

Year-end report

January - December 2022

October - December 2022

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

- Net sales grew by 30.6 % to MSEK 35.2 (26.9)
- Annual recurring revenue (ARR) at the end of the quarter was MSEK 145.8, an increase of 30.4 % during the last 12 months
- ARR increased by MSEK 9.5 during the quarter
- EBITDA increased to MSEK 9.3 (4.9)
- EBITDA margin increased to 26.5 % (18.1 %)
- Operating profit (EBIT) increased to MSEK 7.5 (3.3)
- Net income increased to MSEK 5.9 (2.5)
- Cash flow from operating activities decreased to MSEK 18.0 (18.4)

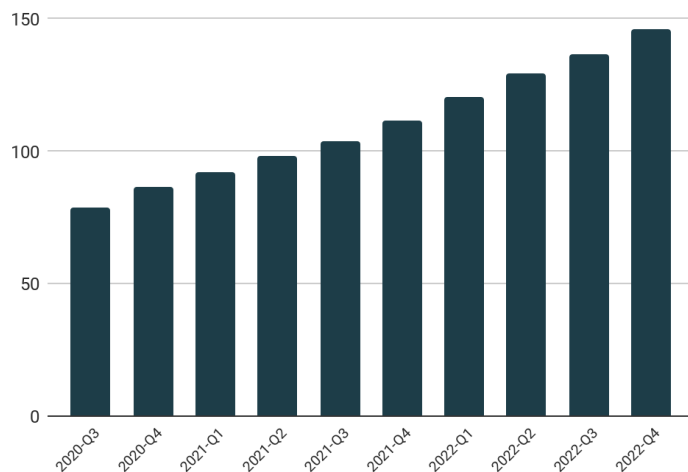
January - December 2022

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

- Net sales grew by 39.1 % to MSEK 129.6 (93.1)
- ARR increased by MSEK 34.0 during the period
- EBITDA increased to MSEK 35.6 (19.8)
- EBITDA margin increased to 27.5 % (21.3 %)
- Operating profit (EBIT) increased to MSEK 28.5 (12.6)
- Net income increased to MSEK 22.5 (9.7)
- Cash flow from operating activities decreased to MSEK 33.7 (40.4)

Annual recurring revenue (ARR)

- ARR at the end of the period was MSEK 145.8 (111.8), an increase of 30.4 % compared to the same time last year
- ARR grew by MSEK 9.5, a growth of 7.0 % during the quarter



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

Okt - Dec 2022

30.6 %

Net sales growth

30.4 %

ARR growth, last 12 months

26.5 %

EBITDA margin

INTRODUCING UPSALES

Upsales is a Software-as-a-Service company with a long track record of profitable, organic growth and over 92 % recurring revenue

92%

Recurring revenue (TTM)

64.4MSEK

Net cash

17.4%

FCF margin (TTM)

49.5%

Management owned

79

Quarters with growth

CEO LETTER

Upsales ended 2022 with yet another quarter of rapid, profitable growth. Our Annual Recurring Revenue (ARR) increased by 9.5 MSEK during the quarter and amounted to 145.8 MSEK at the end of the period, representing a growth of 30.4 % during the last twelve months. Net revenue increased to 35.2 MSEK, a growth of 30.6 % compared to the same period last year. We continue to grow effectively with an EBITDA margin of 26.5 %. Upsales has zero debt, net cash of 64.4 MSEK and more than 90 % recurring revenue, making us resilient in turbulent economic times. Due to our strong financial position, the board proposes an ordinary dividend of 1.25 SEK, and also an extraordinary dividend of 0.75 SEK.



In challenging economic times, selling continues to be a priority for all companies. In today's market, all companies need to find more efficient and profitable ways of growing. This makes our scalable offering more attractive than ever, positioning Upsales perfectly for continued growth. Looking ahead, we will continue to follow our strategy, expand customers, and increase our market share. We believe that Upsales has an opportunity to grow ARR to 1B SEK in the Swedish market alone. Our niche is fast-growing B2B companies with 100-2000 employees. The competition in this segment comes mainly from US based enterprise offerings that require complex implementation projects and heavy investments. Historically, we have always been competitive in this segment, and now we are seeing an increased interest driven by the need to be more cost-effective.

There have been many exciting things happening in the product. We will launch our new data centre soon, that is entirely independent of American subcontractors. This makes us the supplier of choice for privacy sensitive customers, driven by GDPR and related legislation. We have continued to develop our integrations to multiple data sources that help our customers be more accurate in their customer targeting. This part of the product becomes increasingly automated, allowing our users to improve their efficiency. We continue building AI-related services. We already have several customers integrating with OpenAI, where Upsales writes drafts of email campaigns based on short prompts from the user. The launch of our new Predictive forecasting module has been very appreciated by customers; with accurate forecasting being more important now than ever.

I believe Upsales can continue to grow rapidly even in a scenario where the market contracts. Our business model makes us more agile than larger competitors and we can move faster when the market changes.

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.

October - December 2022

Annual recurring revenue (ARR)

Annual recurring revenue at the end of the fourth quarter amounted to MSEK 145.8 (111.8). This is an increase of 30.4 % compared to the same period last year.

Net sales

The Upsales group's net sales during the period amounted to MSEK 35.2 (26.9), which corresponds to a 30.6 % increase compared to the same period last year.

Profit

EBITDA during the period amounted to MSEK 9.3 (4.9) and EBIT during the period amounted to MSEK 7.5 (3.3).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 18.0 (18.4). Investments in intangible assets amounted to MSEK 1.6 (2.4). Investments in intangible assets consist of capitalised development costs.

January - December 2022

Net sales

The Upsales group's net sales during the period amounted to MSEK 129.6 (93.1), which corresponds to a 39.1 % increase compared to the same period last year.

Profit

- EBITDA during the period amounted to MSEK 35.6 (19.8).
- EBIT during the period amounted to MSEK 28.5 (12.6).
- Profit before tax amounted to MSEK 28.6 (12.6) and net income amounted to MSEK 22.5 (9.7).

Cash flow and investments

Cash flow from operating activities during the period amounted to MSEK 33.7 (40.4). Investments in tangible assets during the period amounted to MSEK 3.7 (3.2). Investments in intangible assets amounted to MSEK 7.1 (8.1). Investments in intangible assets consist of capitalised development costs.

Depreciation of tangible and intangible assets during the period amounted to MSEK 7.2.

FINANCIAL INFORMATION

Liquidity and financial position

Net cash as of 31 December 2022 amounted to MSEK 64.4 (66.4). Total equity at the end of the period amounted to MSEK 36.7 (38.7).

Employees

The number of employees in the Upsales group at the end of the period was 63 (73).

Proposed appropriation of profit

The Board of Directors proposes a dividend of 1.25 SEK per share and an extraordinary dividend of 0.75 SEK per share.

Annual report

The Upsales group annual report for 2022 will be available at the company's website and office on March 31 2023.

Annual general meeting

The annual general meeting will be held the 4th of May 2023 at the company's office at Vasagatan 16, Stockholm.

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.

Disclosure of report

This report was submitted for publication on 15 February 2023 at 08:30.

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

Financial calendar

Annual report 2022:
31 March 2023

Interim report Q1 2023:
26 April 2023

Annual general meeting 2022:
4 May 2023

Interim report Q2 2023:
26 July 2023

Interim report Q3 2023:
25 October 2023

For more information contact:

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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 Johan Grudet, certified auditor at Grant Thornton Sweden AB. This report has not been subject to review.

GROUP FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021	Okt-Dec 2022	Okt-Dec 2021
<i>Operating income</i>				
Net sales	129,580	93,135	35,165	26,920
Capitalised development costs	6,273	7,570	1,423	2,252
Other operating income	3,665	0	605	0
Total operating income	139,518	100,705	37,193	29,172
<i>Operating expenses</i>				
Other external expenses	-50,460	-31,738	-14,550	-10,691
Personnel costs	-51,789	-49,146	-13,250	-13,584
Depreciation and impairment of tangible and intangible assets	-7,153	-7,222	-1,855	-1,572
Other operating expenses	-1,641	-28	-83	-27
Total operating expenses	-111,044	-88,134	-29,739	-25,874
Operating profit (EBIT)	28,474	12,572	7,454	3,298
<i>Financial items</i>				
Financial income	98	40	36	-21
Financial expenses	-12	-6	0	-6
Total financial items	87	34	36	-27
Profit before tax	28,561	12,606	7,490	3,271
Income tax	-6,064	-2,887	-1,599	-816
Net income	22,497	9,718	5,891	2,455
Earnings per share, SEK	1.34	0.58	0.35	0.15
Earnings per share after dilution, SEK	1.33	0.57	0.35	0.14
Average number of shares	16,787,078	16,628,000	16,838,375	16,628,000
Number of shares at the end of the period	16,838,375	16,628,000	16,838,375	16,628,000

GROUP FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	31 December 2022	31 December 2021
ASSETS		
<i>Non-current assets</i>		
Capitalised development costs	18,908	17,409
Goodwill	0	0
Tangible assets	6,115	3,856
Deferred tax assets	0	0
Other long-term receivables	1,071	710
Total non-current assets	26,094	21,975
<i>Current assets</i>		
Accounts receivable	26,699	22,095
Current tax claim	30	12
Other current receivables	93	32
Prepaid expenses and accrued income	7,141	5,317
Cash and cash equivalents	64,438	66,362
Total current assets	98,402	93,818
TOTAL ASSETS	124,495	115,793
EQUITY AND LIABILITIES		
Equity	36,671	38,675
<i>Non-current liabilities</i>		
Interest-bearing liabilities	0	0
Non-current liabilities	0	0
<i>Current liabilities</i>		
Interest-bearing liabilities	0	0
Accounts payable	3,705	11,488
Income tax liabilities	7,706	4,017
Other current liabilities	6,338	5,446
Accrued expenses and prepaid income	70,075	56,166
Total current liabilities	87,824	77,118
Total liabilities	87,824	77,118
TOTAL EQUITY AND LIABILITIES	124,495	115,793

GROUP FINANCIAL STATEMENT

Changes in Equity

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021
Opening balance	38,675	27,162
Dividend	-33,677	0
Issued shares	8,202	0
Issued warrants	1,023	1,811
Foreign currency translation differences	-48	-17
Net income	22,497	9,718
Closing balance	36,671	38,675

GROUP FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021	Okt-Dec 2022	Okt-Dec 2021
<i>Operating activities</i>				
Operating profit	28,474	12,572	7,454	3,298
Adjustments for non-cash items	7,029	7,222	1,731	1,571
Interest received	98	40	36	-21
Interest paid	-12	-6	0	-6
Income tax paid	-2,393	-96	-335	-12
Cash flow from operating activities before changes in working capital	33,196	19,732	8,886	4,830
<i>Changes in working capital</i>				
Changes in current receivables	-6,490	-6,688	-7,999	-8,859
Changes in current liabilities	7,017	27,324	17,083	22,457
Total change in working capital	528	20,636	9,084	13,598
Cash flow from operating activities	33,724	40,368	17,969	18,428
<i>Investing activities</i>				
Investments in intangible assets	-7,074	-8,070	-1,631	-2,401
Investments in tangible assets	-3,713	-3,237	-398	-2,349
Investments in lease contracts	0	89	0	89
Acquisition of financial assets	-587	0	-587	0
Disposal of financial assets	226	0	226	0
Cash flow from investing activities	-11,148	-11,218	-2,390	-4,661
<i>Financing activities</i>				
Issued shares	8,202	0	0	0
Issued warrants	1,023	1,811	-13	-35
Dividend paid to the parent company's shareholders	-33,677	0	0	0
Cash flow from financing activities	-24,452	1,811	-13	-35
CASH FLOW FOR THE PERIOD	-1,876	30,961	15,567	13,732
Cash and cash equivalents at the beginning of the period	66,362	35,396	48,934	52,629
Exchange rate differences in cash and cash equivalents	-48	5	-63	1
Cash and cash equivalents at the end of the period	64,438	66,362	64,438	66,362

GROUP FINANCIAL STATEMENT

KPI summary

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021	Okt-Dec 2022	Okt-Dec 2021
Net sales	129,580	93,135	35,165	26,920
Net sales growth (%)	39.1%	23.8%	30.6%	33.9%
Subscription revenue (%) of total net sales	92.4%	91.5%	92.7%	91.9%
Annual recurring revenue (ARR)	145,849	111,815	145,849	111,815
ARR change during the period	34,034	25,408	9,501	8,226
ARR growth during the period (%)	30.4%	29.4%	7.0%	7.9%
EBITDA	35,627	19,794	9,310	4,870
EBITDA margin (%)	27.5%	21.3%	26.5%	18.1%
EBIT	28,474	12,572	7,454	3,298
EBIT margin (%)	22.0%	13.5%	21.2%	12.3%
Net income	22,497	9,718	5,891	2,455
Operating cash flow	33,724	40,368	17,969	18,428
Net cash	64,438	66,362	64,438	66,362

PARENT COMPANY FINANCIAL STATEMENT

Income Statement

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021	Okt-Dec 2022	Okt-Dec 2021
<i>Operating income</i>				
Net sales	1,500	1,500	375	375
Total operating income	1,500	1,500	375	375
<i>Operating expenses</i>				
Other external expenses	-1,796	-1,161	-459	-346
Personnel costs	-2,237	-2,250	-555	-555
Total operating expenses	-4,033	-3,411	-1,015	-901
Operating profit (EBIT)	-2,533	-1,911	-640	-526
<i>Financial items</i>				
Profit from participations in group companies	25,000	0	25,000	0
Financial income	39	9	10	0
Financial expenses	0	0	0	0
Total financial items	25,039	9	25,010	0
Profit after financial items	22,506	-1,902	24,370	-526
Received group contributions	2,494	1,902	2,494	1,902
Profit before tax	25,000	0	26,864	1,376
Income tax	0	0	-384	-374
Net income	25,000	0	26,480	1,002

PARENT COMPANY FINANCIAL STATEMENT

Balance Sheet

Amount in KSEK	31 December 2022	31 December 2021
ASSETS		
<i>Financial assets</i>		
Shares in group companies	29,232	29,232
Deferred tax assets	0	0
Other long-term receivables	1,053	710
Total financial assets	30,285	29,942
<i>Current assets</i>		
Accounts receivable	158	156
Receivables from group companies	11,162	6,268
Current tax claim	30	12
Other current receivables	83	22
Prepaid expenses and accrued income	179	42
Cash and cash equivalents	1,204	5,679
Total current assets	12,818	12,180
TOTAL ASSETS	43,103	42,122
EQUITY AND LIABILITIES		
Equity	42,063	41,515
<i>Non-current liabilities</i>		
Interest-bearing liabilities	0	0
Non-current liabilities	0	0
Current liabilities		
Interest-bearing liabilities	0	0
Accounts payable	174	42
Liabilities to group companies	0	0
Income tax liabilities	29	31
Other current liabilities	157	139
Accrued expenses and prepaid income	679	394
Total current liabilities	1,039	606
TOTAL EQUITY AND LIABILITIES	43,103	42,122

PARENT COMPANY FINANCIAL STATEMENT

Change of Equity

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021
Opening balance	41,515	39,704
Dividend	-33,677	0
Issued shares	8,202	0
Issued warrants	1,023	1,811
Net income	25,000	0
Closing balance	42,063	41,515

PARENT COMPANY FINANCIAL STATEMENT

Cash Flow

Amount in KSEK	Jan-Dec 2022	Jan-Dec 2021	Okt-Dec 2022	Okt-Dec 2021
<i>Operating activities</i>				
Operating profit	-2,533	-1,911	-640	-526
Interest received	39	9	10	0
Interest paid	0	0	0	0
Income tax paid	-21	-9	-1	0
Cash flow from operating activities before changes in working capital	-2,515	-1,912	-631	-525
<i>Changes in working capital</i>				
Changes in current receivables	6,067	-528	428	77
Changes in current liabilities	16,767	-51	42	146
Total changes in working capital	22,834	-579	470	223
Cash flow from operating activities	20,320	-2,491	-161	-302
<i>Investing activities</i>				
Acquisition of financial assets	-569	0	-569	0
Disposal of financial assets	226	0	226	0
Cash flow from investing activities	-343	0	-343	0
<i>Financing activities</i>				
Issued shares	8,202	0	0	0
Issued warrants	1,023	1,811	-13	-35
Dividend	-33,677	0	0	0
Cash flow from financing activities	-24,452	1,811	-13	-35
CASH FLOW FOR THE PERIOD	-4,475	-680	-517	-338
Cash and cash equivalents at the beginning of the period	5,679	6,359	1,721	6,017
Exchange rate differences in cash and cash equivalents	0	0	0	0
Cash and cash equivalents at the end of the period	1,204	5,679	1,204	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.

