

Interim report

April - June 2022

April - June 2022

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

- Net sales grew by 46.4 % to MSEK 32.2 (22.0)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 129.3, an increase of 31.5 % during the last 12 months
- ARR increased by MSEK 8.9 during the quarter
- EBITDA increased to MSEK 7.6 (4.1)
- EBITDA margin increased to 23.4 % (18.5 %)
- Operating profit (EBIT) increased to MSEK 5.8 (2.2)
- Net income increased to MSEK 4.6 (1.8)
- Cash flow from operating activities increased to MSEK 3.3 (2.2)

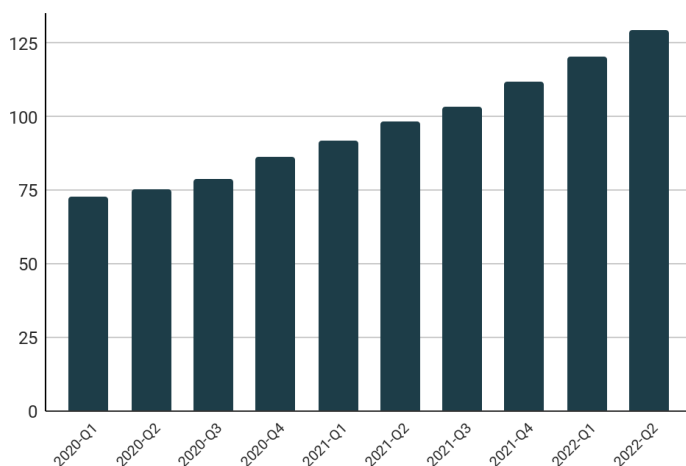
January - June 2022

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

- Net sales grew by 41.0 % to MSEK 61.8 (43.8)
- ARR increased by MSEK 17.5 during the period
- EBITDA increased to MSEK 13.2 (10.6)
- EBITDA margin decreased to 21.4 % (24.1 %)
- Operating profit (EBIT) increased to MSEK 9.7 (6.5)
- Net income increased to MSEK 7.6 (5.0)
- Cash flow from operating activities decreased to MSEK 8.4 (18.6)

Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 129.3 (98.4), an increase of 31.5 % compared to the same time last year
- The increase in ARR during the quarter was MSEK 8.9, a growth of 7.4 % during the quarter



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

Apr - Jun 2022

46.4 %

Net sales growth

31.5 %

ARR growth, last 12 months

23.4 %

EBITDA margin

CEO LETTER

The second quarter ended with an ARR (Annual Recurring Revenue) of 129.3 MSEK, an increase by 31.5 % during the last twelve months. Net sales increased to 32.2 MSEK during the quarter, an increase of 46.4 % compared to the same period last year. Net sales is growing rapidly, driven mainly by underlying ARR growth and lower churn. EBITDA increased to 7.6 MSEK, representing a margin of 23.4 %. We also saw a substantial improvement of our Operating profit margin (EBIT) despite a negative impact of -1.4 MSEK in currency fluctuations.



We are seeing a continued strong growth of new clients, and existing customers adding more services in both Sweden and the UK. The actions we have taken to improve customer success continue to show results in the form of a lower ARR churn rate. Although we spend a lot of time and money on new customer acquisition, the existing customer base still represents a massive growth opportunity for Upsales for many years to come.

Our core market is still Sweden, and the bulk of our growth will come from Sweden in the foreseeable future. We believe that the market in Sweden can support Upsales' growth to more than 1 BSEK in ARR. We are seeing solid progress in the U.K., and we continued to close new U.K. customers during the quarter. Scaling into another market takes time, experimenting, and patience. Upsales' expansion to the U.K. is a long-term initiative, and we're still in a learning phase where we're continuously improving our product offering.

We are proud to have a culture of effectiveness, and a long track-record of organic, profitable growth. Upsales is a net-cash company with zero debt, and the absolute majority of our customer contracts have labour cost index clauses. This makes Upsales resilient to the turbulence in capital markets. Upsales has not seen any negative effects on the business or our growth prospects. We follow the situation closely to see how it affects our current and potential customers. The outlook for the remainder of 2022 continues to look strong, with continued rapid and profitable 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.

April - June 2022

Annual recurring revenue (ARR)

Annual recurring revenue at the end of the second quarter amounted to MSEK 129.3 (98.4). This is an increase of 31.5 % compared to the same period last year.

Net sales

The Upsales group's net sales during the period amounted to MSEK 32.2 (22.0), which corresponds to a 46.4 % increase compared to the same period last year.

Profit

EBITDA during the period amounted to MSEK 7.6 (4.1) and EBIT during the period amounted to MSEK 5.8 (2.2).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 3.3 (2.2). Investments in intangible assets amounted to MSEK 2.0 (1.9). Investments in intangible assets consist of capitalised development costs.

January - June 2022

Net sales

The Upsales group's net sales during the period amounted to MSEK 61.8 (43.8), which corresponds to a 41.0 % increase compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 13.2 (10.6).
- EBIT during the period amounted to MSEK 9.7 (6.5).
- Profit before tax amounted to MSEK 9.7 (6.5) and net income amounted to MSEK 7.6 (5.0).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 8.4 (18.6). Investments in tangible assets during the period amounted to MSEK 2.7 (0.8). Investments in intangible assets amounted to MSEK 4.2 (3.8). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 3.5.

FINANCIAL INFORMATION

Liquidity and financial position

Net cash as of 30 June 2022 amounted to MSEK 43.7 (51.5). Total equity at the end of the period amounted to MSEK 22.0 (34.2).

Employees

The number of employees in the Upsales group at the end of the period was 65 (73).

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

The annual general meeting resolved, pursuant to the proposal of the board, that the company shall pay a dividend of SEK 2.00 per share. The record date for the payment of dividend was 6 May 2022 and the dividend was paid on 11 May 2022.

The annual general meeting, held on May 4 2022, resolved to implement a warrant based incentive program for members of the group management group and business managers within the group, through the issuance of a maximum of 300,000 warrants for transfer for the program participants.

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 27 July 2022 at 08:30.

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

Financial calendar

Interim report Q3 2022:
26 October 2022

Interim report Q4 2022:
15 February 2023

Interim report Q1 2023:
26 April 2023

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-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-June 2021	Jan-Dec 2021
<i>Operating income</i>					
Net sales	61,750	43,792	32,244	22,024	93,135
Capitalised development costs	3,727	3,520	1,774	1,748	7,570
Other operating income	694	12	463	-8	0
Total operating income	66,171	47,324	34,481	23,764	100,705
<i>Operating expenses</i>					
Other external expenses	-23,524	-12,765	-11,179	-6,890	-31,738
Personnel costs	-28,024	-23,997	-14,300	-12,797	-49,146
Depreciation and impairment of tangible and intangible assets	-3,489	-4,070	-1,755	-1,848	-7,222
Other operating expenses	-1,442	0	-1,445	0	-28
Total operating expenses	-56,479	-40,833	-28,680	-21,535	-88,134
Operating profit (EBIT)	9,692	6,491	5,801	2,230	12,572
<i>Financial items</i>					
Financial income	49	16	21	-2	40
Financial expenses	-12	0	-11	10	-6
Total financial items	37	16	10	8	34
Profit before tax	9,730	6,507	5,811	2,238	12,606
Income tax	-2,084	-1,483	-1,228	-450	-2,887
Net income	7,646	5,024	4,583	1,788	9,718
Earnings per share, SEK	0.46	0.30	0.27	0.11	0.58
Earnings per share after dilution, SEK	0.46	0.30	0.27	0.11	0.57
Average number of shares	16,630,338	16,628,000	16,838,375	16,628,000	16,628,000
Number of shares at the end of the period	16,838,375	16,628,000	16,838,375	16,628,000	16,628,000

GROUP FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 June 2022	30 June 2021	31 December 2021
ASSETS			
<i>Non-current assets</i>			
Capitalised development costs	18,798	15,841	17,409
Goodwill	0	4	0
Tangible assets	5,805	1,783	3,856
Deferred tax assets	272	288	0
Other long-term receivables	1,166	710	710
Total non-current assets	26,040	18,625	21,975
<i>Current assets</i>			
Accounts receivable	19,665	11,482	22,095
Current tax claim	21	5	12
Other current receivables	105	45	32
Prepaid expenses and accrued income	5,584	3,326	5,317
Cash and cash equivalents	43,658	51,465	66,362
Total current assets	69,033	66,323	93,818
TOTAL ASSETS	95,073	84,948	115,793
EQUITY AND LIABILITIES			
Equity	22,047	34,199	38,675
<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	0
Accounts payable	2,368	2,444	11,488
Income tax liabilities	4,655	2,930	4,017
Other current liabilities	3,224	2,920	5,446
Accrued expenses and prepaid income	62,780	42,455	56,166
Total current liabilities	73,026	50,749	77,118
Total liabilities	73,026	50,749	77,118
TOTAL EQUITY AND LIABILITIES	95,073	84,948	115,793

GROUP FINANCIAL STATEMENT

Changes in Equity

Amount in KSEK	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Opening balance	38,675	27,162	27,162
Dividend	-33,677	0	0
Issued shares	8,202	0	0
Issued warrants	1,149	1,999	1,811
Foreign currency translation differences	52	13	-17
Net income	7,646	5,024	9,718
Closing balance	22,047	34,199	38,675

GROUP FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-June 2021	Jan-Dec 2021
<i>Operating activities</i>					
Operating profit	9,692	6,491	5,801	2,230	12,572
Adjustments for non-cash items	3,489	4,070	1,755	1,847	7,222
Interest received	49	16	21	8	40
Interest paid	-12	0	-11	0	-6
Income tax paid	-1,726	-60	-328	-23	-96
Cash flow from operating activities before changes in working capital	11,493	10,517	7,238	4,062	19,732
<i>Changes in working capital</i>					
Changes in current receivables	1,591	6,003	-3,907	-767	-6,688
Changes in current liabilities	-4,643	2,064	-71	-1,071	27,324
Total change in working capital	-3,052	8,067	-3,978	-1,838	20,636
Cash flow from operating activities	8,440	18,584	3,260	2,224	40,368
<i>Investing activities</i>					
Investments in intangible assets	-4,160	-3,754	-1,982	-1,865	-8,070
Investments in tangible assets	-2,667	-763	-1,066	-360	-3,237
Investments in lease contracts	0	0	0	0	89
Cash flow from investing activities	-6,827	-4,517	-3,048	-2,225	-11,218
<i>Financing activities</i>					
Issued shares	8,202	0	208	0	0
Issued warrants	1,149	1,999	1,149	1,999	1,811
Dividend paid to the parent company's shareholders	-33,677	0	-33,677	0	0
Cash flow from financing activities	-24,326	1,999	-32,320	1,999	1,811
CASH FLOW FOR THE PERIOD	-22,713	16,066	-32,108	1,998	30,961
Cash and cash equivalents at the beginning of the period	66,362	35,396	75,759	49,469	35,396
Exchange rate differences in cash and cash equivalents	9	3	8	-3	5
Cash and cash equivalents at the end of the period	43,658	51,465	43,658	51,465	66,362

GROUP FINANCIAL STATEMENT

KPI summary

Amount in KSEK	Apr-Jun 2022	Apr-June 2021	Jan-Dec 2021
Net sales	32,244	22,024	93,135
Net sales growth (%)	46.4%	20.0%	23.8%
Subscription revenue (%) of total net sales	91.0%	90.9%	91.5%
Annual recurring revenue (ARR)	129,318	98,371	111,815
ARR change during the period	8,889	6,260	25,408
ARR growth during the period (%)	7.4%	6.8%	29.4%
EBITDA	7,556	4,078	19,794
EBITDA margin (%)	23.4%	18.5%	21.3%
EBIT	5,801	2,230	12,572
EBIT margin (%)	18.0%	10.1%	13.5%
Net income	4,583	1,788	9,718
Operating cash flow	3,260	2,224	40,368
Net cash	43,658	51,465	66,362

PARENT COMPANY FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-June 2021	Jan-Dec 2021
<i>Operating income</i>					
Net sales	750	750	375	375	1,500
Total operating income	750	750	375	375	1,500
<i>Operating expenses</i>					
Other external expenses	-971	-563	-640	-307	-1,161
Personnel costs	-1,118	-1,145	-562	-586	-2,250
Total operating expenses	-2,088	-1,708	-1,202	-893	-3,411
Operating profit (EBIT)	-1,338	-958	-827	-518	-1,911
<i>Financial items</i>					
Financial income	20	0	6	0	9
Financial expenses	0	2	0	2	0
Total financial items	20	2	6	2	9
Profit after financial items	-1,318	-956	-821	-517	-1,902
Received group contributions	0	0	0	0	1,902
Profit before tax	-1,318	-956	-821	-517	0
Income tax	272	288	169	197	0
Net income	-1,046	-669	-652	-320	0

PARENT COMPANY FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 June 2022	30 June 2021	31 December 2021
ASSETS			
<i>Financial assets</i>			
Shares in group companies	29,232	29,232	29,232
Deferred tax assets	272	288	0
Other long-term receivables	1,166	710	710
Total financial assets	30,669	30,230	29,942
<i>Current assets</i>			
Accounts receivable	159	157	156
Receivables from group companies	0	4,376	6,268
Current tax claim	21	5	12
Other current receivables	79	22	22
Prepaid expenses and accrued income	327	127	42
Cash and cash equivalents	2,033	6,844	5,679
Total current assets	2,618	11,532	12,180
TOTAL ASSETS	33,288	41,761	42,122
EQUITY AND LIABILITIES			
Equity	16,143	41,035	41,515
<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	113	5	42
Liabilities to group companies	16,332	0	0
Income tax liabilities	22	27	31
Other current liabilities	106	456	139
Accrued expenses and prepaid income	573	238	394
Total current liabilities	17,145	726	606
TOTAL EQUITY AND LIABILITIES	33,288	41,761	42,122

PARENT COMPANY FINANCIAL STATEMENT

Change of Equity

Amount in KSEK	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Opening balance	41,515	39,704	39,704
Dividend	-33,677	0	0
Issued shares	8,202	0	0
Issued warrants	1,149	1,999	1,811
Net income	-1,046	-669	0
Closing balance	16,143	41,035	41,515

PARENT COMPANY FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Jun 2022	Jan-Jun 2021	Apr-Jun 2022	Apr-June 2021	Jan-Dec 2021
<i>Operating activities</i>					
Operating profit	-1,338	-958	-827	-518	-1,911
Interest received	20	2	6	2	9
Interest paid	0	0	0	0	0
Income tax paid	-19	-8	-1	2	-9
Cash flow from operating activities before changes in working capital	-1,337	-964	-822	-514	-1,912
<i>Changes in working capital</i>					
Changes in current receivables	5,468	-623	-669	-827	-528
Changes in current liabilities	16,548	73	3,905	94	-51
Total changes in working capital	22,016	-550	3,236	-733	-579
Cash flow from operating activities	20,679	-1,514	2,415	-1,247	-2,491
<i>Financing activities</i>					
Issued shares	8,202	0	208	0	0
Issued warrants	1,149	1,999	1,149	1,999	1,811
Dividend	-33,677	0	-33,677	0	0
Cash flow from financing activities	-24,326	1,999	-32,320	1,999	1,811
CASH FLOW FOR THE PERIOD	-3,647	485	-29,906	752	-680
Cash and cash equivalents at the beginning of the period	5,679	6,359	31,939	6,092	6,359
Exchange rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at the end of the period	2,033	6,844	2,033	6,844	5,679

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.

