

Interim report

January - September 2023

July - September 2023

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

- Net sales grew by 10.2 % to MSEK 36.0 (32.7)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 141.2, an increase of 3.5 % during the last 12 months
- ARR changed by MSEK -0.3* during the quarter
- EBITDA decreased to MSEK 12.2 (13.1)
- EBITDA margin decreased to 33.9 % (40.2 %)
- Operating profit (EBIT) decreased to MSEK 10.1 (11.3)
- Net income decreased to MSEK 8.0 (9.0)
- Cash flow from operating activities decreased to MSEK 1.8 (7.3)

* Exact number -266 KSEK

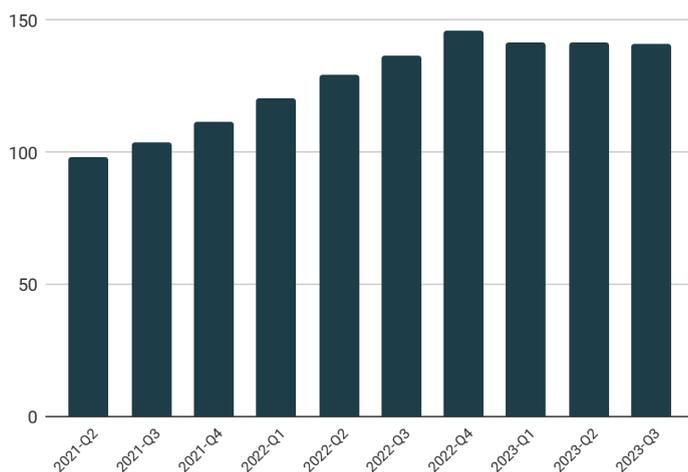
January - September 2023

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

- Net sales grew by 15.4 % to MSEK 108.9 (94.4)
- EBITDA increased to MSEK 33.5 (26.3)
- EBITDA margin increased to 30.7 % (27.9 %)
- Operating profit (EBIT) increased to MSEK 27.3 (21.0)
- Net income increased to MSEK 21.8 (16.6)
- Cash flow from operating activities increased to MSEK 22.5 (15.8)

Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 141.2 (136.3), an increase of 3.5 % compared to the same time last year
- ARR changed by MSEK -0.3 during the quarter



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

Jul - Sep 2023

10.2 %

Net sales growth

3.5 %

ARR growth, last 12 months

33.9 %

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)

44.8MSEK

Net cash

20.7%

FCF margin (TTM)

41.9%

Management owned

CEO LETTER

During the third quarter of 2023, net sales increased to 36.0 MSEK, representing a growth of 10.2 % during the last twelve months. Our Annual Recurring Revenue (ARR) amounted to 141.2 MSEK at the end of the period, representing a growth of 3.5 % during the last twelve months. Net revenue decreased slightly quarter over quarter because of lower one-offs and consulting revenue, which is typical for Q3. EBITDA decreased to 12.2 MSEK, representing a margin of 33.9 %. Higher personnel costs related to investments in the sales organisation explain the lower EBITDA margin. Personnel cost per employee is higher, which aligns with our strategy to build more seniority in our sales team. Excluding personnel costs, our OPEX remained roughly unchanged. Cash flow from operating activities decreased to 1.8 MSEK, mainly due to changes in net working capital.



As expected and previously communicated, ARR growth rates did not improve in the third quarter. We continue building the sales capacity needed to support our growth ambitions, and I'm happy with the progress made in the third quarter. Our new CRO joined in August to continue building the team and position Upsales to win larger deals. In Q3, we noted an increase in average deal size, with several wins in tough competition with our much larger competitors.

Upsales was founded with the vision of helping sales organisations become more effective and increase the return on sales and marketing investments. This vision took us to where we are today, working with customers in the Nordics, ranging from fast-growing start-ups to multinational companies with thousands of employees. Customers appreciate Upsales speed of execution and the short time it takes from launch to actual value. Now, more than ever, customers are looking for quick results without breaking the bank or spending years on costly implementation projects before seeing any value. During the quarter, we made several exciting improvements in the product, including the launch of our new Company Data Hub. This product includes risk and credit data, which lets our customers manage the risk in their customer base from within their Upsales account. We continue to have a customer-centric approach, working closely with existing and new customers to make sure we solve the right problems in the right way.

Although the general market conditions (i.e. macro) are challenging, we continue to see a strong opportunity for Upsales, and I'm happy with our position in the market. Upsales is still a small company with plenty of opportunities and a long growth runway ahead of us. Together with the management team, my top priority remains to take us back to rapid ARR 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.

July - September 2023

Net sales

The Upsales group's net sales during the period amounted to MSEK 36.0 (32.7), which corresponds to a 10.2 % increase compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 12.2 (13.1).
- EBIT during the period amounted to MSEK 10.1 (11.3).
- Profit before tax amounted to MSEK 10.2 (11.3) and net income amounted to MSEK 8.0 (9.0).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 1.8 (7.3). Investments in tangible assets during the period amounted to MSEK 0.1 (0.6). Investments in intangible assets amounted to MSEK 2.0 (1.3). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 2.1.

January - September 2023

Net sales

The Upsales group's net sales during the period amounted to MSEK 108.9 (94.4), which corresponds to a 15.4 % increase compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 33.5 (26.3).
- EBIT during the period amounted to MSEK 27.3 (21.0).
- Profit before tax amounted to MSEK 27.6 (21.1) and net income amounted to MSEK 21.8 (16.6).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 22.5 (15.8). Investments in tangible assets during the period amounted to MSEK 2.8 (3.3). Investments in intangible assets amounted to MSEK 5.8 (5.4). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 6.2.

FINANCIAL INFORMATION

Liquidity and financial position

Net cash as of 30 September 2023 amounted to MSEK 44.8 (48.9). Total equity at the end of the period amounted to MSEK 24.5 (30.9).

Employees

The number of employees in the Upsales group at the end of the period was 60 (63).

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 25 October 2023 at 08:30.

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

Financial calendar

Year-end report Q4 2023:
14 February 2024

Interim report Q1 2024:
24 April 2024

Interim report Q2 2024:
24 July 2024

For more information contact:

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GROUP FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jan-Dec 2022
<i>Operating income</i>					
Net sales	108,949	94,415	36,008	32,665	129,580
Capitalised development costs	5,235	4,850	1,831	1,123	6,273
Other operating income	500	3,060	20	2,366	3,665
Total operating income	114,685	102,325	37,858	36,153	139,518
<i>Operating expenses</i>					
Other external expenses	-39,422	-35,910	-12,862	-12,386	-50,460
Personnel costs	-41,695	-38,539	-12,773	-10,515	-51,789
Depreciation and impairment of tangible and intangible assets	-6,182	-5,298	-2,078	-1,809	-7,153
Other operating expenses	-111	-1,558	-31	-116	-1,641
Total operating expenses	-87,410	-81,305	-27,743	-24,826	-111,044
Operating profit (EBIT)	27,275	21,020	10,115	11,327	28,474
<i>Financial items</i>					
Financial income	341	62	100	14	98
Financial expenses	-42	-12	0	0	-12
Total financial items	299	51	100	14	87
Profit before tax	27,574	21,071	10,215	11,341	28,561
Income tax	-5,788	-4,465	-2,242	-2,381	-6,064
Net income	21,787	16,606	7,973	8,960	22,497
Earnings per share, SEK	1.29	0.99	0.47	0.53	1.34
Earnings per share after dilution, SEK	1.29	0.98	0.47	0.53	1.33
Average number of shares	16,838,375	16,769,791	16,838,375	16,838,375	16,787,078
Number of shares at the end of the period	16,838,375	16,838,375	16,838,375	16,838,375	16,838,375

GROUP FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 September 2023	30 September 2022	31 December 2022
ASSETS			
<i>Non-current assets</i>			
Capitalised development costs	20,295	18,683	18,908
Goodwill	0	0	0
Tangible assets	7,183	6,042	6,115
Deferred tax assets	376	384	0
Other long-term receivables	725	1,071	1,071
Total non-current assets	28,578	26,180	26,094
<i>Current assets</i>			
Accounts receivable	15,736	19,378	26,699
Current tax claim	31	25	30
Other current receivables	146	89	93
Prepaid expenses and accrued income	7,119	6,039	7,141
Cash and cash equivalents	44,797	48,934	64,438
Total current assets	67,830	74,466	98,402
TOTAL ASSETS	96,408	100,646	124,495
EQUITY AND LIABILITIES			
Equity	24,509	30,886	36,671
<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	3,265	3,146	3,705
Income tax liabilities	8,938	6,821	7,706
Other current liabilities	3,988	2,666	6,338
Accrued expenses and prepaid income	55,707	57,127	70,075
Total current liabilities	71,899	69,760	87,824
Total liabilities	71,899	69,760	87,824
TOTAL EQUITY AND LIABILITIES	96,408	100,646	124,495

GROUP FINANCIAL STATEMENT

Changes in Equity

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Opening balance	36,671	38,675	38,675
Dividend	-33,677	-33,677	-33,677
Issued shares	0	8,202	8,202
Issued warrants	-276	1,036	1,023
Foreign currency translation differences	4	44	-48
Net income	21,787	16,606	22,497
Closing balance	24,509	30,886	36,671

GROUP FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jan-Dec 2022
<i>Operating activities</i>					
Operating profit	27,275	21,020	10,115	11,327	28,474
Adjustments for non-cash items	6,121	5,298	2,049	1,809	7,029
Interest received	341	62	100	14	98
Interest paid	-42	-12	0	0	-12
Income tax paid	-4,932	-2,058	-715	-332	-2,393
Cash flow from operating activities before changes in working capital	28,764	24,311	11,549	12,818	33,196
<i>Changes in working capital</i>					
Changes in current receivables	10,933	1,509	-1,663	-82	-6,490
Changes in current liabilities	-17,158	-10,065	-8,077	-5,422	7,017
Total change in working capital	-6,225	-8,556	-9,740	-5,504	528
Cash flow from operating activities	22,539	15,755	1,809	7,314	33,724
<i>Investing activities</i>					
Investments in intangible assets	-5,771	-5,442	-2,013	-1,282	-7,074
Investments in tangible assets	-2,802	-3,315	-78	-649	-3,713
Acquisition of financial assets	-4	0	0	0	-587
Disposal of financial assets	351	0	42	0	226
Cash flow from investing activities	-8,226	-8,758	-2,048	-1,931	-11,148
<i>Financing activities</i>					
Issued shares	0	8,202	0	0	8,202
Issued warrants	-276	1,036	-89	-113	1,023
Dividend paid to the parent company's shareholders	-33,677	-33,677	0	0	-33,677
Cash flow from financing activities	-33,953	-24,439	-89	-113	-24,452
CASH FLOW FOR THE PERIOD	-19,640	-17,443	-328	5,270	-1,876
Cash and cash equivalents at the beginning of the period	64,438	66,362	45,126	43,658	66,362
Exchange rate differences in cash and cash equivalents	0	14	0	5	-48
Cash and cash equivalents at the end of the period	44,797	48,934	44,797	48,934	64,438

GROUP FINANCIAL STATEMENT

KPI summary

Amount in KSEK	Jul-Sep 2023	Jul-Sep 2022	Jan-Dec 2022
Net sales	36,008	32,665	129,580
Net sales growth (%)	10.2%	45.7%	39.1%
Subscription revenue (%) of total net sales	96.7%	97.1%	92.4%
Annual recurring revenue (ARR)	141,164	136,347	145,849
ARR change during the period	-266	7,029	34,034
ARR growth during the period (%)	-0.2%	5.4%	30.4%
EBITDA	12,193	13,136	35,627
EBITDA margin (%)	33.9%	40.2%	27.5%
EBIT	10,115	11,327	28,474
EBIT margin (%)	28.1%	34.7%	22.0%
Net income	7,973	8,960	22,497
Operating cash flow	1,809	7,314	33,724
Net cash	44,797	48,934	64,438

PARENT COMPANY FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jan-Dec 2022
<i>Operating income</i>					
Net sales	1,125	1,125	375	375	1,500
Total operating income	1,125	1,125	375	375	1,500
<i>Operating expenses</i>					
Other external expenses	-1,666	-1,337	-458	-366	-1,796
Personnel costs	-1,299	-1,682	-560	-564	-2,237
Total operating expenses	-2,965	-3,018	-1,018	-930	-4,033
Operating profit (EBIT)	-1,840	-1,893	-643	-555	-2,533
<i>Financial items</i>					
Profit from participations in group companies	0	0	0	0	25,000
Financial income	18	30	11	9	39
Financial expenses	0	0	0	0	0
Total financial items	18	30	11	9	25,039
Profit after financial items	-1,822	-1,864	-632	-546	22,506
Received group contributions	0	0	0	0	2,494
Profit before tax	-1,822	-1,864	-632	-546	25,000
Income tax	376	384	268	112	0
Net income	-1,446	-1,480	-364	-433	25,000

PARENT COMPANY FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 September 2023	30 September 2022	31 December 2022
ASSETS			
<i>Financial assets</i>			
Shares in group companies	29,232	29,232	29,232
Deferred tax assets	376	384	0
Other long-term receivables	725	1,053	1,053
Total financial assets	30,332	30,669	30,285
<i>Current assets</i>			
Accounts receivable	160	161	158
Receivables from group companies	0	0	11,162
Current tax claim	31	25	30
Other current receivables	93	79	83
Prepaid expenses and accrued income	252	266	179
Cash and cash equivalents	1,906	1,721	1,204
Total current assets	2,441	2,253	12,818
TOTAL ASSETS	32,774	32,921	43,103
EQUITY AND LIABILITIES			
Equity	6,664	15,596	42,063
<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	174	169	174
Liabilities to group companies	24,894	16,332	0
Income tax liabilities	25	25	29
Other current liabilities	174	170	157
Accrued expenses and prepaid income	843	630	679
Total current liabilities	26,110	17,325	1,039
TOTAL EQUITY AND LIABILITIES	32,774	32,921	43,103

PARENT COMPANY FINANCIAL STATEMENT

Change of Equity

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Opening balance	42,063	41,515	41,515
Dividend	-33,677	-33,677	-33,677
Issued shares	0	8,202	8,202
Issued warrants	-276	1,036	1,023
Net income	-1,446	-1,480	25,000
Closing balance	6,664	15,596	42,063

PARENT COMPANY FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Sep 2023	Jan-Sep 2022	Jul-Sep 2023	Jul-Sep 2022	Jan-Dec 2022
<i>Operating activities</i>					
Operating profit	-1,840	-1,893	-520	-555	-2,533
Interest received	18	30	0	9	39
Interest paid	0	0	0	0	0
Income tax paid	-5	-20	-1	-1	-21
Cash flow from operating activities before changes in working capital	-1,827	-1,883	-521	-547	-2,515
<i>Changes in working capital</i>					
Changes in current receivables	11,079	5,639	111	172	6,067
Changes in current liabilities	25,074	16,725	92	177	16,767
Total changes in working capital	36,153	22,364	203	348	22,834
Cash flow from operating activities	34,326	20,481	-318	-199	20,320
<i>Investing activities</i>					
Acquisition of financial assets	-4	0	0	0	-569
Disposal of financial assets	333	0	24	0	226
Cash flow from investing activities	328	0	24	0	-343
<i>Financing activities</i>					
Issued shares	0	8,202	0	0	8,202
Issued warrants	-276	1,036	-89	-113	1,023
Dividend	-33,676.75	-33,677	0	0	-33,677
Cash flow from financing activities	-33,953	-24,439	-89	-113	-24,452
CASH FLOW FOR THE PERIOD	701	-3,958	-383	-312	-4,475
Cash and cash equivalents at the beginning of the period	1,204	5,679	2,289	2,033	5,679
Exchange rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at the end of the period	1,906	1,721	1,906	1,721	1,204

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.

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.

