

DIVIO

Interim Report Q2 2024



Divio Technologies AB (publ)
Company no. 559077-0730

“Divio Technologies AB (publ) increases subscription revenues by 11%”

- Jon Levin, CEO

SUMMARY OF THE REPORT

Second quarter: 1 APR 2024 TO 30 JUN 2024

- Subscription revenue increased by approximately 11% to KSEK 4,856 (4,367)
- MRR in June was KUSD 154 (145)
- EBIT was KSEK -4,129 (-3,227)
- EPS before dilution was SEK -0.03 (-0.01)
- Cash position was KSEK 5,326 (3,151)

Year to Date: 1 JAN 2024 TO 30 JUN 2024

- Subscription revenue increased by approximately 10% to KSEK 9,720 (8,816)
- EBIT was KSEK -9,980 (-6,804)
- EPS before dilution was SEK -0.07 (-0.04)

SIGNIFICANT EVENTS (Second quarter)

- Payment of approximately MSEK 8 was received in April 2024 for support contract extension signed in Q1 2024
- Extensive platform improvements have broadened our customer base and enhanced the potential to upsell to existing customers

SIGNIFICANT EVENTS (Year to Date)

- Divio receives a contract extension of the value of approximately 12 MSEK in Q1 whereof 8 MSEK was prepaid in Q2
- Launch of self-service offering enabling free trials without hands-on involvement from Divio which will generate relevant leads for the sales team

SIGNIFICANT EVENTS AFTER THE QUARTER

- Partner Manager hired to expand and engage agencies using Divio's platform

KSEK	Second quarter (3 months)			Year to date (6 months)		
	2024	2023	%	2024	2023	%
Key Financials						
Subscription revenue	4,856	4,376	11%	9,720	8,816	10%
Professional services revenue	220	733	-70%	456	954	-52%
Net sales	5,076	5,109	-1%	10,176	9,770	4%
Total revenue	6,983	6,418	9%	13,730	12,282	12%
Costs	-9,550	-8,174	-17%	-20,601	-16,156	-28%
EBITDA	-2,567	-1,756	-46%	-6,871	-3,874	-77%
Dep / Am	-1,562	-1,471	-6%	-3,109	-2,930	-6%
EBIT	-4,129	-3,227	-28%	-9,980	-6,804	-47%
MRR (KUSD)	154	145	6%			
Cash position	5,326	3,151	69%			

CEO COMMENTS

This quarter has been a pivotal period for us, marked by significant achievements that are propelling us closer to our long-term strategic objectives. Across several key areas of our business, we have seen encouraging progress that not only underscores the effectiveness of our initiatives but also lays a strong foundation for sustained growth in the future.

One of the most notable advancements this quarter has been in our sales efforts, which continue to gain momentum. A few years ago, cold calling was the most effective way to find new customers. Today, however, few people answer the phone or respond to emails and LinkedIn messages. Finding the right customer and reaching them has become more challenging than ever. As a result, new methods were essential. The development of our prospecting engine is a major milestone. This innovative tool is designed to streamline and optimize our sales processes by identifying and targeting high-potential leads more effectively. It has taken time to implement and roll this tool out and when now finally completed we anticipate that this will significantly accelerate our growth trajectory, enabling us to capitalize on new opportunities with greater precision and speed.

Equally important is the launch of our self-service offering, a strategic initiative that represents a critical step forward in how we engage with potential customers. By enabling prospective clients to independently explore our platform through free trials, we are not only enhancing their experience but also generating high-quality leads for our sales team. This approach allows us to scale our outreach efforts without requiring direct hands-on involvement, making our sales process more efficient and allowing our team to focus on closing deals with the most promising prospects.

In addition to these sales initiatives, we have made substantial strides in strengthening our partner network, particularly among agencies that manage multiple projects. Our platform's capabilities make it an ideal solution for these partners, and we have dedicated considerable resources to refining our features to better meet their needs. Earlier this year, we introduced a new partner program designed to foster deeper collaboration and mutual growth. As part of this initiative, we have also bolstered our sales team by bringing on a dedicated partner sales responsible. This individual brings a wealth of experience and insights, having previously worked with one of our long-standing agency partners who has been a strong advocate for our platform. These efforts are already bearing fruit, with 10 new active

partners joining our network this year, a testament to the value and potential of our platform.

Additionally, our consultancy business, which plays a crucial role in our overall sales process, has seen meaningful expansion. We have successfully onboarded new clients who, while still small, possess significant growth potential. Furthermore, we have extended contracts with several of our long-standing customers, reinforcing the strength and satisfaction within our existing client base.

Our collaboration with AWS continues to be a cornerstone of our growth strategy, yielding highly productive outcomes. Beyond our ongoing efforts to attract new customers, we are currently exploring innovative possibilities with AWS Gen AI Bedrock. This project has the potential to further enhance our platform's functionality, opening up new avenues for differentiation in the market and adding significant value for our users.

Throughout the year, we have remained committed to continuously improving our platform. We've implemented numerous enhancements that broaden its capabilities, making it more versatile and user-friendly. These improvements not only increase the platform's appeal to new users but also deepen the value we provide to our existing customers.

One of our most important goals remains achieving cash flow positivity, a milestone that is critical to our long-term sustainability and success. I am pleased to report that we have made significant strides in this area. Through diligent cost management and the steady progress of our sales efforts. In addition to our sales efforts, we have been optimizing our cost management. We anticipate seeing further positive impacts from these initiatives by the end of next quarter. Our focus on reducing expenses without compromising on growth initiatives has been key, and we are confident that our disciplined approach will soon yield the desired financial outcomes.

The progress we have made this quarter is a strong indicator that we are on the right path for growth, and I am excited about the opportunities that lie ahead. I want to extend my deepest gratitude to our team for their unwavering commitment and hard work, which continue to drive our success.

Regards
Jon Levin, CEO

FINANCIAL- AND ADDITIONAL INFORMATION

Second quarter: 1 APR 2024 TO 30 JUN 2024

REVENUE

Net sales were KSEK 5,076 (5,109), which is a 1% decrease compared with the same period last year. This is a result of a 11% growth in subscription revenues (from KSEK 4,376 to 4,856) and a decline in short term professional services like start up fees. Capitalized development expenses increased slightly compared to the same period last year due to increased development efforts.

MRR at the end of the month of June 2024 was KUSD 154 (145), an increase of 6% compared to the same quarter last year (see graph below). The increase can be mainly explained by a net increase in subscription revenues..

OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the second quarter increased compared to previous year amounting to KSEK -4,129 (-3,227). EBITDA loss increased from KSEK -1,756 to -2,567 mainly because of increased personnel costs as the company was investing in new resources.

TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q2 2024 was KSEK -35 (-5,672) Cash flow from operating activities was KSEK 1,868 (-2,237).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -1,903 (-3,430) which is capitalized development expenses. There was no cash flow from financing activities during the period.

Year to Date: 1 JAN 2024 TO 30 JUN 2024

REVENUE

Net Sales were KSEK 10,176 (9,770), which is a 4% increase compared with the same period last year, driven by increased subscription revenues (up 10% compared to the first two quarters of 2023) but offset by less professional services. Capitalized development expenses increased slightly compared to the same period last year totalling KSEK 3,554 (2,511).

OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the first six months was KSEK -9,980 (-6,804). EBITDA loss increased from KSEK -3,874 to -6,871.

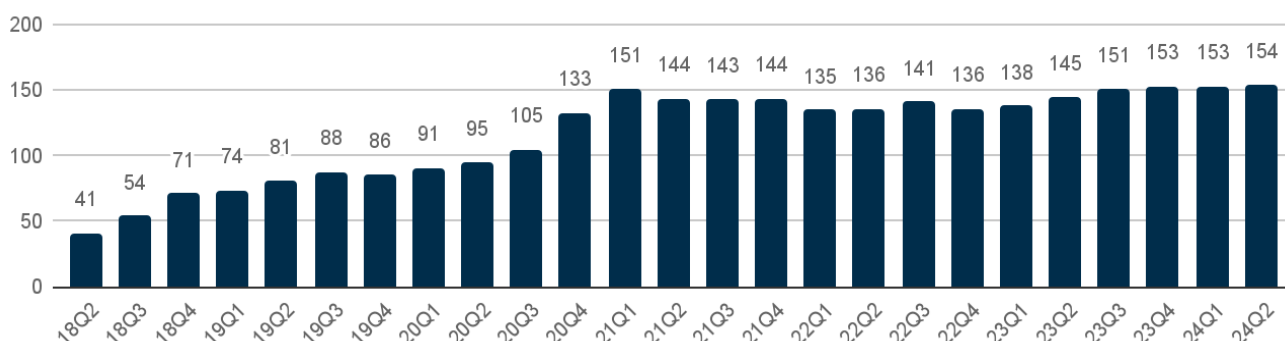
TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the first six months 2024 was KSEK -7,283 (977) Cash flow from operating activities was KSEK -3,710 (-1,146).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -3,573 (-3,191) which is mainly capitalized development expenses. Cash flow from financing activities was KSEK 0 (5,314).

MRR Development (KUSD)



ACCOUNTING PRINCIPLES AND OTHER INFORMATION

Divio Technologies Group and parent company accounts have been prepared in accordance with the Annual Accounts Act and BFNAR 2012: 1 (K3). The accounting principles are unchanged compared to the Annual Report 2022. The quarterly reports are not audited but the company's auditors.

GROUP STRUCTURE PER 30 JUN 2024

The Divio Group is comprised of the parent company Divio Technologies AB (publ) in Sweden, with org. no. 559077-0730, the wholly owned subsidiary Divio AG in Switzerland, and its wholly owned subsidiary Divio INC in the US. The Group's operating activities are conducted mainly within Divio AG, with a transfer pricing setup according to the arm's length principle for intragroup services.

RISKS AND UNCERTAINTIES

Divio is a relatively new software development group. The company launched its first commercial cloud software products in 2017. Its revenue levels are increasing but do not yet exceed costs. The fact that the company has over 500 paying customers, and very low churn, is a clear signal of the need for the product, but it is still too early to draw long-term conclusions about market acceptance or to accurately forecast sales and earnings for the company.

Divio is dependent on licensing and partnership agreements, as well as permits, remuneration systems and associated laws, regulations, decisions by government authorities and practice, all of which are beyond Divio's control.

Divio is also dependent on intellectual property rights that are difficult to protect via registration. Other crucial factors for future development are Divio's ability to ensure the reliability of technical platforms and the company's information management, and to protect against security breaches.

In 2020 and 2021 Divio achieved considerable cost savings that reduced the need for external capital. Early in 2021, Divio raised equity to continue investing in growth and performance until an even more stable level of earnings and/or significant growth in subscriptions and prepayment revenues is reached. Divio raised new equity of MSEK 9.9 before expenses in Q4 2022 and an additional MSEK 4.1 in Q2 2023. Divio also extended the contract with its largest customer in June resulting in an upfront payment of 21 MSEK which was received in Q3 2023. The requirement for external capital to meet needs is considered to be low unless the company decides to invest in further growth that is not covered by existing equity. For further information, see "Risk Factors" in the 2019 Company Description, available on www.divio.com.

SHARES

Divio Technologies AB (publ) has been traded on Nasdaq First North since 18 December 2019, under the stock ticker DIVIO B. The number of shares as per 30 Jun 2024 was 186,190,114 of which 750,000 were series A shares with 10x voting rights. The average number of shares in the period April to June was 186,190,114 before dilution. This is including the shares from the warrants per below for the entire period.

WARRANTS

Divio Technologies AB (publ) has two active series of warrants per closing date.

The option program "Incentive Program 2021/2024" was issued to four key employees in 2021. These have been recalculated to take the new share issue in January into consideration as well as the new shares from July.

A second program "Incentive Program 2023/2026" was issued to key employees in 2023. The number of options subscribed for was 3,000,000.

DIVIO

Warrant Series	Duration	Strike	Expiry	Investors	Employees	Total warrants	Possible share issue
Incentive program 2021/2024	2021/2024	3.36 (1:1.30)	2024-09-30	-	700,000	700,000	908,324
Incentive program 2023/2026	2023/2026	0.43 (1:1)	2026-09-30	-	3,000,000	3,000,000	3,000,000

	Second quarter (3M)		Year to date (6M)		FY (12M)
	2024	2023	2024	2023	2023
Number of shares					
Shares at end of period BD	186,190,114	186,190,114	186,190,114	186,190,114	186,190,114
Shares at end of period AD	189,890,114	186,890,114	189,890,114	186,890,114	189,890,114
Average number of shares BD	186,190,114	161,502,120	186,190,114	154,035,904	170,113,009
Average number of shares AD	189,890,114	190,411,693	189,890,114	180,636,809	183,888,461

BD = Before Dilution, AD = After Dilution.

INCOME STATEMENT GROUP, SUMMARISED

KSEK	Second quarter (3 months)		Year to date (6 months)		FY (12m)
	2024	2023	2024	2023	2023
Profit and loss					
Subscription revenues	4,856	4,376	9,720	8,816	18,648
Professional services	220	733	456	954	1,216
Capitalized development	1,907	1,309	3,554	2,511	7,225
Other revenue	0	0	0	0	-14
Total revenue	6,983	6,418	13,730	12,282	27,075
Cost of goods sold	-1,914	-1,746	-3,523	-3,579	-7,090
Other external costs	-1,462	-1,588	-3,819	-3,476	-6,893
Personnel	-6,175	-4,840	-13,259	-9,102	-21,401
Depreciation / Amortization	-1,562	-1,471	-3,109	-2,930	-5,984
Operating profit	-4,129	-3,227	-9,980	-6,804	-14,293
Net financial items	-1,518	1,382	-2,501	1,428	1,152
Earning before tax	-5,647	-1,845	-12,480	-5,376	-13,140
Taxes on earnings	-2	0	-24	-22	-63
Profit for the period	-5,648	-1,845	-12,504	-5,398	-13,203
EPS before dilution (SEK)	-0.03	-0.01	-0.07	-0.04	-0.08
EPS after dilution (SEK)	-	-	-	-	-

BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	Second quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Assets			
Subscribed for but not paid in capital	-	4,115	-
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	16,293	14,986	16,060
Other immaterial fixed assets	0	0	0
Total immaterial fixed assets	16,293	19,100	16,060
<i>Material fixed assets</i>			
Equipment	237	225	259
Total material fixed assets	237	225	259
<i>Financial assets</i>			
Other financial assets	13	13	13
Total financial assets	13	0	13
Total fixed assets	16,529	19,339	16,332
<i>Current assets</i>			
Trade receivables	530	21,738	620
Other current receivables	371	146	587
Total current assets	901	21,882	1,207
Cash and cash equivalents	5,326	3,151	12,637
Total assets	22,769	44,374	30,175

BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	Second quarter (End of period)		FY (EoP)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	2,743	-
Share capital	18,619	15,876	18,619
Share premiums	95,307	95,256	95,307
Retained profits (losses)	-104,513	-92,667	-93,014
This year's profit (loss)	-12,504	-5,398	-13,203
Total equity	-3,091	15,810	7,709
<i>Non-current liabilities</i>			
Reserves	0	0	0
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Trade payables	2,103	2,103	2,485
Other current liabilities	23,738	26,461	19,982
Total current liabilities	25,861	28,564	22,466
Total equity and liabilities	22,769	44,374	30,175

CASH FLOW GROUP, SUMMARISED

	Second quarter (3 months)		Year to date (6 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Cash flow					
Cash flow from operating activities					
Result after financial items	-5,648	-1,845	-12,504	-5,389	-13,203
Adj for non-cash items	3,057	5,372	5,011	5,051	8,021
Changes in current assets	8,759	-23,914	290	-21,488	-2,926
Changes in current liabilities	-4,299	18,149	3,493	20,690	15,672
Cash flow from operating activities	1,868	-2,237	-3,710	-1,146	7,564
Cash flow from investing activities					
Activated development costs	-1,903	-3,421	-3,566	-3,226	-7,664
Changes in financial assets	0	-9	-7	34	26
Cash flow from investing activities	-1,903	-3,430	-3,573	-3,191	-7,638
Cash flow from financing activities					
Rights issue	-	-	-	7,314	12,423
Proceeds from debt issuance	-	-	-	-	-
Repayment of loans	-	-	-	-2,000	-2,000
Cash flow from financing activities	-	-	-	5,314	10,423
Total cash flow for the period	-35	-5,667	-7,283	977	10,350
Cash at the beginning of the period	5,356	9,140	12,637	2,057	2,057
Exchange rate differences	5	-322	-28	117	230
Cash at the end of the period	5,326	3,151	5,326	3,151	12,637

CHANGE IN EQUITY GROUP, SUMMARISED

	Second quarter (3 months)		Year to date (6 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Change in equity					
Equity at the beginning of the period	1,077	14,118	7,709	18,074	18,074
Subscribed for but not paid in capital	-	4,115	-	4,115	3,655
New share issue	-	-	-	-	-
Currency translation differences	1,480	-578	1,704	-980	-817
Profit (loss)	-5,648	-1,845	-12,504	-5,398	-13,203
Equity at the end of the period	-3,091	15,810	-3,091	15,810	7,709

INCOME STATEMENT PARENT COMPANY, SUMMARISED

	Second quarter (3 months)		Year to date (6 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Profit and loss					
Revenue	1,918	1,388	3,544	2,738	5,780
Total revenue	1,918	1,388	3,544	2,738	5,780
Other external costs	-751	-474	-1,293	-1,030	-1,667
Personnel	-1,219	-867	-2,328	-1,607	-3,894
Depreciation / Amortization	0	0	0	-5	-5
Operating profit	-52	47	-77	96	214
Net financial items	0	2	1	-19	-30,020
Earnings before tax	-52	48	-76	77	-29,806
Taxes on earnings	0	0	0	0	-37
Profit for the period	-52	48	76	77	-29,843

BALANCE SHEET PARENT COMPANY, SUMMARISED (part 1 of 2)

	Second quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Assets			
Subscribed but not paid for capital	-	4,115	
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	0	0	-
Total immaterial fixed assets	0	4,115	-
<i>Financial assets</i>			
Shares in group companies	30,268	60,268	30,268
Non-current financial receivables from group companies	20,017	19,867	21,417
Other financial assets	13	13	13
Total financial assets	50,298	80,148	51,698
Total fixed assets	50,298	84,263	51,698
<i>Current assets</i>			
Current financial receivables from group companies	10,608	5,546	8,655
Other current receivables	316	104	284
Total current assets	10,923	5,649	8,938
Cash and cash equivalents	294	1,270	351
Total assets	61,516	91,182	60,987

BALANCE SHEET PARENT COMPANY, SUMMARISED (part 2 of 2)

	Second quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	2,743	-
Share capital	18,619	15,876	18,619
Share premiums	95,307	95,256	95,307
Retained profits (losses)	-55,111	-25,268	-25,268
This year's profit (loss)	-76	77	-29,843
Total equity	58,738	88,684	58,815
<i>Current liabilities</i>			
Trade payables	308	414	136
Other current liabilities	2,469	2,084	2,037
Total current liabilities	2,778	2,498	2,173
Total equity and liabilities	61,516	91,182	60,987

OTHER INFORMATION

UPCOMING FINANCIAL REPORTS

14 Nov 2024

Interim Report Q3 (1 Jul - 30 Sep)

13 Feb 2025

Full Year and Q4 Report (1 Oct - 31 Dec)

14 May 2025

Interim Report Q1 (1 Jan - 31 Mar)

6 Jun 2025

Annual General Meeting in Stockholm

Financial reports will be available on the company's website www.divio.com on the date of publication.

STATEMENT OF ASSURANCE

This report was adopted by the Board of Directors of Divio Technologies AB (publ) on 14 Aug 2024. The Board currently consists of Leif Liljebrunn,, Niklas Köresaar and Anette Ringné.

AUDITOR

This report has not been reviewed by the company's auditors. Mazars is the auditor for 2024.

CERTIFIED ADVISOR

FNCA Sweden AB is the certified advisor of the company.

DEFINITIONS

Subscription revenue

Revenue from customers that pay a monthly subscription fee (monthly recurring revenue, MRR see below) for Divio's platform.

Professional services

Revenues from customized projects

Earnings per share

Calculated as profit divided by the average number of outstanding shares of common stock.

MRR

Monthly recurring revenue, the monthly rate of revenue generated from recurring subscription services provided to customers. This value is excluding any set-up fees or one-time fees, and is measured as of the last month of the reporting period.