–373,309	–273,460
Operating profit/loss before depreciation (EBITDA)		**–14,621**	**22,809**
Depreciation of tangible assets	17	–24,999	–22,187
Operating profit/loss after depreciations (EBITA)		**– 39,620**	**621**
Amortization of intangible assets	16	–91,413	–74,554
Operating profit/loss		**–131,032**	**–73,933**
Financial income	12	24	265
Financial expenses	13	–28,774	–12,582
Profit/loss before tax		**–159,782**	**–86,250**
Income tax	14	1,358	1,419
Profit/loss for the year		**–158,424**	**–84,831**
Items that may subsequently reclassified to profit or loss			
Exchange rate differences for the year in conversions of foreign operations		24,095	–6,428
Total comprehensive income for the year		**–134,329**	**–91,259**
Total comprehensive income attributable to Parent Company shareholders		–134,329	–91,259

Consolidated balance sheet

Amounts in KSEK	Note	2021-12-31	2020-12-31
ASSETS			
Subscribed, but unpaid capital		0	28,032
Fixed assets			
Intangible assets			
Capitalized development expenditures	16	223,480	182,369
Technology	16	40,705	5,254
Customer relationships	16	124,179	50,991
Trademarks	16	22,828	18,754
Goodwill	16	313,040	178,943
Customer acquisition expenses	16	11,741	10,722
Tangible assets			
Rights of use	17	54,348	26,432
Equipment, tools, fixtures and fittings	17	23,889	14,137
Financial assets			
Other financial assets	18	7,514	2,876
Deferred tax assets	19	19,912	19,916
Total fixed assets		**841,637**	**510,394**
Current assets			
Work in progress on behalf of others		0	61
Current receivables			
Accounts receivable	22	125,138	94,778
Current tax assets		3,986	991
Other receivables		3,383	3,145
Prepaid expenses and accrued income	23	16,309	19,509
Total current receivables		**148,816**	**118,423**
Cash and cash equivalents	24	424,563	210,849
Total current assets		**573,379**	**329,333**
TOTAL ASSETS		**1,415,016**	**867,759**

Amounts in KSEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity	25		
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
Total equity		**795,336**	**457,276**
Non-current liabilities			
Liabilities to credit institutions	27	54,172	100,836
Deferred tax liabilities	19	50,391	17,221
Long term debt	27	145,857	0
Leasing liability	8	33,570	10,580
Total non-current liabilities		**283,990**	**128,636**
Current liabilities			
Liabilities to credit institutions	27	47,798	46,702
Leasing liability	8	21,122	16,398
Accounts payable		42,653	25,481
Other liabilities		37,338	45,491
Accrued expenses and deferred income	28	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

Amounts in KSEK	Share capital	Other contributed capital	Reserves	Retained earnings including profit or loss for the year	Total equity
Opening balance on 1 January 2020	**167**	**547,976**	**7,420**	**–308,890**	**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**
Ongoing new share issue	32	–32	0	0	0
New share issue	208	499,792	0	0	500,000
Acquisition expenses, new share issue	0	–32,359	0	0	–32,359
Warrant programme	0	4,748	0	0	4,748
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

Amounts in KSEK	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating activities			
Operating profit/loss		–131,032	–73,933
Non-cash items	30	116,411	96,742
Interest received		24	265
Interest paid		–8,337	–11,549
Income tax paid		–4,906	–4,174
Cash flow from operating activities before changes in working capital		**–27,840**	**7,350**
Increase (–)/decrease (+) in accounts receivable		–21,180	–13,808
Increase (–)/decrease (+) in other operating receivables		3,176	4,487
Increase (+)/decrease (–) in accounts payable		10,196	–11,127
Increase (+)/decrease (–) in other operating liabilities		56,608	54,002
Cash flow from changes in working capital		**48,801**	**33,554**
Cash flow from operating activities		**20,961**	**40,904**
Investment activities			
Acquisition of intangible assets	16	–112,147	–77,954
Acquisition of tangible assets	17	–32,520	–23,628
Acquisition of subsidiaries, less acquired cash and cash equivalents	32	–58,711	0
Change in financial assets		–3,590	–795
Cash flow from investing activities		**–206,967**	**–102,378**
Financial activities			
Loans raised	27, 31	1,133	49,841
Amortization of loans	27, 31	–101,834	–19,127
Change in overdraft facilities	27, 31	0	–35,794
Shareholders' contributions received	25	500,421	261,813
Cash flow from financing activities		**399,720**	**256,732**
Change in cash and cash equivalents		**213,714**	**195,259**
Cash and cash equivalents at the beginning of the period	24	210,849	15,591
Cash and cash equivalents at the end of the period	24	**424,563**	**210,849**

Group key performance indicators

Amounts in MSEK	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Key perfomance indicators (IFRS)	35		
Net sales		441.8	348.2
Operating profit/loss (EBIT)		–131.0	–73.9
Profit/loss for the year		–158.4	–84.8
Earnings per share before dilution (SEK)		–1.15	–
Earnings per share after dilution (SEK)		–1.14	–
Equity /assets ratio, %		56.2%	52.7%

Amounts in MSEK	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Selected financial data from Group			
Annualized recurring revenue (ARR)		475.2	337.4
Growth in annualized recurring revenue (ARR), %		41%	14%
Organic annualized recurring revenue (ARR)		393.4	337.4
Organic growth in annualized recurring revenue (ARR), %		17%	14%
Customer churn		2.8%	3.0%
Customer lifetime value/customer acquistion cost (CLV/CAC), times		14.5	13.3
Number of customers, thousands		79.7	49.6
Growth in number of customers, %		61%	30%
Number of e-transactions, millions		53	42
Growth in number of e-transactions, %		26%	10%
Net sales growth,%		27%	12%
Organic net sales growth, %		13%	12%
Recurring revenue		392.4	302.7
Growth in recurring revenue		30%	12%
Recurring revenue in % of net sales		89%	87%
Gross profit		385.3	303.1
Gross margin,%		87.2%	87.0%
EBITDA		–14.6	22.8
EBITDA margin, %		–3.3%	6.6%
EBITA		–39.6	0.6
EBITA margin, %		–9.0%	0.2%
Cash flow from operating activities		21.0	40.9
Net working capital		–118	–100
Net working capital as a share of net sales,%		–27%	–29%
Net debt		322.6	63.3
Average number of FTE		496.0	341.0
Average number of FTE, excluding acquisitions		434.0	341.0
R&D costs as % of net sales		23%	22%

Parent company income statement

Amounts in KSEK	Note	Financial year 2021-01-01 2021-12-31	Financial year 2020-01-01 2020-12-31
Operating income			
Other operating income	7	1,991	1,797
		1,991	**1,797**
Operating costs			
Other external expenses	9	–3,497	–2,505
Operating profit/loss		**–1,506**	**–707**
Profit/loss from financial items			
Financial income	12	2	0
Financial expenses	13	–551	–13
Profit/loss after financial items		**–2,056**	**–720**
Profit/loss for the year		**–2,056**	**–720**

The Parent Company has no items recognized as other comprehensive income, which is why total comprehensive income is the same as profit/loss for the year.

Parent company balance sheet

Amounts in KSEK	Note	2021-12-31	2020-12-31
ASSETS			
Subscribed, but unpaid capital		0	28,032
Fixed assets			
Financial assets			
Participations in Group companies	20	1,589,500	1,108,827
Total financial assets		**1,589,500**	**1,108,827**
Total fixed assets		**1,589,500**	**1,108,827**
Current assets			
Current receivables			
Other receivables		2,061	652
Prepaid expenses and accrued income	23	131	454
Total current receivables		**2,192**	**1,106**
Cash and bank balances	24	302,149	141,914
Total current assets		**304,341**	**143,020**
TOTAL ASSETS		**1,893,841**	**1,279,879**

Amounts in KSEK	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	25	1,542	1,302
Total restricted equity		**1,542**	**1,302**
Non-restricted equity			
Share premium reserve		1,449,453	982,052
Profit/loss brought forward		298,257	294,230
Profit/loss for the year		–2,056	–720
		1,745,654	**1,275,561**
Total equity		**1,747,197**	**1,276,863**
Long term debt	27	145,857	0
Current liabilities			
Accounts payable		629	763
Liabilities to Group companies		0	2,251
Accrued expenses and deferred income	28	158	1
Total current liabilities		**787**	**3,016**
TOTAL EQUITY AND LIABILITIES		**1,893,841**	**1,279,879**

Parent company statement of changes in equity

	Restricted equity	Non-restricted equity		
Amounts in KSEK	Share capital	Share premium reserve	Profit brought forward and profit for the year	Total equity
Opening balance on 1 January 2020	**167**	**681,325**	**294,230**	**975,721**
Profit/loss for the year	0	0	–720	**–720**
Transactions with shareholders				
New share issue	2	11,855	0	**11,857**
Bonus issue	972	–972	0	**0**
New share issue	64	99,936	0	**100,000**
New share issue	96	149,904	0	**150,000**
Unregistered new share issue under way	0	50,000	0	**50,000**
Acquisition expenses, new share issue	0	–9,994	0	**–9,994**
Total transactions with shareholders, recognized directly in equity	**1,135**	**300,727**	**0**	**301,862**
Closing balance on 31 December 2020	**1,302**	**982,052**	**293,509**	**1,276,863**
Opening balance on 1 January 2021	**1,302**	**982,052**	**293,509**	**1,276,863**
Profit/loss for the year	0	0	–2,056	**–2,056**
Transactions with shareholders				
Unregistered new share issue under way	32	–32	0	**0**
New share issue	208	499,792	0	**500,000**
Acquisition expenses, new share issue	0	–32,359	0	**–32,359**
Warrants programme	0	0	4,748	**4,748**
Total transactions with shareholders, recognized directly in equity	**240**	**467,401**	**4,748**	**472,389**
Closing balance on 31 December 2021	**1,542**	**1,449,453**	**296,202**	**1,747,197**

Parent company cash flow statement

Amounts in KSEK	Note	2021-01-01 2021-12-31	2020-01-01 2020-12-31
Operating activities			
Operating profit/loss		–1,506	–707
Interest paid		–551	–13
Cash flow from operating activities before changes in working capital		**–2,056**	**–720**
Cash flow before changes in operating capital			
Increase (–)/decrease (+) in other operating receivables		–1,086	–664
Increase (+)/decrease (–) in accounts payable		–134	439
Increase (+)/decrease (–) in other operating liabilities		–2,094	1,818
Cash flow from changes in working capital		**–3,314**	**1,594**
Cash flow from operating activities		**–5,370**	**874**
Investment activities			
Acquisition of subsidiaries		–144,477	0
Submitted Shareholder contribution		–190,339	–121,000
Cash flow from investing activities		**–334,816**	**–121,000**
Financial activities			
New share issues for the period	25	500,421	261,975
Cash flow from financing activities		**500,421**	**261,975**
Change in cash and cash equivalents		160,235	141,849
Cash and cash equivalents at the beginning of the period	24	141,914	65
Cash and cash equivalents at the end of the period	24	**302,149**	**141,914**

Notes

Pagero Group AB (publ)
Corp. ID nr. 559189-9173

NOTE 1 General information

The consolidated financial statements cover the 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.

The Board of Directors has of 13 April 2022 approved these consolidated financial statements for publication.

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

NOTE 2 Summary of important accounting principles

The most important accounting principles applied in preparing these consolidated accounts are described below. These principles have been applied consistently to all the years presented, unless otherwise stated.

2.1 Grounds for the preparation of the reports

The consolidated financial statements for Pagero Group AB have been prepared in compliance with the International Financial Reporting Standards (IFRS) and the interpretation statements of the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act.

The consolidated financial statements have been prepared using the cost method except for financial assets/liabilities measured at fair value through profit or loss.

The preparation of financial statements in compliance with IFRS requires the use of certain key estimates for accounting purposes. In addition, the management must make certain assessments in the application of the Group's accounting policies, see Note 3.

2.1.1 Changes to accounting principles and disclosures

New standards and interpretations, 1 January 2021

This year IASB issued amended accounting standards and interpretations that were endorsed by EU, effective date 1 January 2021. None of these have had a material effect on the Pagero Group's financial statements.

2.2 Consolidated financial statements

2.2.1 Basic accounting principles

Subsidiaries

Subsidiaries are all companies (including structured companies) over which the Group has control. The Group controls a company when it is exposed or entitled to a variable return from its holdings in the company and is able to influence the return through its influence over the company.

Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which control ceases.

The purchase method is used for reporting the Group's business combinations. The purchase consideration for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities assumed by the Group to the former owners of the acquired company and the shares issued by the Group. The consideration also includes the fair value of all

Note 2 cont.

liabilities that are a consequence of a contingent consideration arrangement. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. The Group determines separately for each acquisition whether non-controlling interests in the acquired entity are recognized at fair value or the holdings' proportionate share of the carrying amount of the identifiable net assets of the acquired entity.

Acquisition-related costs are expensed as they arise.

Contingent consideration to be transferred by the Group is recognized at fair value on the acquisition date. Subsequent changes in the fair value of a contingent consideration classified as a liability are recognized in compliance with IAS 39 in the income statement.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of any non-controlling interest at the acquisition date over the fair value of identifiable net assets acquired. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognized directly in profit and loss.

Intra-Group transactions, balance sheet items, and income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions that are recognized in assets are also eliminated. Where applicable, the accounting principles of subsidiaries have been amended to guarantee a consistent application of the Group's principles.

2.3 Revenue recognition

Revenue

The company has three main types of revenue: Licence sales, Transaction sales and Service sales.

Licence sales

Licensing agreements are entered into with the customer for the possibility of using the Pagero Network digital messaging service. The licence is a “right to access” licence where Pagero has a commitment to maintain access to the service during the term of the agreement. The revenue is therefore recognized straight-line over the term of the agreement.

Transactions

Revenues from transactions refer to sales from transactions, such as the creation of invoices, etc. The revenue from this takes place in the period in which the transaction is created.

Service sales

Service sales in Pagero are mainly incurred in the implementation of Pagero Network.

The revenue from the services rendered is recognized in the period in which they are provided. For fixed-price agreements, the revenue is recognized based on the percentage of the total agreed service that has been provided during the financial year as the customer receives and uses the services at the same time. This is based on the working hours actually used compared with the total expected working hours for the assignment.

In fixed-price agreements, the customer pays the agreed price at certain payment times. If the services that Pagero provided exceed the payment, a contract asset is recognized. If the payments exceed the services provided, a contract liability is recognized.

If the agreement is on a current account basis based on price per hour, the revenue is recognized according to time spent and if Pagero has a right to invoice the customer.

Customer acquisition expenses

Customer acquisition expenses refer to commissions, for example. This is capitalized as an asset to fulfil an agreement. The expenses are written off during the term of the agreement, which is normally 12 months.

2.4 Leasing

Leasing according to IFRS 16

The Group leases premises and vehicles. Leases are recognized as rights of use and a corresponding liability, the date the leased asset is available for use by the Group. Each lease payment is allocated among the repayment of debt and financial expense. The financial expense is distributed across the leasing period so that each accounting period is burdened by an amount equal to a fixed interest rate for the liability reported in each period. The right of use is depreciated straight-line over the shorter of the asset's useful life and the term of the lease. Assets and liabilities that arise from leases are initially recognized at present value. The lease liabilities include the present value of the following lease payments:

- Fixed charges: The leasing payments are discounted with the marginal loan interest rate. The assets with right of use are measured at cost and include the following:
- The initial measurement of the lease liability. Leases of minor value are expensed on a straight-line basis in the statement of comprehensive income.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments. Within the Group, this function has been identified as the President and CEO, who makes strategic decisions. Pagero Group AB's operations consist of the operating segment of digital business messages which constitutes the whole Group.

Note 2 cont.

2.6 Foreign currency conversion

Functional currency and presentation currency

The different units of the Group have the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the unit mainly operates. The Swedish krona (SEK) is used in the consolidated financial statements. This is the functional currency of the Parent Company and the presentation currency of the Group.

Transactions and balance sheet items

Transactions in foreign currency are translated into the functional currency at the exchange rates prevailing on the date of the transaction. Any gain or loss arising from the payment of such transactions and in the restatement of monetary assets and liabilities in foreign currencies at the rate on the balance sheet date is recognized in operating profit in the income statement.

Conversion for foreign Group companies

The financial position and performance of all Group companies with a functional currency different than the presentation currency are translated to the Group's presentation currency. The assets and liabilities on each balance sheet are translated from the functional currency of the foreign operation to the Group's presentation currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. The income and expenses in each income statement are translated to Swedish kronor at the average exchange rate prevailing at each transaction date. Translation differences arising on the translation of foreign operations are recognized in other comprehensive income.

2.7 Intangible assets

Capitalized development expenditures

Costs for maintenance are expensed as they arise. Development costs that are directly attributable to development of the product portfolio including Pagero Network and associated applications under the Group's control, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete them so they are available for use,
- the company intends to complete them and to use or sell them,
- there are conditions to use or sell them,
- it can be demonstrated how they generate probable future economic benefits,
- adequate technical, financial and other resources to complete development and to use or sell them are available, and
- the expenses directly attributable to them during their development can be measured reliably.

Directly attributable expenses that are capitalized as part of the development work include costs for employees and external consultants. Other development expenditures, which do not fulfil these criteria, are expensed when they arise. Development expenditures that were previously expensed are not reported as an asset in the ensuing period.

Capitalized development expenditures are recognized as intangible assets and amortized from the time that the asset is ready to be used commercially. The useful life amounts to five years.

Trademarks, customer relationships and technology, which are acquired through business combinations, are recognized at fair value on the acquisition date. Trademarks and customer relationships have a determinable useful life and are recognized at cost less accumulated amortization and any impairment losses. Amortization is applied straight-line to distribute the cost of brands and customer relationships over their assessed useful life of 10–20 years. Amortization is applied straight-line in order to allocate the cost of technology over their estimated useful life of 5–7.5 years.

Goodwill

Goodwill arises on the acquisition of subsidiaries and is the amount by which the consideration exceeds Pagero's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired entity and the fair value of any non-controlling interests in the acquired entity.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units, that is expected to benefit from the synergies of the combination. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management. There is only one CGU for Pagero Group.

Goodwill is impairment tested annually or more often if events or changes in circumstances indicate a possible decrease in value. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less selling expenses.

2.8 Tangible assets

Tangible assets are recognized at cost less depreciation and any impairment losses. Cost includes expenditure directly attributable to the acquisition of the asset.

Subsequent costs are added to the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will flow to the Group and that the cost of the asset can be measured reliably. The carrying amount of a replaced part is removed from the balance sheet. All other repairs and maintenance are recognized as costs in the income statement in the period in which they occur.

Straight-line depreciation is applied as follows:
Equipment, tools, fixtures and fittings 3–5 years

Note 2 cont.

Assets' residual values and useful lives are reviewed annually and adjusted if necessary. If an asset's carrying amount exceeds its estimated recoverable amount, the carrying amount is immediately written down to its recoverable amount.

Gains and losses on the sale of tangible assets are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognized in other operating income or other operating expenses in profit and loss.

2.9 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets that are not ready for use are not amortized, but are tested annually for impairment. Assets that are amortized are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment loss is applied in the amount with which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and the value in use. When assessing impairment requirements, assets are grouped at the lowest level at which there are separate identifiable cash flows (cash-generating units). Assets, other than financial assets, that were previously impaired are reviewed for possible reversal of the impairment at each balance sheet date. Goodwill impairment losses previously recognized are not reversed.

2.10 Financial instruments

Pagero divides its financial instruments into the following categories in accordance with IFRS 9, amortized cost. The classification is based on the nature of the asset's cash flows and on the business model the asset is covered by.

2.10.1 Financial assets at amortized cost

Interest-bearing assets (debt instruments) held for the purpose of collecting contractual cash flows and where these cash flows solely consist of principal and interest are measured at amortized cost. The carrying amount of these assets is adjusted with any expected credit losses that have been recognized (see the section on impairment below). Interest income from these financial assets is recognized using the effective interest method and recognized as financial income. The Group's financial assets valued at amortized cost are comprised of Other financial assets, Accounts receivable, Other receivables and Cash and cash equivalents.

2.10.2 Financial liabilities at amortized cost

The Group's other financial liabilities are classified as measured at amortized cost using the effective interest rate method. Financial liabilities at amortized cost consist of Liabilities to credit institutions, Convertible loans, Overdraft facilities, Accounts payable and Other liabilities. Borrowing is initially recognized at fair value, net of transaction expenses. Borrowing is subsequently recognized at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of comprehensive income over the borrowing period using the effective interest method. Borrowing is classified as a current item in the balance sheet if the company does not have an unconditional right to postpone the settlement of the liability for at least 12 months after the reporting period. Dividends paid are recognized as a liability after the General Meeting has approved the dividend. Accounts payable and other operating liabilities have a short expected term and are measured undiscounted in nominal amounts.

Impairment of financial instruments

2.10.3 Impairment testing of financial assets

Assets recognized at amortized cost

At each reporting occasion, the Group assesses the future expected credit losses that are linked to assets recognized at amortized cost based on future-oriented information. The Group's financial assets for which expected credit losses are deemed to essentially be comprised of rent receivables. The Group's reserve method is based on whether or not a material change in the credit risk has occurred. The Group recognized a credit reserve for such expected credit losses at each reporting date. For the Group's financial assets, essentially accounts receivable, the Group applies the simplified approach for credit reserves, meaning that the reserve will correspond to the expected loss over the entire lifetime of the account receivable. In order to measure the expected credit losses, accounts receivable have been grouped based on allocated credit risk characteristics and days overdue. The Group uses future-oriented variables for expected credit losses.

2.11 Borrowing expenses

General and specific borrowing expenses which are directly attributable to the purchase, establishment or production of qualified assets, that is, assets which necessarily require a considerable amount of time to prepare for their intended purpose or sale, are recognized as a portion of their acquisition cost. Capitalization ceases when all activities required to prepare the asset for its intended use or sale have largely been completed.

Financial income that has arisen when specially borrowed capital is temporarily invested while waiting to be used for financing of the asset reduces the borrowing expenses that can be capitalized. All other borrowing expenses are expensed as they arise.

2.12 Current and deferred tax

Tax expense for the period comprises current and deferred tax. The current tax expense is calculated on the basis of the tax regulations enacted or substantively enacted at the balance sheet date in the countries where the Parent Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognized in accordance with the balance sheet method for all temporary differences between the tax values of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates that have been enacted or announced by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Note 2 cont.

Deferred tax assets on loss carry-forwards are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities, and the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities and there is an intention to settle these balances on a net basis.

2.13 Employee benefits

Pension obligations

The Group only has defined-contribution pension plans. A defined-contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay additional contributions if this legal entity does not have sufficient assets to pay all employee benefits associated with the employees' service during the current or previous periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no additional payment obligations once the contributions have been paid. The contributions are recognized as personnel costs when they fall due for payment. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments may benefit the Group.

2.14 Cash flow statement

The cash flow statement is prepared using the indirect method. The recognized cash flow only includes transactions that have involved payments in or out.

2.15 Parent Company accounting principles

In connection with the transition to accounting according to IFRS in the consolidated financial statements, the Parent Company transitioned to applying RFR 2 Accounting for Legal Entities. The transition to RFR 2 accounting has not entailed any effect for the Parent Company.

The Parent Company applies different accounting principles than the Group in the cases stated below.

Presentation

The income statement and balance sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. The form of presentation for the statement of changes in equity is consistent with the Group's form of presentation, but must include the columns stated in the Swedish Annual Accounts Act. Moreover, there is a difference in terms, compared with the consolidated financial statements, mainly with regard to financial income and expense, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognized at cost less potential impairment losses. Cost includes acquisition-related costs and any additional consideration.

Where there is an indication that participations in subsidiaries have decreased in value, their recoverable amount is calculated. An impairment loss is recognized if the recoverable amount is less than the carrying amount. Impairment losses are recognized in the item “Profit/loss from participations in Group companies”.

Group contributions

Group contributions made by the Parent Company to subsidiaries and Group contributions received by the Parent Company from subsidiaries are recognized as appropriations.

Financial instruments

IFRS 9 is not applied at the Parent Company and financial instruments are valued at cost.

Leasing according to IFRS 16

IFRS 16 is not applied by the Parent Company.

NOTE 3 Financial risk assessment

3.1 Financial risk factors

The Group's activities expose it to various financial risks, such as market risk (currency risk and interest-rate risk), credit risk and cash flow and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimize potential adverse effects on the Group's financial results.

Risk management is handled centrally by the Parent Company Pagero Group AB with the CEO and CFO in charge, according to policies established by the Board. The CEO and CFO approve the risk management measures carried out according to the policy, and the President of the respective subsidiary has operational responsibility for compliance to the policy in the daily work. The Board works to prepare written policies for overall risk management, as well as for specific areas.

3.1.1 Market risk

Currency risk

Pagero is active in a global market with a large portion of its sales and purchases in currencies other than SEK. Besides SEK, sales and purchases are predominantly made in USD and EUR. Currency risk arises from future business transactions, recognized assets and liabilities, and net investments in foreign operations. As of 31 December 2021, there is no currency hedging.

If the SEK were to become weaker/stronger by 10% in relation to the EUR with all other variables held constant, the profit/loss for the year at 31 December 2021 would have been KSEK 5,856 (3,629) higher/lower, largely as a result of gains/losses in the translation of accounts receivable and accounts payable in EUR.

If the SEK were to become weaker/stronger by 10% in relation to the USD with all other variables held constant, the profit/loss for the year at 31 December 2021 would have been KSEK 2,226 (1,897) higher/lower, largely as a result of gains/losses in the translation of accounts receivable and accounts payable in USD.

Interest-rate risk in borrowing

The Group's interest rate risk arises in its long-term borrowing. A Board decision is required to raise new loans in addition to granted credits. As a main rule, Pagero does not use derivative instruments to adjust underlying interest rate exposure since this only arises in exceptional cases. In 2021, Group borrowing was at fixed and variable rates of interest in Swedish Kronor.

Simulations conducted indicate that the effect on profit/loss of a change of 0.5% would be a maximal increase of KSEK 510 (737) or decrease of KSEK 510 (737) in actual debt on the closing date.

3.1.2 Credit risk

Credit risk is handled at Group level except for credit risk regarding outstanding accounts receivable. Each Group company is responsible for examining and analysing the credit risk of each new customer before the standard terms of payment and delivery are offered. Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and agreed transactions. The use of credit limits is regularly monitored and management does not expect any losses due to non-payment by counterparties.

3.1.3 Cash flow and liquidity risk

Cash flow forecasts are prepared by the Group's operating companies and are aggregated by the Group's CFO. The Group's CFO continually monitors forecasts for the Group's liquidity reserve to ensure that the Group has adequate liquid funds to meet its operational requirements at the same time that it maintains sufficient latitude in its unutilized contractual credit facilities to ensure that the Group does not breach borrowing limits or borrowing terms (where applicable) on any of the Group's loan facilities. Such forecasts take into account the Group's plans for debt restructuring, fulfilment of loan terms, fulfilment of internal balance-sheet-based earnings measurements and, if applicable, external supervisory and statutory requirements – such as currency restrictions.

In the following table, the Group's financial liabilities are analysed according to the period which remains on the balance sheet date until the contractual maturity date. The amounts presented in the table are the contractual, undiscounted cash flows.

Group, 31 December 2021	Less than 1 year	1–2 years	2–5 years
Liabilities to credit institutions	0	57,471	0
Other long-term liabilities	0	0	145,857
Leases	0	16,532	17,038
Liabilities to credit institutions	49,231	0	0
Leases	21,122	0	0
Accounts payable	42,653	0	0
Other current liabilities	37,338	0	0
Total	**150,344**	**74,003**	**162,895**

Group, 31 December 2020	Less than 1 year	1–2 years	2–5 years
Liabilities to credit institutions	0	71,318	36,729
Leases	16,398	6,685	3,895
Liabilities to credit institutions	48,103	0	0
Accounts payable	25,481	0	0
Other current liabilities	45,491	0	0
Total	**135,473**	**78,003**	**40,623**

Note 3 cont.

Parent Company, 31 December 2021	Less than 1 year	1–2 years	2–5 years
Long-term debt	0	0	145,857
Accounts payable	629	0	0
Accrued expenses and prepaid income	158	0	0
Total	**787**	**0**	**145,857**

Parent Company, 31 December 2020	Less than 1 year	1–2 years	2–5 years
Accounts payable	763	0	0
Liabilities to Group companies	2,251	0	0
Accrued expenses and prepaid income	1	0	0
Total	**3,016**	**0**	**0**

NOTE 4 Summary of significant estimates and assessments

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under the current circumstances.

Significant accounting estimates and assessments

The Group makes estimates and assumptions about the future. The resulting accounting estimates will by definition seldom correspond to the actual outcome. Estimates and assumptions which involve a significant risk of material adjustments to the carrying amounts of assets and liabilities in the coming financial year are addressed in general below.

Impairment testing of goodwill

The Group annually tests whether there are any impairment requirements for goodwill, in accordance with the accounting policy described in Note 2. The recoverable amount for cash-generating units has been established by calculating value in use. These calculations require the use of certain estimates.

Intangible assets

Intangible assets in the Group amount to a substantial value and consist mainly of capitalized expenditures for development work. This development work is the prerequisite for the Group to be competitive in the international market for digital messaging services. Every year, the Group assesses if the capitalization of the development work is justified based on forecasts made over a certain period of time.

Valuation of deferred tax assets

Every year, the Group assesses if the capitalization of deferred tax assets is justified based on forecasts made over a certain period of time.

NOTE 5 Distribution of net sales

Pagero is an innovative Swedish corporate group specializing in digital business messaging services. The Group delivers solutions for digital business messaging services and provides a complete range of messaging services to all kinds of companies and organizations. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing the performance of the operating segments.

Pagero's operations consist of the operating segment of digital business messaging services.

The operating segment is reported according to the same accounting principles as the Group.

A breakdown of the revenue from all products and services is as follows:

Note 5 cont.

Analysis of revenues by revenue type	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Licence sales	194,678	168,953	0	0
Transaction sales	197,751	133,793	0	0
Service sales	49,357	45,461	0	0
Total	**441,786**	**348,207**	**0**	**0**

The Group has its registered office in Sweden. Revenues from external customers in Sweden is KSEK 137,322 (132,084), and total revenues from external customers in other countries is KSEK 304,464 (216,123). The distribution of revenues from external customers by country is presented in Note 6 below.

Total fixed assets, other than financial instruments and deferred tax assets (there are no assets in connection with benefits after the end of employment or rights arising under insurance contracts), located in Sweden amount to KSEK 793,547 (480,992) and the total of such fixed assets located in other countries amounts to KSEK 20,664 (6,609).

Licence sales are recognized over the term of the agreement, most often over 12 months and service revenues are recognized in the period in which they are provided.

Contract assets and contract liabilities

Contract assets	Group 31 Dec 2021	Of which fall due within 12 months	Of which fall due after 12 months	1 Jan 2021
Accrued income	1,705	1,705	0	4,410
Customer acquisition expense	11,741	11,741	0	10,722
Contract liabilities – deferred income	129,720	129,720	0	104,862

Contract assets include recognized service revenues that have not yet been invoiced.

NOTE 6 Net sales by geographic region

Distribution of net sales	Group 2021	Group 2020
Scandinavia	166,212	159,518
Central Europe	116,020	108,308
Latin America	48,837	0
Eastern Europe	45,151	39,187
Western Europe	35,034	26,496
Northern America	14,100	5,630
Southern Europe	7,360	5,033
MEEA	5,895	1,846
ANZ	3,177	2,189
Total	**441,786**	**348,207**

The Parent Company mainly receives service revenues from subsidiaries in the Group.

NOTE 7 Other revenues

Other operating income broken down by revenue type	Group 2021	Group 2020	Parent Company 2021	Parent Company 2020
Contributions received	0	3	0	0
Rental income	398	584	0	0
Foreign exchange differences	354	–1,352	6	0
Intra-Group services	0	0	1,986	1,798
Other (cost recharges)	912	1,779	0	0
Total	**1,665**	**1,015**	**1,991**	**1,798**

NOTE 8 Leases

In the balance sheet, the following amounts are recognized related to leases:

Right of use assets (ROU)	Group 2021-12-31	Group 2020-12-31
Properties	50,406	21,799
Equipment	2,040	1,951
Vehicles	1,902	2,681
Group total	**54,348**	**26,432**

Lease liabilities	Group 2021-12-31	Group 2020-12-31
Short-term	21,122	16,398
Long-term	33,570	10,580
Group total	**54,692**	**26,977**

In the income statement, the following amounts are recognized related to leases:

Amortization on ROU	Group 2021	Group 2020
Properties	14,799	13,741
Equipment	1,505	1,082
Vehicles	1,580	2,016
Group total	**17,884**	**16,840**

The total cash flow for leases in 2021 was MSEK 18.5 (16.6) for amortization and MSEK 0.7 (1.0) for interest.

Pagero Group has new leases for Right of use assets (ROU) 2021 to the amount of MSEK 28.5. Costs for short-term leases and low-cost leases during 2021 are recognized at MSEK 1.0.

NOTE 9 Auditor remuneration

	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
PWC				
Audit engagements	1,314	323	555	80
Audit activities in addition to the audit engagements	402	25	363	0
Tax consultation	2,088	350	2,063	0
Other services	1,166	0	1,025	36
Total	**4,970**	**698**	**4,006**	**115**
Foreign subsidiaries' local audit firms				
Audit engagements	457	351	0	0
Total	**457**	**351**	**0**	**0**

NOTE 10 Related party transactions

Pagero Group AB owns 100% of the shares in Pagero AB.

Summa Equity owns 33.7% through companies, Swedbank Robur owns 9.2%, Bengt Nilsson through companies owns 8.6%, Sixth AP fund owns 6.9%, Harbour Vest owns 6.4% of the shares in Pagero Group AB and are deemed to have a significant influence over the Group. For the remaining 35.2% of the shares, the spread is extensive, where no single person has a larger ownership share than 5.0%. Other related parties are all subsidiaries in the Group and senior executives in the Group, i.e. the Board and company management, and their family members.

The following transactions took place with related parties:

Sales of goods and services	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
Sales of Group-wide services to subsidiaries	0	0	1,986	1,797
Total	**0**	**0**	**1,986**	**1,797**

Purchases of goods and services	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
Purchase of services from Greentrade	674	672	0	0
Total	**674**	**672**	**0**	**0**

Related transactions are performed between companies owned by the CEO for the purchase of HR services. The agreement with the related company has been entered into on commercial terms and commercial grounds.

Receivables and liabilities at year-end resulting from the sale and purchase of goods and services	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
Liabilities to related parties:				
Greentrade Aviation AB	70	105	0	0
Liabilities to Group companies	0	0	0	2,251
Total	**70**	**105**	**0**	**2,251**

Sales to Group companies constitute 100% (100%) of the Parent Company's revenues, and purchases from Group companies constitute 0% (0%) of the Parent Company's purchases.

Services are bought and sold to subsidiaries on normal commercial terms.

Information on the remuneration of senior executives is provided in Note 11.

NOTE 11 Employee benefits, etc.

Group

Group	2021	2020
Salaries and other benefits	271,400	200,093
Social security contributions	23,476	48,826
Pension expenses – defined-contribution plans	63,460	17,355
Group total	**358,336**	**266,274**

Salaries and other benefits	2021 Salaries and other benefits (of which bonus)	2021 Pension expenses	2020 Salaries and other benefits (of which bonus)	2020 Pension expenses
Board members, CEO and other senior executives	16,236	3,948	15,089	2,262
(of which bonus)	0	0	0	0
Other employees	255,164	59,512	185,004	15,093
Group total	**271,400**	**63,460**	**200,093**	**17,355**

Gender distribution in the Group (including subsidiaries) for Board members and other senior executives

	2021		2020	
Salaries and other benefits	No. at closing date	Of which, women	No. at closing date	Of which, women
Board members	7	1	7	1
CEO and other senior executives	12	2	12	2

Average number of employees with geographic distribution by country

	2021		2020	
Parent Company	**Average number of employees**	**Of which, women**	**Average number of employees**	**Of which, women**
Sweden	0	0	0	0
Total Parent Company	**0**	**0**	**0**	**0**
Subsidiaries				
Sweden	253	84	203	75
Norway	3	0	3	0
Finland	28	10	20	6
Ireland	1	0	1	0
United Kingdom	12	5	10	6
United Arab Emirates	7	1	5	1
Spain	40	12	32	7
France	2	0	2	0
United States	11	2	4	1
Germany	65	24	52	18
Italy	2	0	1	0
India	0	0	1	0
Australia	8	2	6	2
Singapore	3	0	2	0
Chile	25	10	0	0
Colombia	9	2	0	0
Costa Rica	9	4	0	0
Mexico	14	4	0	0
Peru	4	2	0	0
Total subsidiaries	**496**	**162**	**341**	**116**
Group total	**496**	**162**	**341**	**116**

Parent Company

The Parent Company Pagero Group AB has no employees as the CEO and management are employees of Pagero AB.

Pensions

The Group has defined-contribution pension plans. The pension cost refers to the cost affecting the profit for the year.

Remuneration of senior executives

Guidelines

Fees are paid to the Chairman of the Board and Board members as per General Meeting resolutions.

The General Meeting decided on the following guidelines regarding remuneration of management.

Remuneration of the CEO and other senior executives is comprised of base pay, variable remuneration, other benefits, etc.

The breakdown between base pay and variable remuneration must be in proportion to the senior executive's responsibility and authority. For the CEO, the variable remuneration may be a maximum of 50% of the base pay. For other senior executives, the variable remuneration may not be a maximum of 50% of the base pay. The variable remuneration is based on the outcome in relation to individually set targets.

Other benefits for the CEO and other senior executives are paid as part of the overall remuneration package.

On 1 January 2021, the CEO entered into a new permanent employment agreement, valid for two years with the possibility of extension by one year. The salary of SEK 194,000 and the pension of SEK 150,000 are paid per month. No bonus is paid out.

Note 11 cont.

Pensions

The CEO has entered into a new permanent employment agreement after the age of 65 with the above pension terms.

The pension agreement for other senior executives states that the pension premium varies between 14–25% of the pensionable salary.

Severance pay

There is a mutual notice period of 18 months between the company and the CEO. There is no severance pay except salary and other remuneration according to the employment contract.

A mutual period of notice of three to six months applies between the company and other senior executives. No agreement on severance pay has been reached with the other senior executives.

Remuneration and other benefits in 2021	Base pay/Board fees	Variable remuneration	Other benefits	Pension expenses	Total
Birger Steen, Chairman of the Board	0	0	0	0	0
Jonas Edlund, Board Member	880	0	0	276	1,155
Christian Melby, Board Member	0	0	0	0	0
Fredrik vom Hofe, Board Member	0	0	0	0	0
Mats Ryding, Board Member	0	0	0	0	0
Karin Sandsjö, Board Member	150	0	0	0	150
Bengt Nilsson, CEO and Board Member	2,559	0	0	1,800	4,359
Other senior executives	11,261	1,386	0	1,873	14,520
Total	**14,850**	**1,386**	**0**	**3,948**	**20,184**

Remuneration and other benefits in 2020	Base pay/Board fees	Variable remuneration	Other benefits	Pension expenses	Total
Birger Steen, Chairman of the Board	0	0	0	0	0
Jonas Edlund, Board Member	814	0	0	268	1,081
Christian Melby, Board Member	0	0	0	0	0
Karin Sandsjö, Board Member	0	0	0	0	0
Mats Claesson, Board Member	0	0	0	0	0
Mats Ryding, Board Member	0	0	0	0	0
Bengt Nilsson, CEO and Board Member	1,812	0	0	430	2,243
Other senior executives	10,304	2,159	0	1,564	14,027
Total	**12,930**	**2,159**	**0**	**2,262**	**17,352**

NOTE 12 Financial income

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	24	265	2	0
	24	**265**	**2**	**0**

NOTE 13 Financial expenses

	Group		Parent Company	
	2021	2020	2021	2020
Exchange differences on receivables	8,139	2,432	0	0
Other interest expenses	7,590	9,923	0	0
Other financial expenses	13,045	227	551	13
Total	**28,774**	**12,582**	**551**	**13**

NOTE 14 Income tax/Tax on profit for the year

	Group		Parent Company	
	2021	2020	2021	2020
Current tax:				
Current tax on profit for the year	–2,644	–1,095	0	0
Total current tax	**–2,644**	**–1,095**	**0**	**0**
Deferred tax (Note 19)	4,002	2,514	0	0
Total deferred tax	**4,002**	**2,514**	**0**	**0**
Income tax	**1,358**	**1,419**	**0**	**0**

Income tax on profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Profit/loss before tax	–159,782	–86,250	–2,056	–720
Income tax calculated at 20.6% (21.4%)	32,915	18,458	423	154
Tax effects of:				
Tax effects of non-deductible expenses	83	–672	1	3
Tax effects due to other tax rates	319	–33	0	0
Tax loss carry-forwards for which no deferred tax asset was recognized	–32,121	–17,050	–425	–157
Utilization of tax losses carry forwards not previously recognized	162	717	0	0
Tax expense	**1,358**	**1,419**	**0**	**0**

NOTE 15 Profit per share

The Pagero share was listed on the Nasdaq First North Growth market on October 22, 2021.

Before dilution

Earnings per share before dilution are calculated by dividing the earnings attributable to the Parent Company's shareholders by a weighted average number of shares outstanding during the period. There have been no repurchased shares held as treasury shares by the Parent Company during the period.

	Group	
	2021	2020
Earnings per share before dilution (SEK)	–1.15	–
Earnings per share after dilution (SEK)	–1.14	–
Earnings measure used in the calculation of earnings per share before and after dilution (KSEK)		
Profit attributable to the Parent Company's shareholders	–158,424	

The result above is in its entirety attributable to the Parent Company's shareholders

	Group	
	2021	2020
Weighted average number of shares before and after dilution		
Weighted average number of shares when calculating earnings per share before dilution	137,441,441	
Warrants		
Adjustment for calculation of earnings per share after dilution regarding warrants	1,280,294	
After dilution		
Weighted average number of shares and potential shares used as denominators in calculating earnings per share after dilution	138,721,735	

No dilution effect could be calculated for 2020 as there has been no valuation of the share in previous periods.

NOTE 16 Intangible assets

Group	Capitalized development expenditures	Customer acquisition expense	Total
2020			
Opening cost	344,782	23,969	368,751
Purchase/refinement	74,805	16,536	91,341
Translation difference	494	0	494
Closing cost	**420,081**	**40,505**	**460,586**
Opening accumulated amortization	–191,129	–14,845	–205,974
Amortization during the year	–46,583	–14,938	–61,522
Reclassification	0	0	0
Closing accumulated amortization	**–237,712**	**–29,783**	**–267,495**
Carrying amount	**182,369**	**10,722**	**193,090**
2021			
Opening cost	420,081	40,505	460,586
Purchase/refinement	93,937	18,210	112,147
Opening carrying amount of aquired assets	2,744	0	2,744
Closing cost	**516,762**	**58,714**	**575,476**
Opening accumulated amortization	–237,712	–29,783	–267,495
Amortization during the year	–55,658	–17,190	–72,848
Translation difference	88	0	88
Closing accumulated amortization	**–293,282**	**–46,973**	**–340,255**
Carrying amount	**223,480**	**11,741**	**235,222**

Group	Technology	Customer relation-ships	Trade-marks	Goodwill	Total
2020					
Opening cost	14,569	76,177	28,792	185,303	304,841
Translation difference	–529	–2,729	–831	–6,360	–10,450
Closing cost	**14,040**	**73,448**	**27,961**	**178,943**	**294,391**
Opening accumulated amortization	–5,894	–15,112	–6,411	0	–27,417
Amortization during the year	–2,891	–7,345	–2,796	0	–13,032
Translation difference	–1	0	0	0	–1
Closing accumulated amortization	**–8,786**	**–22,457**	**–9,207**	**0**	**–40,450**
Carrying amount	**5,254**	**50,991**	**18,754**	**178,943**	**253,942**
2021					
Opening cost	14,040	73,448	27,961	178,943	294,391
Increase through business acquisitions	38,296	76,593	6,808	123,326	245,023
Translation difference	2,653	6,106	824	10,771	20,355
Closing cost	**54,990**	**156,146**	**35,593**	**313,040**	**559,769**
Opening accumulated amortization	–8,786	–22,457	–9,207	0	–40,450
Amortization during the year	–5,498	–9,508	–3,558	0	–18,565
Translation difference	–1	–2	–1	0	–3
Closing accumulated amortization	**–14,285**	**–31,967**	**–12,765**	**0**	**–59,017**
Carrying amount	**40,705**	**124,179**	**22,828**	**313,040**	**500,752**

Note 16 cont.

Impairment testing of goodwill

Goodwill is monitored by the management at a Group level, which coincides with the Group's only cash-generating unit (CGU) over which goodwill is distributed. The following table is a compilation of goodwill, broken down by the acquisitions in which the goodwill was acquired.

2020	Opening carrying amount	Supplement	Sales	Translation difference	Closing carrying amount
Primelog Software	15,850	0	0	0	15,850
Health Business System GmbH	167,512	0	0	–6,360	161,153
Palette Network	1,940	0	0	0	1,940
Group total	**185,303**	**0**	**0**	**–6,360**	**178,943**

2021	Opening carrying amount	Supplement	Sales	Translation difference	Closing carrying amount
Primelog Software	15,850	0	0	0	15,850
Health Business System GmbH	161,152	0	0	10,771	171,923
Palette Network	1,940	0	0	0	1,940
Gosocket Corporation SA	0	123,326	0	0	123,326
Group total	**178,943**	**123,326**	**0**	**10,771**	**313,040**

Significant assumptions used to calculate value in use:

- Annual volume growth on average for the first five years is 24%.
- Weighted average growth rate of 2% used to extrapolate the cash flows beyond the budget period.
- Discount rate of 10.5% before tax used in the present value calculation of estimated future cash flows.

It is the assessment of the management that the annual volume growth for cash-generating units over the five-year forecast period is a significant assumption. Sales volumes over the respective period are the main cause for the development of income and expenses. The annual volume growth is based on previous results and the management's expectations of market trends. The long-term rate of growth used agrees with the forecasts contained in industry reports. The discount rates used are specified before tax and reflect specific risks that apply to the operating segment.

No reasonably possible change in important assumptions would mean that the carrying amount would exceed the recoverable amount.

NOTE 17 Tangible assets

Group	Rights of use	Equipment, tools, fixtures and fittings	Total
At 1 January 2020			
Opening carrying amount	39,500	37,217	76,717
Accumulated depreciation/amortization and impairment	–15,167	–23,712	–38,879
Carrying amount	**24,333**	**13,505**	**37,838**
Financial year 2020			
Opening carrying amount	24,333	13,505	37,838
Purchases	17,660	5,968	23,628
Sales and disposals	–4,261	–35	–4,296
New agreements	5,540	0	5,540
Exchange rate differences	0	46	46
Depreciation	–16,840	–5,348	–22,187
Closing carrying amount	**26,432**	**14,137**	**40,570**
At 31 December 2020			
Cost	58,439	43,197	101,634
Accumulated depreciation/amortization and impairment	–32,007	–29,059	–61,066
Carrying amount	**26,432**	**14,137**	**40,569**
Financial year 2021			
Opening carrying amount	26,432	14,137	40,569
Purchases	18,757	13,763	32,519
Sales and disposals	–22,644	0	–22,644
Increase through business combinations	49,688	2,784	52,472
Exchange rate differences	0	320	320
Depreciation	–17,884	–7,114	–24,999
Closing carrying amount	**54,348**	**23,889**	**78,238**
At 31 December 2021			
Cost	104,239	60,063	164,302
Accumulated depreciation/amortization and impairment	–49,891	–36,174	–86,065
Carrying amount	**54,348**	**23,889**	**78,238**

NOTE 18 Other financial assets

Financial assets are distributed as follows:

	Group		Parent Company	
Other financial assets	**2021-12-31**	**2020-12-31**	**2021-12-31**	**2020-12-31**
Shares in unlisted holdings	1	1	0	0
Rental deposits	6,399	2,875	0	0
Other financial assets	1,114	0	0	0
Total other financial assets	**7,514**	**2,876**	**0**	**0**

NOTE 19 Deferred tax

Deferred tax assets and liabilities are distributed as follows:

	Group		Parent Company	
Deferred tax assets	**2021-12-31**	**2020-12-31**	**2021-12-31**	**2020-12-31**
Deferred tax assets to be paid after 12 months	19,912	19,916	0	0
Total deferred tax assets	**19,912**	**19,916**	**0**	**0**
Deferred tax liabilities				
Deferred tax liabilities to be paid after more than 12 months	43,790	12,515	0	0
Deferred tax liabilities to be paid within 12 months	6,601	4,706	0	0
Total deferred tax liabilities	**50,391**	**17,221**	**0**	**0**

Changes in deferred tax assets and liabilities during the year, without taking into account offsets made within the same tax jurisdiction, are shown below:

Group

Deferred tax assets	Loss carry-forwards	Total
At 1 January 2020	**19,649**	**19,649**
Recognized in profit or loss	284	284
Translation difference	–17	–17
At 31 December 2020	**19,916**	**19,916**
Recognized in profit or loss	41	41
Translation difference	–45	–45
At 31 December 2021	**19,912**	**19,912**

Deferred tax liabilities	Intangible assets	Total
At 1 January 2020	**20,292**	**20,292**
Recognized in profit or loss	–2,230	–2,230
Translation difference	–842	–842
At 31 December 2020	**17,221**	**17,221**
Recognized in profit or loss	–3,961	–3,961
Translation difference	2,571	2,571
Aquired subsidiary	34,560	34,560
At 31 December 2021	**50,391**	**50,391**

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related tax benefit through future taxable profits is probable. The capitalization is motivated by future forecasts for the Group. The Group recognized deferred tax assets of KSEK 19,912 (19,916) in respect of losses amounting to KSEK 505,992 (347,568) that can be used against future taxable profits. Loss carry-forwards in Swedish companies do not expire at any given time.

NOTE 20 Participations in Group companies

Parent Company	2021-12-31	2020-12-31
Opening cost	1,108,827	975,970
Provided shareholder contributions	190,339	121,000
Aquired subsidiary – revaluation	13,564	0
Aquired subsidiary	276,770	0
Non-cash issue	0	11,857
Closing accumulated cost	**1,589,500**	**1,108,827**
Closing carrying amount	**1,589,500**	**1,108,827**

Parent Company

Company/ Corporate identity number	Domicile	Antal/Kap.	Andel %	2021-12-31	2020-12-31
Pagero AB, 556581-4695	Gothenburg	10,909,634	100%	1,299,166	1,108,827
Gosocket Corporation SA, 3-101-398564	San José	24,484,062	69%	290,334	0
Total				**1,589,500**	**1,108,827**

NOTE 21 Financial instruments by category

Group

Assets in the balance sheet	Amortized cost	Total
31 December 2021		
Other financial assets	7,514	**7,514**
Accounts receivable	125,138	**125,138**
Other receivables	3,383	**3,383**
Cash and cash equivalents	424,563	**424,563**
Total	**560,598**	**560,598**
31 December 2020		
Other financial assets	2,876	**2,876**
Accounts receivable	94,778	**94,778**
Other receivables	3,145	**3,145**
Cash and cash equivalents	210,849	**210,849**
Total	**311,649**	**311,649**

Group

Liabilities in the balance sheet	Amortized cost	Total
31 December 2021		
Liabilities to credit institutions	101,970	**101,970**
Accounts payable	42,653	**42,653**
Other current liabilities	37,338	**37,338**
Total	**181,960**	**181,960**
31 December 2020		
Liabilities to credit institutions	147,538	**147,538**
Accounts payable	25,481	**25,481**
Other current liabilities	45,491	**45,491**
Total	**218,510**	**218,510**

NOTE 22 Accounts receivable

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accounts receivable	127,793	97,782	0	0
Minus: reservation, loss reserve	–2,655	–3,004	0	0
Accounts receivable – net	**125,138**	**94,778**	**0**	**0**

At 31 December 2021, satisfactory accounts receivable amounted to KSEK 125,138 (94,778) for the Group. At 31 December 2021, satisfactory accounts receivable amounted to KSEK 0 (0) for the Parent Company.

At 31 December 2021, accounts receivable amounting to KSEK 38,059 (33,282) were overdue, of which KSEK 2,655 (3,004) is to be considered a loss reserve for the Group. For the Parent Company, this amounted to KSEK 0 (0). The reserve is assessed based on the maturity structure of the accounts receivable.

The age analysis of these accounts receivable is shown below:

Group	2021-12-31	2020-12-31
1–30 days	14,888	13,626
31–60 days	3,515	3,783
> 60 days	19,656	15,873
Total accounts receivable overdue	**38,059**	**33,282**

At 31 December 2021, the Group recognized accounts receivable where there is an impairment requirement amounting to KSEK 2,655 (3,004). For the Parent Company, this amounted to KSEK 0 (0).

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
EUR	57,735	52,460	0	0
SEK	31,157	28,155	0	0
CRC	17,140	4,281	0	0
SOL	5,774	0	0	0
INR	4,368	5,865	0	0
GTQ	3,013	2,677	0	0
NZD	2,547	943	0	0
TRY	1,265	0	0	0
SGD	685	263	0	0
PLN	476	0	0	0
GTQ	276	0	0	0
NZD	254	0	0	0
TRY	192	0	0	0
SGD	146	0	0	0
PLN	29	0	0	0
CAD	25	0	0	0
TRY	20	102	0	0
SGD	16	21	0	0
PLN	7	8	0	0
CAD	6	0	0	0
Total	**125,138**	**94,778**	**0**	**0**

Provisions for respective reversal of reserves for doubtful receivables are included in the item other external costs in the income statement. Total loss level as of December 31, 2021 amounted to 0.6% (0.9%), which is considered insignificant. The expected loss level per category is therefore not reported.

NOTE 23 Prepaid expenses and accrued income

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Prepaid rents	4,318	3,448	0	0
Prepaid lease charges	243	279	0	0
Prepaid insurance policies	1,297	1,037	72	428
Accrued income	1,705	4,504	0	0
Other	8,746	10,241	59	26
Total	**16,309**	**19,509**	**131**	**454**

NOTE 24 Cash and cash equivalents

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Bank balances	424,563	210,849	302,149	141,914
Total	**424,563**	**210,849**	**302,149**	**141,914**

NOTE 25 Other contributed capital

Group	Number of shares	Share capital	Other contributed capital	Total
At 1 January 2020	**11,274,129**	**167**	**547,976**	**548,142**
New share issue, conversion convertible bonds	135,505	2	11,855	**11,857**
New share issue	1,607,717	161	249,839	**250,000**
Bonus issue	0	972	–972	**0**
Ongoing, new share issue	321,543	0	50,000	**50,000**
New share issue, acquisition expenses	0	0	–9,994	**–9,994**
At 31 December 2020	**13,338,894**	**1,302**	**848,702**	**850,004**
Ongoing, new share issue	0	32	–32	**0**
Split 1:10	133,388,940	0	0	**0**
New share issue	20,833,323	208	499,792	**500,000**
Warrant programme	0	0	4,748	**4,748**
Transaction expenses, new share issue	0	0	–32,359	**–32,359**
At 31 December 2021	**154,222,263**	**1,542**	**1,320,851**	**1,322,393**

The company's share has been listed on Nasdaq First North Growth Market under the ticker PAGERO since October 22, 2021. The share capital in Pagero Group AB amounts to SEK 1,542,223 divided into a total of 154,222,263 shares. The quotient value of the shares is SEK 0,01. The shares have a voting value of one vote / share.

The share issue carried out are fully paid as of 31 December 2021.

NOTE 26 Warrant programme

In March 2020, a warrant programme for 417,000 warrants was prolonged and issued directed at the company's employees with an exercise price of SEK 130, and a redemption period of 2 December 2020 to 1 March 2023. The redemption price of the warrant was SEK 5.43, which corresponds to fair value.

In May 2021, a warrant program was issued regarding 500,000 warrants aimed at the Company's personnel with an exercise price of SEK 250, the redemption date is 2024-05-01–2024-07-31. The option's exercise price was SEK 9.50, which corresponds to fair value.

The warrants have been acquired at market value, which has been calculated according to Black & Scholes' valuation model. As the warrants have been acquired at market value, they are not reported at fair value in accordance with IFRS 2.

NOTE 27 Borrowing

Group

	Carrying amount		Fair value	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Liabilities to credit institutions	54,172	100,836	54,172	100,836
Long-term borrowing	**54,172**	**100,836**	**54,172**	**100,836**
Current				
Liabilities to credit institutions	47,798	46,664	47,798	46,664
Other liabilities	0	38	0	38
Total current borrowing	**47,798**	**46,702**	**47,798**	**46,702**
Total borrowing	**101,970**	**147,538**	**101,970**	**147,538**

The fair value of short-term borrowing corresponds to its carrying amount since the discount effect is not material.

The fair value of long-term borrowing corresponds to the carrying amount because the interest rate on this borrowing is in parity with current market interest rates.

In addition to the above liabilities to credit institutions, there are long-term debt that constitute the additional purchase price for the remaining shares in Gosocket SA in both the Group and the Parent Company.

Group

Liabilities to credit institutions

The Group's borrowing is in SEK. The Group's borrowing consists of loans from Nordea of MSEK 100 and an acquisition credit of MSEK 50. In 2021, 46.7 MSEK of the loan was amortized. The loans run with an interest corresponding to STIBOR 30–90 days + 2.5 percentage points.

Overdraft facilities

The Group has a granted overdraft facility of KSEK 52,600 that is renegotiated annually. Of the approved overdraft facility, KSEK 0 (0) was utilized at 31 December 2021. The overdraft facilities run with an interest rate of 2.724% which is paid monthly. Terms linked to the overdraft facility pertain to the Group and the subsidiaries. At 31 December, we also have access to an overdraft facility of KEUR 250 in Germany.

NOTE 28 Accrued expenses and deferred income

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accrued salaries	9,822	5,733	0	0
Accrued holiday pay	24,398	20,506	0	0
Accrued social security contributions	13,427	8,356	0	0
Accrued interest expenses	3	0	3	0
Prepaid revenue from customer	129,720	104,862	0	0
Other accrued expenses	9,409	8,316	155	1
Total	**186,780**	**147,774**	**158**	**1**

NOTE 29 Pledged assets

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Floating charges	30,050	30,050	0	0
Total	**30,050**	**30,050**	**0**	**0**

NOTE 30 Non-cash items

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Depreciation	116,411	96,742	0	0
Total	**116,411**	**96,742**	**0**	**0**

NOTE 31 Changes in debt items

Group

	Opening balance, 1 January 2021	Cash flow: Loans raised	Cash flow: Loan repay-ments	Non Cash flow items: Re-classi-fication	Non Cash flow items: Additional leasing	Non Cash flow items: Acquired loans	Non Cash flow items: Exchange rate changes	Non Cash flow items: Financing expenses	UB 31 Decem-ber 2021
Non-current liabilities to credit institutions	100,836	0	0	–46,664	0	0	0	0	54,172
Current liabilities to credit institutions	46,702	0	–83,748	46,664	0	38,180	0	0	47,798
Long term leasing liability	10,580	0	0	–16,680	39,671	0	0	0	33,570
Short term leasing liability	16,398	0	–18,086	16,680	6,131	0	0	0	21,122
Total	**174,515**	**0**	**–101,834**	**0**	**45,802**	**38,180**	**0**	**0**	**156,662**

The Parent Company has no liabilities to credit institutions or leasing liabilities.

	Opening balance, 1 January 2020	Cash flow: Loans raised	Cash flow: Loan repay-ments	Non Cash flow items: Re-classi-fication	Non Cash flow items: Additional leasing	Non Cash flow items: Exchange rate changes	Non Cash flow items: Financing expenses	UB 31 Decem-ber 2020
Non-current liabilities to credit institutions	90,064	10,772	0	10,772	0	0	0	100,836
Current liabilities to credit institutions	10,132	39,070	–2,500	0	0	0	0	46,702
Convertible loan	11,858	0	0	–11,858	0	0	0	0
Overdraft facility	35,794	0	–35,794	0	0	0	0	0
Long term leasing liability	11,497	0	0	–19,845	18,927	0	0	10,580
Short term leasing liability	13,180	0	–16,627	19,845	0	0	0	16,398
Total	**172,526**	**49,841**	**–54,921**	**–1,086**	**18,927**	**0**	**0**	**174,515**

The Parent Company has no liabilities to credit institutions or leasing liabilities.

NOTE 32 Business acquisitions

Gosocket Corporation SA

On June 30, 2021, Pagero AB acquired 68.85% of the share capital in Gosocket Corporation SA, hereinafter referred to as Gosocket, for 164,207 KSEK. As a result of the acquisition, the Group strengthens its product portfolio and its customer offering and geographical growth opportunities in South and Latin America in the digital business messaging segment.

The goodwill totaling 123,326 KSEK arising from the acquisition relates to synergy effects expected through the merger of the Group's and Gosocket's operations. No part of reported goodwill is expected to be deductible in income taxation.

The table below summarizes the purchase price paid for Gosocket as well as the fair value of acquired assets and assumed liabilities that are reported on the acquisition date. The acquisition calculation below is preliminary.

Purchase price per 30 June 2021 (KSEK)	
Cash	29,786
Offsetting of the claim	2,128
Conditional purchase price	132,293
Total paid purchase price	**164,207**

Note 32 cont.

Purchase price per 30 June 2021 (KSEK)

Reported amounts on identifiable acquired assets and assumed liabilities	
Cash	10,114
Intangible assets	2,744
Tangible assets	2,784
Financial assets	891
Technology	38,296
Customer contracts and customer relationships	76,593
Brand	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**

988 KSEK is reported in the period in acquisition-related costs in connection with the acquisition.

Total cash flow excluding acquisition-related costs, attributable to the business combination amounted to 20 MSEK.

The fair value of accounts receivable and other receivables is 12,329 KSEK and includes accounts receivable with a fair value of 9,179 KSEK. No accounts receivable are considered doubtful.

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

If Gosocket had been consolidated from 1 January 2021, the consolidated income statement for the period would show net sales of 66,863 KSEK and an operating profit of 16,415 KSEK.

NOTE 33 Group structure

Company	Corporate identity number	Domicile	Group's ownership share
Pagero AB, Parent Company in sub-group	556581-4695	Gothenburg	100%
Pagero Sverige AB	556752-2981	Gothenburg	100%
Pagero Norway AS	994 194 585	Oslo	100%
Pagero OY	2360990-0	Helsinki	100%
Pagero e-Invoice Ltd	553 375	Dublin	100%
Pagero Danmark ApS	36 951 931	Copenhagen	100%
Pagero UK Ltd	09507974	London	100%
Pagero Gulf FZ-LLC	93061	Dubai	100%
Pagero Ibérica S.L.	B87579181	Madrid	100%
Pagero France SAS	822339511	Paris	100%
Pagero Inc	35-2603702	Chicago	100%
Pagero Enetwork Iletisim Limited Sirketi	111495-5	Istanbul	100%
Pagero SRL	0685.907.487	Waterloo	100%
Pagero GmbH	HRB 20660	Oberhausen	100%
Pagero Italy S.R.L.	MI-2530624	Milan	100%
Pagero e-Business Network Pvt Ltd	U74999MH2018FTC312263	Mumbai	99%
Pagero Australia PTY LTD	628758857	Melbourne	100%
Pagero Singapore Pte. Ltd.	201907267M	Singapore	100%
Pagero Switzerland AG	CHE-496.092.726	Chur	100%
Pagero (PTY) Ltd	2021/500165/07	Johannesburg	100%
Gosocket Corporation SA, Parent Company in sub-group	3-101-398564	San José	68.9%
Signature South Consulting Costa Rica S.A.	3-101-595167	San José	100%
South Consulting Signature Chile S.A.	76.243.124-6	Santiago	100%
Gosocket Corp. SPA (Chile)	77.586.860-0	Santiago	100%
Grupo Yacord SC SA de C.V	GYS1010015I2	Mexico City	99%
South Consulting Signature Perú S.A.C.	20556695548	Lima	100%
Technosignature Ecuador de FE S.A.	179514266001	Quito	100%
Signature South Consulting Colombia S.A.S.	900.508.908-9	Bógota	100%
Gosocket Guatemala, S.A.	104525746	Ciudad de Guatemala	100%

NOTE 34 Events after the closing date

The Government of Malta has signed an agreement with Pagero for the provision of e-invoicing services via Peppol for all its units.

In February, Pagero established a subsidiary in Poland to meet the upcoming legal requirement regarding electronic invoicing, which affects all companies in Poland.

Pagero also acquired Sri Lankan-based R&D operations. In an agreement signed with Creative Technologies, Pagero will acquire the entirety of its previously outsourced Sri Lankan-based R&D operations. Pagero bought 75% of the shares for 1,500 KUSD on February 1 2022 and have a call option to purchase the remaining 25% of the shares for 1,500 KUSD on January 2 2026. The company will be fully consolidated into Pagero Group.

We do not currently see the war in Ukraine affecting Pagero's operations.

NOTE 35 Definition of key performance indicators

Key performance indicators	Definition
Annualized Reccuring Revenue (ARR)	Contracted recurring revenue and R12 transaction revenue (SAAS). Historical figures are adjusted for comparability.
Net revenue growth	Net sales of current year/net sales of the previous period.
Recurrent revenues	Revenues of an annual nature and refer to revenues from licence and transaction sales.
EBITDA margin	Operating profit/loss before depreciation/net sales.
EBITA	Operating profit 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/loss 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, thousands	e-transactions on the Pagero Network platform.
Organic growth	Growth calculated without acquisitions.
FTE	Full-time employees.
Customer churn	Customers that have cancelled their contracts.
CLV/CAC	Customer lifetime value over customer acquisition cost. CLV calculated as new annual contract during a 12-month rolling period multiplied by gross margin and divided by customer churn. CAC calculated as sales and marketing costs in the previous rolling 12 months.

Note 35 cont.

Key performance indicators	Definition
Net working capital	Current assets, excluding cash and cash equivalents, reduced by short-term non-interest bearing liabilities.
Net debt	Long-term and short-term interest bearing liabilities to credit institutions reduced by financial assets.
Established operations	Pagero companies that are well established in a geographical market where they serve and invoice customers in the geography they are registered in as well as in other geographical markets, and generates positive earnings.

NOTE 36 Appropriation of earnings

Appropriation of earnings	
The following profit is at the disposal of the Annual General Meeting	
Share premium reserve	1,449,452,693
Retained earnings	298,257,377
Profit/loss for the year	–2,055,702
SEK	**1,745,654,368**

The Board proposes that the profits be appropriated as follows:	
to be carried forward	1,745,654,368
SEK	**1,745,654,368**

Gothenburg 13 April 2022

Birger Steen Board Chair	Bengt Nilsson Board Member and CEO	Jonas Edlund Board Member

Karin Sandsjö Board Member	Christian Melby Board Member	Mats Ryding Board Member	Fredrik vom Hofe Board Member

Our audit report was submitted on 13 April 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Resebo
Authorized Public Accountant

Unofficial translation

Auditor's report

To the general meeting of the shareholders of Pagero Group AB (publ), corporate identity number 559189-9173

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Pagero Group AB (publ) for the year 2021. The annual accounts and consolidated accounts of the Company are included on pages 33–69 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Parent Company and the Group as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–32. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we conclude, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the Company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Pagero Group AB (publ) for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the Company's organization is designed so that the accounting, management of assets and the company's other financial affairs are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which could give rise to liability of the Company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the Company, or that the proposed appropriations of the Company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Gothenburg 13 April 2022
Öhrlings PricewaterhouseCoopers AB

Patrik Resebo
Authorized Public Accountant

Annual General Meeting and financial calendar

Annual General Meeting 2022

The Annual General Meeting (AGM) will be held on Thursday, 12 May 2022.

Attendance

To be able to participate in the Annual General Meeting, shareholders must: (i) be registered in the shareholder register maintained by Euroclear Sweden AB as per 4 May 2022, and (ii) have submitted their postal votes in accordance with the instructions in the AGM notice.

Financial calendar

Annual General Meeting	12 May 2022
Q1 interim report January–March	12 May 2022
Q2 interim report January–June	23 August 2022
Q3 interim report January–September	10 November 2022

Interim reports and other information from Pagero are published regularly on the website, https://www.pagero.com/investors/calendar-press-releases/. It is also possible to subscribe for information published by Pagero in the form of press releases. All interim reports and press releases intended for the capital market are published in Swedish and English.

Contact

Bengt Nilsson, CEO
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PAGERO

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