

Interim report

January - March 2024

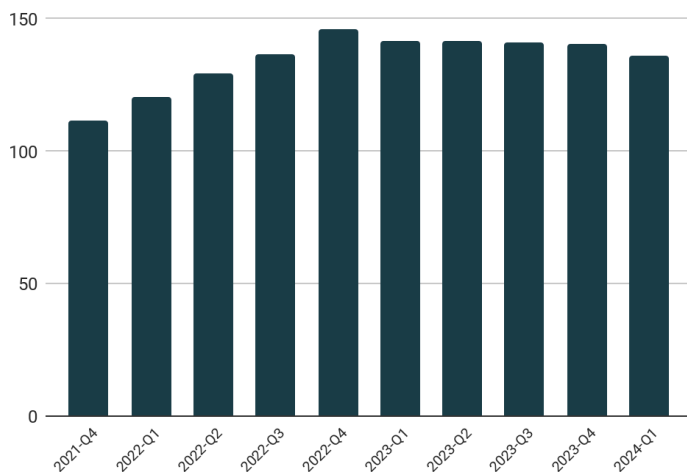
January - March 2024

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

- Net sales grew by 3.0 % to MSEK 37.3 (36.2)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 135.9, a change of -3.9 % during the last 12 months
- ARR changed by MSEK -4.5 during the quarter
- EBITDA decreased to MSEK 8.7 (9.4)
- EBITDA margin decreased to 23.2 % (26.0 %)
- Operating profit (EBIT) decreased to MSEK 6.5 (7.4)
- Net income decreased to MSEK 5.4 (5.9)
- Cash flow from operating activities decreased to MSEK 7.9 (13.6)

Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 135.9 (141.4), a change of -3.9 % compared to the same time last year
- ARR changed by MSEK -4.5 during the quarter



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

Jan - Mar 2024

3.0 %

Net sales growth

-3.9 %

ARR growth, last 12 months

23.2 %

EBITDA margin

INTRODUCING UPSALES

Upsales is a Software-as-a-Service company with a long track record of profitable, organic growth and over 90 % recurring revenue

94%

Recurring revenue (TTM)

57.7MSEK

Net cash

28.6%

EBITDA margin (TTM)

41.9%

Management owned

CEO LETTER

In the first quarter of 2024, Annual Recurring Revenue (ARR) amounted to 135.9 MSEK, a change of -3.9 % compared to the same period the previous year. ARR decreased by -4.5 MSEK during the quarter. At the same time, Upsales showed continued profitability with an EBITDA margin of 23.2 % during the quarter. Cash flow from operating activities decreased to MSEK 7.9 (13.6), which is mainly explained by higher income tax paid in the quarter compared to the same period last year.



In the first quarter, the work of returning Upsales to ARR growth continued with good progress. From history, we know that the first quarter is always challenging as there is a large share of contract renewals and, therefore, a large share of churn. We had slightly more optimistic expectations for the first quarter, but the ARR growth was affected by a larger deal that did not materialise. The outlook remains unchanged, and we still see a long and stable growth runway for Upsales going forward. As previously communicated, we expect to show ARR growth on a quarter-over-quarter basis in Q2 2024. I'm proud that we continue to report an EBITDA margin well over 20% even though we have continued to invest in growing the sales and product organisation during this period with low revenue growth. The plan and outlook ahead is still profitable growth.

The product team has continued to work tirelessly to find solutions to our customers' growth challenges. During the quarter, we have broadened our product suite to include customer service as well as project management. We have continued developing revenue automation features such as CPQ and subscription billing. We are also building and adding more features to support complex organisational structures, as customers want to use Upsales to consolidate larger groups and multi-level organisations. These features are crucial requirements for larger customers who want to automate more parts of the selling process and grow revenues without increasing cost-of-sales.

I spent a lot of time in the first quarter meeting the CEOs of existing and potential customers. The feedback we get is that Upsales, with its positioning towards Nordic companies, is a strategic partner for the companies in our niche. With a dedicated local team, our focus on solving specific use cases combined with local hosting solving GDPR issues, these customers credit us for being able to deliver more value, faster than our international competitors.

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 2024

Net sales

The Upsales group's net sales during the period amounted to MSEK 37.3 (36.2), which corresponds to a 3.0 % increase compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 8.7 (9.4)
- EBIT during the period amounted to MSEK 6.5 (7.4)
- Profit before tax amounted to MSEK 6.8 (7.5) and net income amounted to MSEK 5.4 (5.9)

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 7.9 (13.6). The change in cash flow from operating activities is mainly due to changes in income tax paid. Investments in tangible assets during the period amounted to MSEK 0.2 (2.6). Investments in intangible assets amounted to MSEK 2.2 (1.8). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 2.2.

Liquidity and financial position

Net cash as of 31 March amounted to MSEK 57.7 (72.6). Total equity at the end of the period amounted to MSEK 34.8 (41.2).

Employees

The number of employees in the Upsales group at the end of the period was 74 (56).

Proposed appropriation of profit

The Board of Directors proposes a dividend of 1.50 SEK per share.

Annual general meeting

The annual general meeting for the financial year 2023 will be held the 25th of April 2024 at the company's office at Vasagatan 16, Stockholm.

FINANCIAL INFORMATION

Warrant-based incentive programs

The annual general meeting on 4 May 2023 decided on a warrant-based incentive program. According to the program, a maximum of 200,000 warrants can be issued and transferred to participants in the program, implying a dilution of approximately 1.2 percent.

The company already had two warrant-based incentive programmes. The annual general meeting on 4 May 2022 decided on a warrant-based incentive program "2022/2025" where 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 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 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 Ida Sparrfeldt, 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 24 April 2024 at 07:00.

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

Financial calendar

Annual general meeting 2023:
25 April 2024

Interim report Q2 2024:
24 July 2024

Interim report Q3 2024:
23 October 2024

Year end report Q4 2024:
February 19 2025

For more information contact:

Elin Lundström
Chief Financial Officer

08-505 806 00
ir@upsales.com

GROUP FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
<i>Operating income</i>			
Net sales	37,283	36,212	145,207
Capitalised development costs	1,916	1,608	6,932
Other operating income	0	52	510
Total operating income	39,199	37,871	152,649
<i>Operating expenses</i>			
Other external expenses	-14,586	-13,865	-52,521
Personnel costs	-15,799	-14,551	-57,373
Depreciation and impairment of tangible and intangible assets	-2,208	-2,041	-8,258
Other operating expenses	-152	-48	-136
Total operating expenses	-32,744	-30,505	-118,288
Operating profit (EBIT)	6,455	7,366	34,361
<i>Financial items</i>			
Financial income	316	172	633
Financial expenses	-1	0	-43
Total financial items	315	172	590
Profit before tax	6,769	7,537	34,950
Income tax	-1,399	-1,632	-7,399
Net income	5,370	5,905	27,551
Earnings per share, SEK	0.32	0.35	1.64
Earnings per share after dilution, SEK	0.32	0.35	1.64
Average number of shares	16,838,375	16,838,375	16,838,375
Number of shares at the end of the period	16,838,375	16,838,375	16,838,375

GROUP FINANCIAL STATEMENT

Balance Sheet

<i>Amount in KSEK</i>	31 March 2024	31 March 2023	31 December 2023
ASSETS			
<i>Non-current assets</i>			
Capitalised development costs	21,239	19,230	20,687
Goodwill	0	0	0
Tangible assets	6,407	8,144	6,741
Deferred tax assets	113	138	0
Other long-term receivables	354	763	725
Total non-current assets	28,113	28,275	28,153
<i>Current assets</i>			
Accounts receivable	13,154	13,115	26,362
Current tax claim	22	4	17
Other current receivables	134	121	100
Prepaid expenses and accrued income	7,637	7,191	8,676
Cash and cash equivalents	57,664	72,555	52,606
Total current assets	78,610	92,987	87,761
TOTAL ASSETS	106,723	121,261	115,914
EQUITY AND LIABILITIES			
Equity	34,838	41,214	30,271
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
Non-current liabilities	0	0	0
<i>Current liabilities</i>			
Interest-bearing liabilities	0	0	3,512
Accounts payable	2,756	2,348	7,307
Income tax liabilities	539	6,015	4,649
Other current liabilities	2,271	3,057	70,175
Accrued expenses and prepaid income	66,318	68,626	85,643
Total current liabilities	71,885	80,047	85,643
Total liabilities	71,885	80,047	85,643
TOTAL EQUITY AND LIABILITIES	106,723	121,261	115,914

Changes in Equity

<i>Amount in KSEK</i>	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
Opening balance	30,271	36,671	36,671
Dividend	0	0	-33,677
Issued shares	0	0	0
Change of warrants	-805	-1,364	-276
Foreign currency translation differences	3	2	1
Net income	5,370	5,905	27,551
Closing balance	34,838	41,214	30,271

GROUP FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
<i>Operating activities</i>			
Operating profit	6,455	7,366	34,361
Adjustments for non-cash items	2,176	2,030	8,258
Interest received	316	172	633
Interest paid	-1	0	-43
Income tax paid	-8,285	-3,434	-7,785
Cash flow from operating activities before changes in working capital	660	6,133	35,423
<i>Changes in working capital</i>			
Changes in current receivables	14,213	13,506	-1,286
Changes in current liabilities	-6,988	-6,086	-1,782
Total change in working capital	7,225	7,420	-3,067
Cash flow from operating activities	7,886	13,552	32,356
<i>Investing activities</i>			
Investments in intangible assets	-2,162	-1,774	-7,642
Investments in tangible assets	-231	-2,605	-2,940
Acquisition of financial assets	0	0	-4
Disposal of financial assets	371	308	351
Cash flow from investing activities	-2,022	-4,071	-10,236
<i>Financing activities</i>			
Change of warrants	-805	-1,364	-276
Dividend paid to the parent company's shareholders	0	0	-33,677
Cash flow from financing activities	-805	-1,364	-33,953
CASH FLOW FOR THE PERIOD	5,058	8,117	-11,833
Cash and cash equivalents at the beginning of the period	52,606	64,438	64,438
Exchange rate differences in cash and cash equivalents	0	0	1
Cash and cash equivalents at the end of the period	57,664	72,555	52,606

GROUP FINANCIAL STATEMENT

KPI summary

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
Net sales	37,283	36,212	145,207
Net sales growth (%)	3.0%	22.7%	12.1%
Subscription revenue (%) of total net sales	91.6%	92.1%	94.3%
Annual recurring revenue (ARR)	135,919	141,439	140,414
ARR change during the period	-4,495	-4,409	-5,435
ARR growth during the period (%)	-3.2%	-3.0%	-3.7%
EBITDA	8,663	9,407	42,619
EBITDA margin (%)	23.2%	26.0%	29.4%
EBIT	6,455	7,366	34,361
EBIT margin (%)	17.3%	20.3%	23.7%
Net income	5,370	5,905	27,551
Operating cash flow	7,886	13,552	32,356
Net cash	57,664	72,555	52,606

PARENT COMPANY FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
<i>Operating income</i>			
Net sales	605	375	1,500
Total operating income	605	375	1,500
<i>Operating expenses</i>			
Other external expenses	-374	-556	-1,688
Personnel costs	-827	-496	-2,209
Total operating expenses	-1,200	-1,052	-3,896
Operating profit (EBIT)	-595	-677	-2,396
<i>Financial items</i>			
Profit from participations in group companies	0	0	30,000
Financial income	1	7	31
Financial expenses	-1	0	0
Total financial items	-1	7	30,031
Profit after financial items	-596	-670	27,635
Received group contributions	0	0	2,368
Profit before tax	-596	-670	30,002
Income tax	113	138	0
Net income	-483	-532	30,002

PARENT COMPANY FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	31 March 2024	31 March 2023	31 December 2023
ASSETS			
<i>Financial assets</i>			
Shares in group companies	29,232	29,232	29,232
Deferred tax assets	113	138	0
Other long-term receivables	354	745	725
Total financial assets	29,699	30,115	29,957
<i>Current assets</i>			
Accounts receivable	300	4	6
Receivables from group companies	6,474	10,106	7,474
Current tax claim	22	4	17
Other current receivables	128	84	98
Prepaid expenses and accrued income	414	457	146
Cash and cash equivalents	449	345	1,630
Total current assets	7,787	11,000	9,371
TOTAL ASSETS	37,485	41,114	39,328
EQUITY AND LIABILITIES			
Equity	36,824	40,167	38,112
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
Non-current liabilities	0	0	0
Current liabilities			
Interest-bearing liabilities	0	0	0
Accounts payable	181	169	175
Liabilities to group companies	0	0	0
Income tax liabilities	18	0	15
Other current liabilities	155	50	119
Accrued expenses and prepaid income	307	729	907
Total current liabilities	662	947	1,216
TOTAL EQUITY AND LIABILITIES	37,485	41,114	39,328

PARENT COMPANY FINANCIAL STATEMENT

Change of Equity

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
Opening balance	38,112	42,063	42,063
Dividend	0	0	-33,677
Issued shares	0	0	0
Change of warrants	-805	-1,364	-276
Net income	-483	-532	30,002
Closing balance	36,824	40,167	38,112

PARENT COMPANY FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Mar 2024	Jan-Mar 2023	Jan-dec 2023
<i>Operating activities</i>			
Operating profit	-595	-677	-2,397
Interest received	1	7	31
Interest paid	-1	0	0
Income tax paid	-1	-3	-2
Cash flow from operating activities before changes in working capital	-597	-673	-2,368
<i>Changes in working capital</i>			
Changes in current receivables	408	932	11,334
Changes in current liabilities	-557	-63	25,084
Total changes in working capital	-149	869	36,418
Cash flow from operating activities	-746	197	34,051
<i>Investing activities</i>			
Acquisition of financial assets	0	0	-4
Disposal of financial assets	371	308	333
Cash flow from investing activities	371	308	328
<i>Financing activities</i>			
Issued shares	0	0	0
Change in warrants	-805	-1,364	-276
Dividend	0	0	-33,677
Cash flow from financing activities	-805	-1,364	-33,953
CASH FLOW FOR THE PERIOD	-1,181	-859	426
Cash and cash equivalents at the beginning of the period	1,630	1,204	1,204
Exchange rate differences in cash and cash equivalents	0	0	0
Cash and cash equivalents at the end of the period	449	345	1,630

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 the end date of 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.

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.

