

# Interim report

January - March 2023

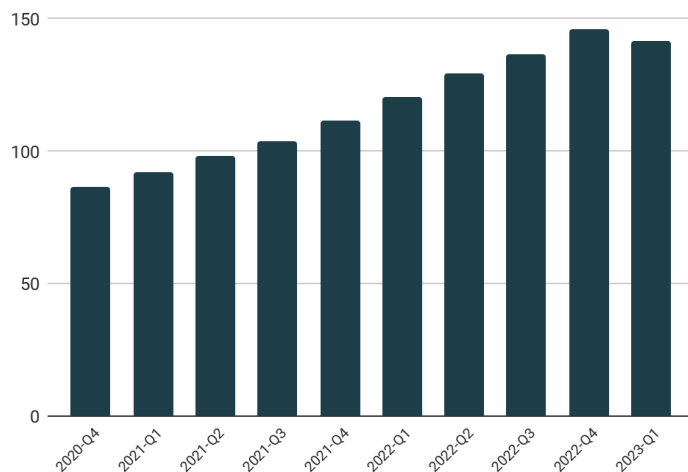
## January - March 2023

(compared to the same period last year, Upsales group)

- Net sales grew by 22.7 % to MSEK 36.2 (29.5)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 141.4, an increase of 17.4 % during the last 12 months
- ARR decreased by MSEK 4.4 during the quarter
- EBITDA increased to MSEK 9.4 (5.6)
- EBITDA margin increased to 26.0 % (19.1 %)
- Operating profit (EBIT) increased to MSEK 7.4 (3.9)
- Net income increased to MSEK 5.9 (3.1)
- Cash flow from operating activities increased to MSEK 13.6 (5.2)

## Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 141.4 (120.4), an increase of 17.4 % compared to the same time last year
- ARR decreased by MSEK 4.4 during the quarter



The chart displays the value of annual recurring subscription revenues at the end of each quarter.

## Jan - Mar 2023

# 22.7 %

Net sales growth

# 17.4 %

ARR growth, last 12 months

# 26.0 %

EBITDA margin

## INTRODUCING UPSALES

**Upsales is a Software-as-a-Service company with a long track record of profitable, organic growth and over 93 % recurring revenue**

**93%**

Recurring revenue (TTM)

**72.6MSEK**

Net cash

**22.5%**

FCF margin (TTM)

**41.9%**

Management owned

## CEO LETTER

During the first quarter of 2023, net revenue increased to 36.2 MSEK, representing a growth of 22.7 % during the last twelve months. Our Annual Recurring Revenue (ARR) amounted to 141.4 MSEK at the end of the period, representing a growth of 17.4 % during the last twelve months. ARR decreased by 4.4 MSEK during the quarter. Upsales continue to grow with profitability, and EBITDA increased to 9.4 MSEK, representing a margin of 26.0 %. Our cash flow from operating activities increased by 162 % to 13.6 MSEK and net cash at the end of the quarter was 72.6 MSEK.



I always take a long-term view of everything we do at Upsales, but I am not satisfied with the development of the ARR during the quarter. ARR decreased during the quarter mainly because of weaker sales and timing effects related to specific deals. Our long-term view of the market is still very positive, with plenty of potential in our existing customer base and the market as a whole. During the quarter, we worked intensively on the launch of our new offering targeting the upper segment of our client base. The purpose of this is to win larger contracts with new customers as well as maximise the potential in the existing customer base. We are also looking to strengthen the sales organisation's leadership, which is necessary for the next step in our growth journey. While making this change is needed to sustain long-term growth, it may take some time to see the full effect of these changes. When working with our largest customers, we see a clear opportunity to help them get more value from Upsales and solve additional business problems. Our plan remains the same. We continue investing in the product, customer success, and the sales organisation.

At the end of the first quarter, our Swedish cloud became fully operational, and the first clients are now starting to use the platform. During the quarter, we closed a new client within the financial sector, where Swedish hosting was a key requirement when selecting a vendor. We are happy to be able to offer a full-scale CRM solution for clients with high-security standards.

Scalability has always been a core part of our product strategy. An exciting development related to this is the increased importance of product-led growth for Upsales. The first step in this journey was eliminating the need for custom consulting to deliver what the customers demanded. This was successfully accomplished a few years ago. The second step is to reduce the need for training, support and one-to-one communication with customers to achieve their business goals using Upsales. A part of our expansion ARR is already coming from this area, where customers are adding seats and add-ons and increasing the ARR without any effort from the sales team. This is a result of our work with growing scalability in the product. The result is more value for our customers, a more scalable business, and increased revenue per employee.

Daniel Wikberg  
Founder & CEO

## FINANCIAL INFORMATION

### The Upsales group

All comparative figures refer to the Upsales group. The parent company's operations are focused on group-wide management whilst the operations are conducted in the wholly owned subsidiary Upsales Nordic AB.

# January - March 2023

### Net sales

The Upsales group's net sales during the period amounted to MSEK 36.2 (29.5), which corresponds to a 22.7 % increase compared to the same period last year.

### Profit

- EBITDA during the period amounted to MSEK 9.4 (5.6).
- EBIT during the period amounted to MSEK 7.4 (3.9).
- Profit before tax amounted to MSEK 7.5 (3.9) and net income amounted to MSEK 5.9 (3.1).

### Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 13.6 (5.2). Investments in tangible assets during the period amounted to MSEK 2.6 (1.6). Investments in intangible assets amounted to MSEK 1.8 (2.2). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 2.0.

### Liquidity and financial position

Net cash as of 31 March 2023 amounted to MSEK 72.6 (75.8). Total equity at the end of the period amounted to MSEK 41.2 (49.8).

### Employees

The number of employees in the Upsales group at the end of the period was 56 (66).

### Proposed appropriation of profit

The Board of Directors proposes a dividend of 1.25 SEK per share and an extraordinary dividend of 0.75 SEK per share.

### Annual general meeting

The annual general meeting for the financial year 2022 will be held the 4th of May 2023 at the company's office at Vasagatan 16, Stockholm.

## FINANCIAL INFORMATION

### Warrant-based incentive programs

The annual general meeting on 4 May 2022 decided on a warrant-based incentive program. According to the program, a maximum of 300,000 warrants can be issued and transferred to participants in the program, implying a dilution of approximately 1.8 percent.

The company already had two warrant-based incentive programmes. The annual general meeting on 5 May 2021 decided on a warrant-based incentive program "2021/2024", where the total maximum dilution due to the incentive program amounts to 2.0 percent. The annual general meeting on 14 May 2020 decided on a warrant-based incentive program "2020/2023", where the total maximum dilution due to the incentive program amounts to 0.9 percent.

### The share

Upsales group's shares are listed on Nasdaq First North Growth Market since 24 April 2019. Companies listed on Nasdaq First North are required to have a Certified Adviser, which is, among other things, responsible for supervision and compliance. Upsales group's Certified Adviser is Erik Penser Bank AB. The share is traded under the trading symbol UPSALE and has the ISIN code: SE0011985514.

### Accounting standard

The Upsales group and the parent company apply The Swedish Accounting Standards Board's BFNAR 2012:1 (K3), Årsredovisning och koncernredovisning.

### Significant events during the quarter

No significant events occurred during the reporting period.

### Significant events after the quarter

No significant events occurred after the reporting period.

### Auditor

Upsales group's auditor is Johan Grudet, certified auditor at Grant Thornton Sweden AB. This report has not been subject to review.

### Disclosure of report

This report was submitted for publication on 26 April 2023 at 08:30.

The report was published on the Upsales website at the same time.

### Financial calendar

Annual general meeting 2022:  
4 May 2023

Interim report Q2 2023:  
26 July 2023

Interim report Q3 2023:  
25 October 2023

Year-end report Q4 2023:  
14 February 2024

### For more information contact:

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Chief Financial Officer

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## GROUP FINANCIAL STATEMENT

## Income Statement

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<i>Operating income</i>			
Net sales	36,212	29,507	129,580
Capitalised development costs	1,608	1,953	6,273
Other operating income	52	231	3,665
<b>Total operating income</b>	<b>37,871</b>	<b>31,691</b>	<b>139,518</b>
<i>Operating expenses</i>			
Other external expenses	-13,865	-12,345	-50,460
Personnel costs	-14,551	-13,724	-51,789
Depreciation and impairment of tangible and intangible assets	-2,041	-1,734	-7,153
Other operating expenses	-48	2	-1,641
<b>Total operating expenses</b>	<b>-30,505</b>	<b>-27,800</b>	<b>-111,044</b>
<b>Operating profit (EBIT)</b>	<b>7,366</b>	<b>3,891</b>	<b>28,474</b>
<i>Financial items</i>			
Financial income	172	28	98
Financial expenses	0	0	-12
<b>Total financial items</b>	<b>172</b>	<b>27</b>	<b>87</b>
<b>Profit before tax</b>	<b>7,537</b>	<b>3,919</b>	<b>28,561</b>
Income tax	-1,632	-856	-6,064
<b>Net income</b>	<b>5,905</b>	<b>3,063</b>	<b>22,497</b>
Earnings per share, SEK	0.35	0.18	1.34
Earnings per share after dilution, SEK	0.35	0.18	1.33
Average number of shares	16,838,375	16,630,338	16,787,078
Number of shares at the end of the period	16,838,375	16,838,375	16,838,375

## GROUP FINANCIAL STATEMENT

## Balance Sheet

Amount in KSEK	31 March 2023	31 March 2022	31 December 2022
<b>ASSETS</b>			
<i>Non-current assets</i>			
Capitalised development costs	19,230	18,213	18,908
Goodwill	0	0	0
Tangible assets	8,144	5,098	6,115
Deferred tax assets	138	102	0
Other long-term receivables	763	710	1,071
<b>Total non-current assets</b>	<b>28,275</b>	<b>24,123</b>	<b>26,094</b>
<i>Current assets</i>			
Accounts receivable	13,115	15,896	26,699
Current tax claim	4	16	30
Other current receivables	121	50	93
Prepaid expenses and accrued income	7,191	5,992	7,141
Cash and cash equivalents	72,555	75,759	64,438
<b>Total current assets</b>	<b>92,987</b>	<b>97,713</b>	<b>98,402</b>
<b>TOTAL ASSETS</b>	<b>121,261</b>	<b>121,836</b>	<b>124,495</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	41,214	49,773	36,671
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
<b>Non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Current liabilities</i>			
Interest-bearing liabilities	0	0	0
Accounts payable	2,348	2,678	3,705
Income tax liabilities	6,015	3,582	7,706
Other current liabilities	3,057	3,882	6,338
Accrued expenses and prepaid income	68,626	61,922	70,075
<b>Total current liabilities</b>	<b>80,047</b>	<b>72,063</b>	<b>87,824</b>
<b>Total liabilities</b>	<b>80,047</b>	<b>72,063</b>	<b>87,824</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>121,261</b>	<b>121,836</b>	<b>124,495</b>

## GROUP FINANCIAL STATEMENT

# Changes in Equity

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Opening balance	36,671	38,675	38,675
Dividend	0	0	-33,677
Issued shares	0	7,994	8,202
Issued warrants	-1,364	0	1,023
Foreign currency translation differences	2	41	-48
Net income	5,905	3,063	22,497
Closing balance	41,214	49,773	36,671



## GROUP FINANCIAL STATEMENT

## Cash Flow

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<i>Operating activities</i>			
Operating profit	7,366	3,891	28,474
Adjustments for non-cash items	2,030	1,734	7,029
Interest received	172	28	98
Interest paid	0	0	-12
Income tax paid	-3,434	-1,398	-2,393
<b>Cash flow from operating activities before changes in working capital</b>	<b>6,133</b>	<b>4,255</b>	<b>33,196</b>
<i>Changes in working capital</i>			
Changes in current receivables	13,506	5,498	-6,490
Changes in current liabilities	-6,086	-4,572	7,017
<b>Total change in working capital</b>	<b>7,420</b>	<b>926</b>	<b>528</b>
<b>Cash flow from operating activities</b>	<b>13,552</b>	<b>5,180</b>	<b>33,724</b>
<i>Investing activities</i>			
Investments in intangible assets	-1,774	-2,179	-7,074
Investments in tangible assets	-2,605	-1,600	-3,713
Investments in lease contracts	0	0	0
Acquisition of financial assets	0	0	-587
Disposal of financial assets	308	0	226
<b>Cash flow from investing activities</b>	<b>-4,071</b>	<b>-3,779</b>	<b>-11,148</b>
<i>Financing activities</i>			
Issued shares	0	7,994	8,202
Issued warrants	-1,364	0	1,023
Dividend paid to the parent company's shareholders	0	0	-33,677
<b>Cash flow from financing activities</b>	<b>-1,364</b>	<b>7,994</b>	<b>-24,452</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>8,117</b>	<b>9,396</b>	<b>-1,876</b>
Cash and cash equivalents at the beginning of the period	64,438	66,362	66,362
Exchange rate differences in cash and cash equivalents	0	2	-48
<b>Cash and cash equivalents at the end of the period</b>	<b>72,555</b>	<b>75,759</b>	<b>64,438</b>

## GROUP FINANCIAL STATEMENT

## KPI summary

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	36,212	29,507	129,580
Net sales growth (%)	22.7%	35.6%	39.1%
Subscription revenue (%) of total net sales	92.1%	88.4%	92.4%
Annual recurring revenue (ARR)	141,439	120,429	120,429
ARR change during the period	-4,409	8,614	34,034
ARR growth during the period (%)	-3.0%	7.7%	-14.9%
EBITDA	9,407	5,625	35,627
EBITDA margin (%)	26.0%	19.1%	27.5%
EBIT	7,366	3,891	28,474
EBIT margin (%)	20.3%	13.2%	22.0%
Net income	5,905	3,063	22,497
Operating cash flow	13,552	5,180	33,724
Net cash	72,555	75,759	64,438

## PARENT COMPANY FINANCIAL STATEMENT

# Income Statement

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<i>Operating income</i>			
Net sales	375	375	1,500
<b>Total operating income</b>	<b>375</b>	<b>375</b>	<b>1,500</b>
<i>Operating expenses</i>			
Other external expenses	-556	-331	-1,796
Personnel costs	-496	-555	-2,237
<b>Total operating expenses</b>	<b>-1,052</b>	<b>-886</b>	<b>-4,033</b>
<b>Operating profit (EBIT)</b>	<b>-677</b>	<b>-511</b>	<b>-2,533</b>
<i>Financial items</i>			
Profit from participations in group companies	0	0	25,000
Financial income	7	14	39
Financial expenses	0	0	0
<b>Total financial items</b>	<b>7</b>	<b>14</b>	<b>25,039</b>
<b>Profit after financial items</b>	<b>-670</b>	<b>-497</b>	<b>22,506</b>
Received group contributions	0	0	2,494
<b>Profit before tax</b>	<b>-670</b>	<b>-497</b>	<b>25,000</b>
Income tax	138	102	0
<b>Net income</b>	<b>-532</b>	<b>-395</b>	<b>25,000</b>

## PARENT COMPANY FINANCIAL STATEMENT

## Balance Sheet

Amount in KSEK	31 March 2023	31 March 2022	31 December 2022
<b>ASSETS</b>			
<i>Financial assets</i>			
Shares in group companies	29,232	29,232	29,232
Deferred tax assets	138	102	0
Other long-term receivables	745	710	1,053
<b>Total financial assets</b>	<b>30,115</b>	<b>30,044</b>	<b>30,285</b>
<i>Current assets</i>			
Accounts receivable	4	1	158
Receivables from group companies	10,106	0	11,162
Current tax claim	4	16	30
Other current receivables	84	22	83
Prepaid expenses and accrued income	457	329	179
Cash and cash equivalents	345	31,939	1,204
<b>Total current assets</b>	<b>11,000</b>	<b>32,307</b>	<b>12,818</b>
<b>TOTAL ASSETS</b>	<b>41,114</b>	<b>62,351</b>	<b>43,103</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	40,167	49,115	42,063
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
<b>Non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	0	0	0
Accounts payable	169	0	174
Liabilities to group companies	0	12,732	0
Income tax liabilities	0	18	29
Other current liabilities	50	43	157
Accrued expenses and prepaid income	729	444	679
<b>Total current liabilities</b>	<b>947</b>	<b>13,237</b>	<b>1,039</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>41,114</b>	<b>62,351</b>	<b>43,103</b>

## PARENT COMPANY FINANCIAL STATEMENT

# Change of Equity

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Opening balance	42,063	41,515	41,515
Dividend	0	0	-33,677
Issued shares	0	7,994	8,202
Issued warrants	-1,364	0	1,023
Net income	-532	-394	25,000
Closing balance	40,167	49,115	42,063

## PARENT COMPANY FINANCIAL STATEMENT

## Cash Flow

Amount in KSEK	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
<i>Operating activities</i>			
Operating profit	-677	-511	-2,533
Interest received	7	14	39
Interest paid	0	0	0
Income tax paid	-3	-18	-21
<b>Cash flow from operating activities before changes in working capital</b>	<b>-673</b>	<b>-515</b>	<b>-2,515</b>
<i>Changes in working capital</i>			
Changes in current receivables	932	6,136	6,067
Changes in current liabilities	-63	12,644	16,767
<b>Total changes in working capital</b>	<b>869</b>	<b>18,780</b>	<b>22,834</b>
<b>Cash flow from operating activities</b>	<b>197</b>	<b>18,265</b>	<b>20,320</b>
<i>Investing activities</i>			
Acquisition of financial assets	0	0	-569
Disposal of financial assets	308	0	226
<b>Cash flow from investing activities</b>	<b>308</b>	<b>0</b>	<b>-343</b>
<i>Financing activities</i>			
Issued shares	0	7,994	8,202
Issued warrants	-1,364	0	1,023
Dividend	0	0	-33,677
<b>Cash flow from financing activities</b>	<b>-1,364</b>	<b>7,994</b>	<b>-24,452</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-859</b>	<b>26,259</b>	<b>-4,475</b>
Cash and cash equivalents at the beginning of the period	1,204	5,679	5,679
Exchange rate differences in cash and cash equivalents	0	0	0
<b>Cash and cash equivalents at the end of the period</b>	<b>345</b>	<b>31,939</b>	<b>1,204</b>

# Definitions

## Annual recurring revenue (ARR)

Annual recurring revenue is the sum of the annual value of all customer contracts at the end of the period. New contracts are included from the start date on the contract. Cancelled agreements are included until end date on the contract.

## Subscription revenue (%) of total net sales

Recurring revenue (revenue from subscriptions) as a percentage of net sales.

## EBIT

Earnings before interest and tax.

## EBIT margin

EBIT as a percentage of net sales.

## EBITDA

Earnings before interest, taxes, depreciation and amortisation.

## EBITDA margin

EBITDA as a percentage of net sales.

## Net cash

Cash and bank balances minus interest bearing liabilities.

## Operating cash flow

Cash flow from operating activities.

## Free cash flow (FCF)

Cash flow from operating activities minus cash flow from investing activities.

## Free cash flow margin

Free cash flow as a percentage of net sales.

## Earnings per share

Net income divided by average number of shares in the period.

## Earnings per share after dilution

Net income divided by average number of shares in the period after potential dilution.

