

# Interim report

January - March 2022

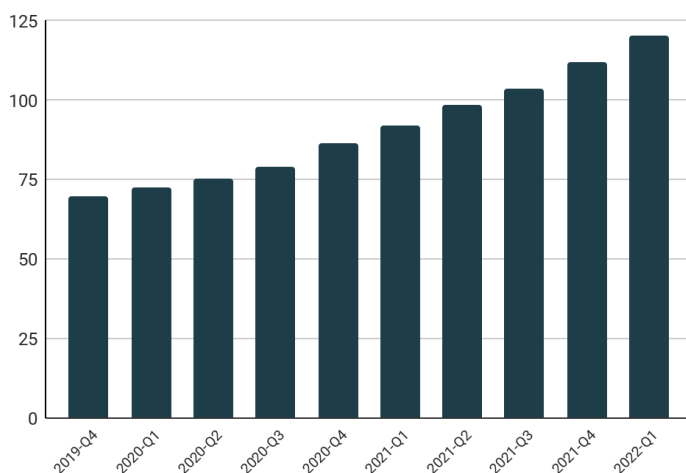
## January - March 2022

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

- Net sales grew by 35.6 % to MSEK 29.5 (21.8)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 120.4, which represents an increase of 30.7 % the last 12 months
- ARR increased by MSEK 8.6 during the quarter
- EBITDA decreased to MSEK 5.6 (6.5)
- EBITDA margin decreased to 19.1 % (29.8 %)
- Operating profit (EBIT) decreased to MSEK 3.9 (4.3)
- Net income decreased to MSEK 3.1 (3.2)
- Cash flow from operating activities decreased to MSEK 5.2 (16.4)

## Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 120.4 (92.1) which corresponds to an increase of 30.7 % compared to the same time last year
- The increase in ARR during the quarter was MSEK 8.6, which corresponds to a growth of 7.7 % during the quarter



Graph showing the value of annual recurring subscription revenues at the end of each quarter.

## Jan - Mar 2022

**35.6 %**

Net sales growth

**30.7 %**

ARR growth, last 12 months

**19.1 %**

EBITDA margin

## CEO LETTER

Upsales started the year with continued profitable growth and positive cash flow. Our revenue growth is accelerating, driven by sales efforts and a continuously decreasing churn rate. We are confident that growth will further accelerate in Q2 and the rest of 2022. Despite growth investments, Upsales' free cash flow continues to be strong. Total cash flow was also higher than usual due to our first stock option program reaching maturity.



Our continued focus on customer success is paying off, through lower churn, increased ACV (average contract value), and strong demand from the existing customers for additional licences and add-ons. At the same time, we continue to add more people to the sales organisation, with the never-ending goal of signing more customers every single quarter. Our efforts in the UK market continue to develop very positively. The investments we've made to adapt the product for the UK market receive great feedback from potential and existing customers.

The goal with everything we do is to be the best B2B sales platform for ambitious and fast-growing companies. We continue to research how the best sales organisations grow revenues to identify best practices that we incorporate into our product.

We released many exciting features during Q1. The marketing analytics in Upsales has a major upgrade. With full-funnel reports, sales leaders are able to better understand how their marketing investments turn into actual revenue. Another highly appreciated and new feature is identifying upsell opportunities from existing customers quickly. Sales leaders can now visualise their customer base and identify opportunities to grow existing accounts by connecting their ERP to Upsales and using that data to find new opportunities. Finally, users are now able to work more effectively, thanks to numerous workflow improvements in the day-to-day work of sales reps.

Apart from the financial developments, we continue to see positive trends in operational KPIs like NPS and customer satisfaction, which facilitate future growth. An essential part of our strategy - and our culture - is to have extremely satisfied customers. Innovation, together with an obsession over customer success is our proven recipe for staying competitive and accelerating growth.

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 2022

### Annual recurring revenue (ARR)

Annual recurring revenue at the end of the first quarter amounted to MSEK 120.4 (92.1). This is an increase of 30.7 % compared to the same period last year.

### Net sales

The Upsales group's net sales during the period amounted to MSEK 29.5 (21.8), which corresponds to a 35.6 % increase compared to the same period last year.

### Profit

- EBITDA during the period amounted to MSEK 5.6 (6.5).
- EBIT during the period amounted to MSEK 3.9 (4.3).
- Profit before tax amounted to MSEK 3.9 (4.3) and net income amounted to MSEK 3.1 (3.2).

### Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 5.2 (16.4). Investments in tangible assets during the period amounted to MSEK 1.6 (0.4). Investments in intangible assets amounted to MSEK 2.2 (1.9). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 1.7.

### Liquidity and financial position

Net cash as of 31 March 2022 amounted to MSEK 75.8 (49.5). Total equity at the end of the period amounted to MSEK 49.8 (30.4).

### Employees

The number of employees in the Upsales group at the end of the period was 66 (67).

### Annual general meeting

The annual general meeting for the financial year 2021 will be held on 4 May 2022 at 17:30 in the company's premises at Vasagatan 16 in Stockholm.

### Warrant-based incentive programs

The annual general meeting on 5 May 2021 decided on a warrant-based incentive program aimed at members of the Upsales group's management team and other key personnel. According to the program, a maximum of 330,000 warrants can be issued and transferred to participants in the program, implying a dilution of approximately 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.

## FINANCIAL INFORMATION

### 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

**Dividend:** Upsales' board of directors decided on 15 February to propose to the annual general meeting on 4 May 2022 an extra dividend of SEK 1 per share in addition to the ordinary dividend of 1 SEK per share in accordance with the company's dividend policy.

### Significant events after the quarter

No significant events have occurred after the end of 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 27 April 2022 at 08:30.

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

### Financial calendar

Annual general meeting 2021: 4 May 2022

Interim report Q2 2022:  
27 July 2022

Interim report Q3 2022:  
26 October 2022

### 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 2022   | Jan-Mar 2021   | Jan-Dec 2021   |
|---|----------------|----------------|----------------|
| <i>Operating income</i>                                       |                |                |                |
| Net sales   | 29,507         | 21,768         | 93,135         |
| Capitalised development costs                                 | 1,953          | 1,772          | 7,570          |
| Other operating income  | 231            | 20             | 0              |
| <b>Total operating income</b>                                 | <b>31,691</b>  | <b>23,560</b>  | <b>100,705</b> |
| <i>Operating expenses</i>                                     |                |                |                |
| Other external expenses                                       | -12,345        | -5,876         | -31,738        |
| Personnel costs   | -13,724        | -11,200        | -49,146        |
| Depreciation and impairment of tangible and intangible assets | -1,734         | -2,223         | -7,222         |
| Other operating expenses                                      | 2              | 0              | -28            |
| <b>Total operating expenses</b>                               | <b>-27,800</b> | <b>-19,299</b> | <b>-88,134</b> |
| <b>Operating profit (EBIT)</b>                                | <b>3,891</b>   | <b>4,261</b>   | <b>12,572</b>  |
| <i>Financial items</i>  |                |                |                |
| Financial income  | 28             | 18             | 40             |
| Financial expenses  | 0              | -10            | -6             |
| <b>Total financial items</b>                                  | <b>27</b>      | <b>8</b>       | <b>34</b>      |
| <b>Profit before tax</b>                                      | <b>3,919</b>   | <b>4,269</b>   | <b>12,606</b>  |
| Income tax  | -856           | -1,033         | -2,887         |
| <b>Net income</b>   | <b>3,063</b>   | <b>3,236</b>   | <b>9,718</b>   |
| Earnings per share, SEK                                       | 0.18           | 0.19           | 0.58           |
| Earnings per share after dilution, SEK                        | 0.18           | 0.19           | 0.57           |
| Average number of shares                                      | 16,630,338     | 16,628,000     | 16,628,000     |
| Number of shares at the end of the period                     | 16,838,375     | 16,628,000     | 16,628,000     |

## GROUP FINANCIAL STATEMENT

## Balance Sheet

| Amount in KSEK                      | 31 March 2022  | 31 March 2021 | 31 December 2021 |
|-------------------------------------|----------------|---------------|------------------|
| <b>ASSETS</b>                       |                |               |                  |
| <i>Non-current assets</i>           |                |               |                  |
| Capitalised development costs       | 18,213         | 15,340        | 17,409           |
| Goodwill                            | 0              | 284           | 0                |
| Tangible assets                     | 5,098          | 1,626         | 3,856            |
| Deferred tax assets                 | 102            | 91            | 0                |
| Other long-term receivables         | 710            | 0             | 710              |
| <b>Total non-current assets</b>     | <b>24,123</b>  | <b>17,340</b> | <b>21,975</b>    |
| <i>Current assets</i>               |                |               |                  |
| Accounts receivables                | 15,896         | 11,964        | 22,095           |
| Current tax claim                   | 16             | 2             | 12               |
| Other current receivables           | 50             | 99            | 32               |
| Prepaid expenses and accrued income | 5,992          | 2,722         | 5,317            |
| Cash and cash equivalents           | 75,759         | 49,469        | 66,362           |
| <b>Total current assets</b>         | <b>97,713</b>  | <b>64,255</b> | <b>93,818</b>    |
| <b>TOTAL ASSETS</b>                 | <b>121,836</b> | <b>81,595</b> | <b>115,793</b>   |
| <b>EQUITY AND LIABILITIES</b>       |                |               |                  |
| Equity                              | 49,773         | 30,406        | 38,675           |
| <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                    | 2,678          | 1,850         | 11,488           |
| Income tax liabilities              | 3,582          | 2,302         | 4,017            |
| Other current liabilities           | 3,882          | 3,585         | 5,446            |
| Accrued expenses and prepaid income | 61,922         | 43,452        | 56,166           |
| <b>Total current liabilities</b>    | <b>72,063</b>  | <b>51,189</b> | <b>77,118</b>    |
| <b>Total liabilities</b>            | <b>72,063</b>  | <b>51,189</b> | <b>77,118</b>    |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>121,836</b> | <b>81,595</b> | <b>115,793</b>   |

## GROUP FINANCIAL STATEMENT

# Changes in Equity

| Amount in KSEK                           | Jan-Mar 2022 | Jan-Mar 2021 | Jan-Dec 2021 |
|--|--------------|--------------|--------------|
| Opening balance                          | 38,675       | 27,162       | 27,162       |
| Issued shares                            | 7,994        | 0            | 0            |
| Issued warrants                          | 0            | 0            | 1,811        |
| Foreign currency translation differences | 41           | 8            | -17          |
| Net income                               | 3,063        | 3,236        | 9,718        |
| Closing balance                          | 49,773       | 30,406       | 38,675       |

## GROUP FINANCIAL STATEMENT

## Cash Flow

| Amount in KSEK   | Jan-Mar 2022  | Jan-Mar 2021  | Jan-Dec 2021   |
|--|---------------|---------------|----------------|
| <i>Operating activities</i>  |               |               |                |
| Operating profit   | 3,891         | 4,261         | 12,572         |
| Adjustments for non-cash items   | 1,734         | 2,223         | 7,222          |
| Interest received  | 28            | 8             | 40             |
| Interest paid  | 0             | 0             | -6             |
| Income tax paid  | -1,398        | -37           | -96            |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>4,255</b>  | <b>6,455</b>  | <b>19,732</b>  |
| <i>Changes in working capital</i>  |               |               |                |
| Changes in current receivables   | 5,498         | 6,770         | -6,688         |
| Changes in current liabilities   | -4,572        | 3,135         | 27,324         |
| <b>Total change in working capital</b>                                       | <b>926</b>    | <b>9,905</b>  | <b>20,636</b>  |
| <b>Cash flow from operating activities</b>                                   | <b>5,180</b>  | <b>16,360</b> | <b>40,368</b>  |
| <i>Investing activities</i>  |               |               |                |
| Investments in intangible assets   | -2,179        | -1,889        | -8,070         |
| Investments in tangible assets   | -1,600        | -403          | -3,237         |
| Investments in lease contracts   | 0             | 0             | 89             |
| <b>Cash flow from investing activities</b>                                   | <b>-3,779</b> | <b>-2,292</b> | <b>-11,218</b> |
| <i>Financing activities</i>  |               |               |                |
| Issued shares  | 7,994         | 0             | 0              |
| Issued warrants  | 0             | 0             | 1,811          |
| <b>Cash flow from financing activities</b>                                   | <b>7,994</b>  | <b>0</b>      | <b>1,811</b>   |
| <b>CASH FLOW FOR THE PERIOD</b>  | <b>9,396</b>  | <b>14,068</b> | <b>30,961</b>  |
| Cash and cash equivalents at the beginning of the period                     | 66,362        | 35,396        | 35,396         |
| Exchange rate differences in cash and cash equivalents                       | 2             | 5             | 5              |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>75,759</b> | <b>49,469</b> | <b>66,362</b>  |



## GROUP FINANCIAL STATEMENT

## KPI summary

| Amount in KSEK                              | Jan-Mar 2022 | Jan-Mar 2021 | Jan-Dec 2021 |
|---|--------------|--------------|--------------|
| Net sales                                   | 29,507       | 21,768       | 93,135       |
| Net sales growth (%)                        | 35.6%        | 15.2%        | 23.8%        |
| Subscription revenue (%) of total net sales | 88.4%        | 88.8%        | 91.5%        |
| Annual recurring revenue (ARR)              | 120,429      | 92,111       | 111,815      |
| ARR change during the period                | 8,614        | 5,704        | 25,408       |
| ARR growth during the period (%)            | 7.7%         | 6.6%         | 29.4%        |
| EBITDA                                      | 5,625        | 6,484        | 19,794       |
| EBITDA margin                               | 19.1%        | 29.8%        | 21.3%        |
| EBIT  | 3,891        | 4,261        | 12,572       |
| EBIT margin (%)                             | 13.2%        | 19.6%        | 13.5%        |
| Net income                                  | 3,063        | 3,236        | 9,718        |
| Operating cash flow                         | 5,180        | 16,360       | 40,368       |
| Net cash                                    | 75,759       | 49,469       | 66,362       |

## PARENT COMPANY FINANCIAL STATEMENT

# Income Statement

| Amount in KSEK                      | Jan-Mar 2022 | Jan-Mar 2021 | Jan-Dec 2021  |
|-------------------------------------|--------------|--------------|---------------|
| <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             | -331         | -256         | -1,161        |
| Personnel costs                     | -555         | -559         | -2,250        |
| <b>Total operating expenses</b>     | <b>-886</b>  | <b>-815</b>  | <b>-3,411</b> |
| <b>Operating profit (EBIT)</b>      | <b>-511</b>  | <b>-440</b>  | <b>-1,911</b> |
| <i>Financial items</i>              |              |              |               |
| Financial income                    | 14           | 0            | 9             |
| Financial expenses                  | 0            | 0            | 0             |
| <b>Total financial items</b>        | <b>14</b>    | <b>0</b>     | <b>9</b>      |
| <b>Profit after financial items</b> | <b>-497</b>  | <b>-440</b>  | <b>-1,902</b> |
| Received group contributions        | 0            | 0            | 1,902         |
| <b>Profit before tax</b>            | <b>-497</b>  | <b>-440</b>  | <b>0</b>      |
| Income tax                          | 102          | 91           | 0             |
| <b>Net income</b>                   | <b>-395</b>  | <b>-349</b>  | <b>0</b>      |

## PARENT COMPANY FINANCIAL STATEMENT

# Balance Sheet

| Amount in KSEK                      | 31 March 2022 | 31 March 2021 | 31 December 2021 |
|-------------------------------------|---------------|---------------|------------------|
| <b>ASSETS</b>                       |               |               |                  |
| <i>Financial assets</i>             |               |               |                  |
| Shares in group companies           | 29,232        | 29,232        | 29,232           |
| Deferred tax assets                 | 102           | 91            | 0                |
| Other long-term receivables         | 710           | 0             | 710              |
| <b>Total financial assets</b>       | <b>30,044</b> | <b>29,323</b> | <b>29,942</b>    |
| <i>Current assets</i>               |               |               |                  |
| Accounts receivable                 | 1             | 0             | 156              |
| Receivables from group companies    | 0             | 4,376         | 6,268            |
| Current tax claim                   | 16            | 2             | 12               |
| Other current receivables           | 22            | 22            | 22               |
| Prepaid expenses and accrued income | 329           | 165           | 42               |
| Cash and cash equivalents           | 31,939        | 6,092         | 5,679            |
| <b>Total current assets</b>         | <b>32,307</b> | <b>10,658</b> | <b>12,180</b>    |
| <b>TOTAL ASSETS</b>                 | <b>62,351</b> | <b>39,981</b> | <b>42,122</b>    |
| <b>EQUITY AND LIABILITIES</b>       |               |               |                  |
| Equity                              | 49,115        | 39,355        | 41,515           |
| <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                    | 0             | 5             | 42               |
| Liabilities to group companies      | 12,732        | 0             | 0                |
| Income tax liability                | 18            | 21            | 31               |
| Other current liabilities           | 43            | 427           | 139              |
| Accrued expenses and prepaid income | 444           | 173           | 394              |
| <b>Total current liabilities</b>    | <b>13,237</b> | <b>626</b>    | <b>606</b>       |
| <b>TOTAL EQUITY AND LIABILITIES</b> | <b>62,351</b> | <b>39,981</b> | <b>42,122</b>    |

## PARENT COMPANY FINANCIAL STATEMENT

# Change of Equity

| Amount in KSEK  | Jan-Mar 2022 | Jan-Mar 2021 | Jan-Dec 2021 |
|-----------------|--------------|--------------|--------------|
| Opening balance | 41,515       | 39,704       | 39,704       |
| Issued shares   | 7,994        | 0            | 0            |
| Issued warrants | 0            | 0            | 1,811        |
| Net income      | -394         | -349         | 0            |
| Closing balance | 49,115       | 39,355       | 41,515       |

## PARENT COMPANY FINANCIAL STATEMENT

## Cash Flow

| Amount in KSEK   | Jan-Mar 2022  | Jan-Mar 2021 | Jan-Dec 2021  |
|--|---------------|--------------|---------------|
| <i>Operating activities</i>  |               |              |               |
| Operating profit   | -511          | -440         | -1,911        |
| Interest received  | 14            | 0            | 9             |
| Income tax paid  | -18           | -10          | -9            |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>-515</b>   | <b>-450</b>  | <b>-1,912</b> |
| <i>Changes in working capital</i>  |               |              |               |
| Changes in current receivables   | 6,136         | 204          | -528          |
| Changes in current liabilities   | 12,644        | -21          | -51           |
| <b>Total changes in working capital</b>                                      | <b>18,780</b> | <b>183</b>   | <b>-579</b>   |
| <b>Cash flow from operating activities</b>                                   | <b>18,265</b> | <b>-267</b>  | <b>-2,491</b> |
| <i>Financing activities</i>  |               |              |               |
| Issued shares  | 7,994         | 0            | 0             |
| Issued warrants  | 0             | 0            | 1,811         |
| <b>Cash flow from financing activities</b>                                   | <b>7,994</b>  | <b>0</b>     | <b>1,811</b>  |
| <b>CASH FLOW FOR THE PERIOD</b>  | <b>26,259</b> | <b>-267</b>  | <b>-680</b>   |
| Cash and cash equivalents at the beginning of the period                     | 5,679         | 6,359        | 6,359         |
| Exchange rate differences in cash and cash equivalents                       | 0             | 0            | 0             |
| <b>Cash and cash equivalents at the end of the period</b>                    | <b>31,939</b> | <b>6,092</b> | <b>5,679</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.

## 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.

## 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.

