

Interim report

January - September 2024

July - September 2024

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

- Net sales decreased by 0.9% to MSEK 35.7 (36.0)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 138.4, a change of -2.0% during the last 12 months
- ARR increased by MSEK 0.8 during the quarter
- EBITDA amounted to MSEK 11.0 (12.2)
- EBITDA margin was 30.8% (33.9%)
- Operating profit (EBIT) amounted to MSEK 8.8 (10.1)
- Net income amounted to MSEK 7.0 (8.0)
- Cash flow from operating activities amounted to MSEK -1.9 (1.8)

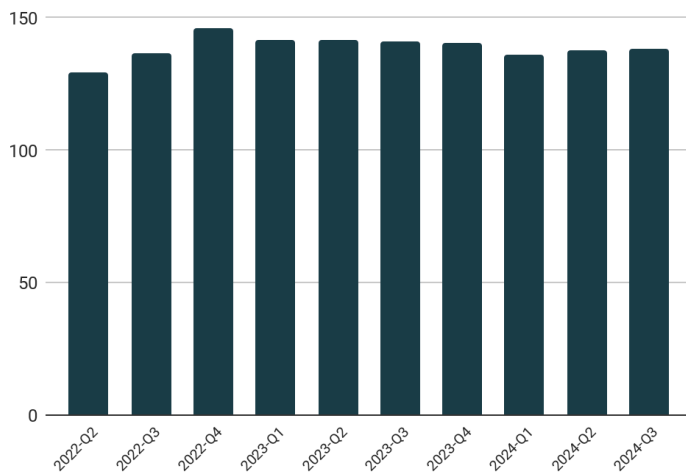
January - September 2024

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

- Net sales decreased by 0.6% to MSEK 108.3 (108.9)
- EBITDA amounted to MSEK 26.4 (33.5)
- EBITDA margin was 24.3% (30.7%)
- Operating profit (EBIT) amounted to MSEK 19.7 (27.3)
- Net income amounted to MSEK 15.8 (21.8)
- Cash flow from operating activities amounted to 9.9 MSEK (22.5)

Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 138.4 (141.2), a change of -2.0% compared to the same time last year
- ARR increased by MSEK 0.8 during the quarter



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

Jul - Sep 2024

-0.9 %

Net sales growth

-2.0 %

ARR growth, last 12 months

30.8 %

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

95%

Recurring revenue (TTM)

29.9 MSEK

Net cash

24.6%

EBITDA margin (TTM)

42.7%

Management owned

CEO LETTER

In Q3, Annual Recurring Revenue (ARR) amounted to MSEK 138.4, an increase of MSEK 0.8 during the quarter. Compared to the same period last year, net sales decreased by 0.9% to MSEK 35.7 (36.0). EBITDA amounted to MSEK 11.0 (12.2), with a margin of 30.8% (33.9%). Operating profit (EBIT) was MSEK 8.8 (10.1), and cash flow from operating activities was MSEK -1.9 (1.8).



For the second quarter in a row, we are reporting positive Annual Recurring Revenue (ARR) growth, although still at a slow pace. Our laser focus remains on two critical areas: being customer-centric and expanding our sales capacity. We've seen a decrease in contract cancellations year over year, achieved more win-backs, and observed overall improved customer satisfaction. These positive trends indicate that our strategy is effectively retaining customers and facilitating future growth. Our sales organisation continues to grow, enhancing our capability to increase ARR. We have an ambitious hiring plan in place to build a stronger sales team that can capitalise on market opportunities and drive sustained growth.

In Q3, we introduced several key enhancements to our product offerings:

- **Upsales AI:** We're excited about the upcoming launch of several AI-related features. These innovations have the potential to drive significant improvements for our customers, keeping us at the forefront of technological advancement in our industry. A big part of the work done by sales and marketing professionals on a daily basis are excellent use cases for automation using AI. The features we're building now have the potential to radically improve productivity for users of Upsales, helping our clients become more efficient and effective.
- **Customer Support:** We've added more features to our service and support module, effectively closing the loop between sales and after-sales for our customers. This part of the platform enables our clients to manage the entire customer lifecycle more efficiently. It also significantly expands our total addressable market, providing us with more potential customers to engage.
- **Data Privacy Leadership:** GDPR and regulatory concerns continue to be significant differentiators for Upsales. Customers who prioritise data privacy recognize the value of our commitment to regulatory compliance with our Swedish cloud offering.

All these enhancements help us solve more problems for our customers, which in turn drives an increase in average deal size.

Reflecting on our progress, I consider Upsales to be a much stronger company compared to one year ago. Our strategic focus on customer satisfaction and sales capacity positions us well for profitable, rapid growth. We remain committed to delivering exceptional value to our customers and driving shareholder value.

Thank you for your continued trust and support.

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 2024

Net sales

The Upsales group's net sales during the period amounted to MSEK 35.7 (36.0), which corresponds to a 0.9% decrease compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 11.0 (12.2)
- EBIT during the period amounted to MSEK 8.8 (10.1)
- Profit before tax amounted to MSEK 8.8 (10.2) and net income amounted to MSEK 7.0 (8.0)

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK -1,9 (1,8). Investments in tangible assets during the period amounted to MSEK 0.3 (0.1). Investments in intangible assets amounted to MSEK 1.4 (2.0). Investments in intangible assets consist of capitalised development costs.

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

January - September 2024

Net sales

The Upsales group's net sales during the period amounted to MSEK 108.3 (108.9), which corresponds to a 0.6% decrease compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 26.4 (33.5)
- EBIT during the period amounted to MSEK 19.7 (27.3)
- Profit before tax amounted to MSEK 20.0 (27.6) and net income amounted to MSEK 15.8 (21.8)

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 9.9 (22.5). Investments in tangible assets during the period amounted to MSEK 0.7 (2.8). Investments in intangible assets amounted to MSEK 5.4 (5.8). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 6.6.

FINANCIAL INFORMATION

Liquidity and financial position

Net cash as of 30 September 2024 amounted to MSEK 29.9 (44.8). Total equity at the end of the period amounted to MSEK 19.3 (24.5).

Employees

The number of employees in the Upsales group at the end of the period was 76 (60).

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 Carnegie Investment 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 Helene Andersson, certified auditor at BDO Mälardalen AB. This report has not been subject to review.

Disclosure of report

This report was submitted for publication on 23 October 2024 at 08:30.

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

Financial calendar

Year end report Q4 2024:
February 19 2025

Interim report Q1 2025:
23 April 2025

Interim report Q2 2025:
23 July 2025

Interim report Q3 2025:
22 October 2025

For more information contact:

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GROUP FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jul-Sep 2024	Jul-Sep 2023	Jan-Dec 2023
<i>Operating income</i>					
Net sales	108,323	108,949	35,675	36,008	145,207
Capitalised development costs	4,823	5,235	1,382	1,831	6,932
Other operating income	216	500	117	20	510
Total operating income	113,362	114,685	37,173	37,858	152,649
<i>Operating expenses</i>					
Other external expenses	-40,815	-39,422	-12,757	-12,862	-52,521
Personnel costs	-45,952	-41,695	-13,402	-12,773	-57,373
Depreciation and impairment of tangible and intangible assets	-6,647	-6,182	-2,229	-2,078	-8,258
Other operating expenses	-229	-111	-17	-31	-136
Total operating expenses	-93,642	-87,410	-28,404	-27,743	-118,288
Operating profit (EBIT)	19,720	27,275	8,769	10,115	34,361
<i>Financial items</i>					
Financial income	310	341	79	100	633
Financial expenses	-20	-42	0	0	-43
Total financial items	290	299	78	100	590
Profit before tax	20,010	27,574	8,847	10,215	34,950
Income tax	-4,165	-5,788	-1,840	-2,242	-7,399
Net income	15,845	21,787	7,007	7,973	27,551
Earnings per share, SEK	0.94	1.29	0.42	0.47	1.64
Earnings per share after dilution, SEK	0.94	1.29	0.42	0.47	1.64
Average number of shares	16,838,375	16,838,375	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	16,838,375	16,838,375

GROUP FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 September 2024	30 September 2023	31 December 2023
ASSETS			
<i>Non-current assets</i>			
Capitalised development costs	21,277	20,295	20,687
Tangible assets	5,756	7,183	6,741
Deferred tax assets	372	376	0
Other long-term receivables	358	725	725
Total non-current assets	27,763	28,578	28,153
<i>Current assets</i>			
Accounts receivable	14,290	15,736	26,362
Current tax claim	91	31	17
Other current receivables	101	146	100
Prepaid expenses and accrued income	7,413	7,119	8,676
Cash and cash equivalents	29,868	44,797	52,606
Total current assets	51,764	67,830	87,761
TOTAL ASSETS	79,527	96,408	115,914
EQUITY AND LIABILITIES			
Equity	19,278	24,509	30,271
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
Non-current liabilities	0	0	0
<i>Current liabilities</i>			
Accounts payable	2,642	3,265	3,512
Income tax liabilities	32	8,938	7,307
Other current liabilities	2,735	3,988	4,649
Accrued expenses and prepaid income	54,840	55,707	70,175
Total current liabilities	60,249	71,899	85,643
Total liabilities	60,249	71,899	85,643
TOTAL EQUITY AND LIABILITIES	79,527	96,408	115,914

Changes in Equity

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Opening balance	30,271	36,671	36,671
Dividend	-25,258	-33,677	-33,677
Issued shares	0	0	0
Change of warrants	-1,581	-276	-276
Foreign currency translation differences	1	4	1
Net income	15,845	21,787	27,551
Closing balance	19,278	24,509	30,271

GROUP FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jul-Sep 2024	Jul-Sep 2023	Jan-Dec 2023
<i>Operating activities</i>					
Operating profit	19,720	27,275	8,769	10,115	34,361
Adjustments for non-cash items	6,559	6,121	2,201	2,049	8,258
Interest received	310	341	79	100	633
Interest paid	-20	-42	0	0	-43
Income tax paid	-11,885	-4,932	-1,802	-715	-7,785
Cash flow from operating activities before changes in working capital	14,683	28,764	9,246	11,549	35,423
<i>Changes in working capital</i>					
Changes in current receivables	13,333	10,933	-37	-1,663	-1,286
Changes in current liabilities	-18,119	-17,158	-11,156	-8,077	-1,782
Total change in working capital	-4,785	-6,225	-11,192	-9,740	-3,067
Cash flow from operating activities	9,897	22,539	-1,946	1,809	32,356
<i>Investing activities</i>					
Investments in intangible assets	-5,449	-5,771	-1,382	-2,013	-7,642
Investments in tangible assets	-714	-2,802	-282	-78	-2,940
Acquisition of financial assets	-5	-4	0	0	-4
Disposal of financial assets	371	351	0	42	351
Cash flow from investing activities	-5,797	-8,226	-1,664	-2,048	-10,236
<i>Financing activities</i>					
Change of warrants	-1,581	-276	0	-89	-276
Dividend paid to the parent company's shareholders	-25,258	-33,677	0	0	-33,677
Cash flow from financing activities	-26,838	-33,953	0	-89	-33,953
CASH FLOW FOR THE PERIOD	-22,738	-19,640	-3,610	-328	-11,833
Cash and cash equivalents at the beginning of the period	52,606	64,438	33,478	45,126	64,438
Exchange rate differences in cash and cash equivalents	0	0	0	0	1
Cash and cash equivalents at the end of the period	29,868	44,797	29,868	44,797	52,606

GROUP FINANCIAL STATEMENT

KPI summary

Amount in KSEK	Jul-Sep 2024	Jul-Sep 2023	Jan-Dec 2023
Net sales	35,675	36,008	145,207
Net sales growth (%)	-0.9%	10.2%	12.1%
Subscription revenue (%) of total net sales	97.7%	96.7%	94.3%
Annual recurring revenue (ARR)	138,355	141,164	140,414
ARR change during the period	824	-266	-5,435
ARR growth during the period (%)	0.6%	-0.2%	-3.7%
EBITDA	10,998	12,193	42,619
EBITDA margin (%)	30.8%	33.9%	29.4%
EBIT	8,769	10,115	34,361
EBIT margin (%)	24.6%	28.1%	23.7%
Net income	7,007	7,973	27,551
Operating cash flow	-1,946	1,809	32,356
Net cash	29,868	44,797	52,606

PARENT COMPANY FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jul-Sep 2024	Jul-Sep 2023	Jan-Dec 2023
<i>Operating income</i>					
Net sales	2,045	1,125	720	375	1,500
Total operating income	2,045	1,125	720	375	1,500
<i>Operating expenses</i>					
Other external expenses	-1,187	-1,666	-439	-458	-1,688
Personnel costs	-2,672	-1,299	-750	-560	-2,209
Total operating expenses	-3,860	-2,965	-1,189	-1,018	-3,896
Operating profit (EBIT)	-1,815	-1,840	-469	-643	-2,396
<i>Financial items</i>					
Profit from participations in group companies	0	0	0	0	30,000
Financial income	10	18	3	11	31
Total financial items	10	18	3	11	30,031
Profit after financial items	-1,805	-1,822	-467	-632	27,635
Received group contributions	0	0	0	0	2,368
Profit before tax	-1,805	-1,822	-467	-632	30,002
Income tax	372	376	96	268	0
Net income	-1,433	-1,446	-370	-364	30,002

PARENT COMPANY FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	30 September 2024	30 September 2023	31 December 2023
ASSETS			
<i>Financial assets</i>			
Shares in group companies	29,232	29,232	29,232
Deferred tax assets	372	376	0
Other long-term receivables	358	725	725
Total financial assets	29,963	30,332	29,957
<i>Current assets</i>			
Accounts receivable	300	160	6
Receivables from group companies	0	0	7,474
Current tax claim	31	31	17
Other current receivables	99	93	98
Prepaid expenses and accrued income	244	252	146
Cash and cash equivalents	381	1,906	1,630
Total current assets	1,056	2,441	9,371
TOTAL ASSETS	31,018	32,774	39,328
EQUITY AND LIABILITIES			
Equity	9,841	6,664	38,112
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	0	0
Non-current liabilities	0	0	0
<i>Current liabilities</i>			
Accounts payable	172	174	175
Liabilities to group companies	20,526	24,894	0
Income tax liabilities	32	25	15
Other current liabilities	275	174	119
Accrued expenses and prepaid income	172	843	907
Total current liabilities	21,177	26,110	1,216
TOTAL EQUITY AND LIABILITIES	31,018	32,774	39,328

PARENT COMPANY FINANCIAL STATEMENT

Change of Equity

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jan-Dec 2023
Opening balance	38,112	42,063	42,063
Dividend	-25,258	-33,677	-33,677
Change of warrants	-1,581	-276	-276
Net income	-1,433	-1,446	30,002
Closing balance	9,841	6,664	38,112

PARENT COMPANY FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Sep 2024	Jan-Sep 2023	Jul-Sep 2024	Jul-Sep 2023	Jan-Dec 2023
<i>Operating activities</i>					
Operating profit	-1,815	-1,840	-469	-520	-2,397
Interest received	10	18	3	0	31
Interest paid	0	0	0	0	0
Income tax paid	4	-5	2	-1	-2
Cash flow from operating activities before changes in working capital	-1,802	-1,827	-465	-521	-2,368
<i>Changes in working capital</i>					
Changes in current receivables	7,080	11,079	93	111	11,334
Changes in current liabilities	19,944	25,074	-243	92	25,084
Total changes in working capital	27,024	36,153	-151	203	36,418
Cash flow from operating activities	25,223	34,326	-615	-318	34,051
<i>Investing activities</i>					
Acquisition of financial assets	-5	-4	0	0	-4
Disposal of financial assets	371	333	0	24	333
Cash flow from investing activities	366	328	0	24	328
<i>Financing activities</i>					
Change in warrants	-1,581	-276	0	-89	-276
Dividend	-25,258	-33,677	0	0	-33,677
Cash flow from financing activities	-26,838	-33,953	0	-89	-33,953
CASH FLOW FOR THE PERIOD	-1,249	701	-615	-383	426
Cash and cash equivalents at the beginning of the period	1,630	1,204	996	2,289	1,204
Exchange rate differences in cash and cash equivalents	0	0	0	0	0
Cash and cash equivalents at the end of the period	381	1,906	381	1,906	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.

