

DIVIO

Full Year and Q4 Report 2022

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

“Divio Technologies AB (publ) increased net sales by 38% and secured MSEK 10 in equity before expenses”

- Jon Levin, CEO

SUMMARY OF THE REPORT

Fourth quarter: 1 OCT 2022 TO 31 DEC 2022

- Net sales increased by 38%, to KSEK 5,310 (3,849)
- Subscription revenue was KSEK 4,373 (3,693)
- MRR in December was KUSD 136 (144)
- EBIT was KSEK -2,463 (-4,277)
- EPS before dilution was SEK -0,01 (-0,05)
- Cash position was KSEK 2.057 (9.287)
(payment from share issue was in Jan 2023)

Full Year: 1 JAN 2022 TO 31 DEC 2022

- Net sales increased by 20%, to KSEK 18,840 (15,703)
- Subscription revenue was KSEK 16,290 (14,729)
- EBIT was KSEK -10,399 (-11,533)
- EPS before dilution was SEK -0,11 (-0,13)

SIGNIFICANT EVENTS (Fourth quarter)

- The Board of Directors decided to execute an issue of units, consisting of shares and free warrants to raise capital to fund new sales- and partnership strategy
- Bridge loan of MSEK 2 secured
- The issue of units was subscribed to at a rate of 82,6%, initially raising MSEK 9.9 before issue costs

SIGNIFICANT EVENTS (Full year)

- Completed fundraising of MSEK 9.9 before costs
- Achieved ISO 27001 certification
- Strengthened Board of Directors by recruiting Leif Liljebrunn as Chairman and recruited Fredrik Wallmark as CFO
- Launched new sales strategy targeting SMEs and enhanced the onboarding process

SIGNIFICANT EVENTS AFTER THE QUARTER

- A sales partnership agreement was signed with successful entrepreneurs Eric Falk and Anders Högberg, aimed at providing hands-on assistance in evaluating and improving Divio’s sales process and service offering
- The funds raised by the unit issue were paid out to the company in January. Shares and warrants have been issued

KSEK	Fourth quarter (3 months)			Year to date (12 months)		
	2022	2021	%	2022	2021	%
Key Financials						
Net sales	5,310	3,849	38%	18,840	15,703	20%
(whereof subscription revenue)	4,373	3,693	18%	16,290	14,729	11%
(whereof professional services)	937	156	502%	2,551	974	162%
Total revenue	6,421	5,107	26%	23,415	20,151	16%
Costs	-7,417	-8,057	8%	-28,325	-26,693	-6%
EBITDA	-997	-3,005	67%	-4,910	-6,596	26%
Dep / Am	-1,466	-1,272	-15%	-5,489	-4,937	-11%
EBIT	-2,463	-4,277	42%	-10,399	-11,533	10%
MRR (KUSD)	136	144	-6%			
Cash position	2,057	9,287	-78%			

CEO COMMENTS

I am very pleased with the course Divio is on; everything is going in the right direction. Our net sales improved by 38% in Q4; we made some important changes to our sales strategy and we finally have an effective and competent sales team in place. I am also proud that almost 83% of our shareholders decided to support the company in the unit issue, which is confirmation of their continued belief in the company.

We have set a tough target for sales growth over the next few years, and we are on track to deliver on this target. Net sales and subscription revenue are increasing, which is proof that we are heading in the right direction. Our new sales strategy is also increasing business with existing customers and helping to accelerate dialogue with new customers.

The last quarter of the year saw a strong increase in revenues of 38%. Growth was 20% for the full year, and we have set an average annual growth target of 30% over the next five years. At the same time, costs have fallen, and our final result is a significant improvement on the same quarter last year. Part of our strategy is to strengthen the sales and engineering team. This will increase costs which is why we raised equity in December. However, we aim to achieve a positive cash flow by the end of the year. This, together with an increase in sales, is a very important goal for us.

I am delighted that we now have the strongest and most competent sales team in Divio's history, with the right skills, experience and abilities to deliver. A team with experience of complex sales, and an understanding of effective methods for reaching the right decision makers, and a broad network of relevant potential customers. Their combined competence will not only generate more leads, but also revitalise our sales approach and increase our velocity. We have set key sales targets for 2023, and we are well on our way to achieving them. Of course, we are also aiming to exceed our targets.

As noted previously, Divio has established an outstanding partnership with Amazon Web Services (AWS) as a launch partner for their newly established Swiss region. AWS is one of the world's largest cloud providers, and this partnership gives us the opportunity to reach more potential customers through the offerings

of a much larger sales organisation. This partnership is another clear indication of the quality and professionalism of our team.

Now that our organisation has been strengthened with additional resources in sales, marketing and technology, but also on the administrative side with our new CFO, the sales team and I can really focus on what is important - supporting our customers and winning new ones in accordance with our well-developed and updated sales strategy.

On the development side, our team has made great progress in improving and updating our platform and services. Their technical expertise and creativity have resulted in new features and enhancements that have received great feedback from our customers.

Finally, our new strategy has been instrumental in guiding us towards growth. The strategic planning and implementation of new processes has enabled us to boost efficiency and improve decision-making.

We can be proud of what we have accomplished so far, and we look forward to continued success as a team.

Thank you, and keep up the good work, everyone!



Thank you

Jon Levin, CEO

FINANCIAL- AND ADDITIONAL INFORMATION

Fourth quarter: 1 OCT 2022 TO 31 DEC 2022

REVENUE

Net sales were KSEK 5,310 (3,849), which is a 38% increase compared with the same period last year. This growth was driven by an increase in professional services and subscription revenue. Capitalised development expenses remained at similar levels to the same period last year.

MRR at the end of the month of December 2022 was KUSD 136 (144), a decrease of 6% compared to the same quarter last year (see graph below). This decrease can be explained by the churn of one larger customer and unfavourable currency exchange effects. The MRR is not an average for the period, but it is rather the actual MRR at the end of the period.

OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the fourth quarter improved significantly to KSEK -2,463 (-4,277).

TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q4 2022 was KSEK -1,911 (-4,851) Cash flow from operating activities was KSEK -2,749 (-4,377).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -1,161 (-474) which capitalised development expenses. Cash flow from financing activities was KSEK 2,000 (0) which is the amount of the bridge loan secured during the equity raise which was repaid in January 2023 as cash from the equity raise was received.

Full year: 1 JAN 2022 TO 31 DEC 2022

REVENUE

Net Sales were KSEK 18,840 (15,703), which is a 20% increase compared with the same period last year, driven by almost equal (absolute) increases in professional services and subscription revenue. Capitalised development expenses remained at about the same level as the same period last year totalling KSEK 4,563 (4,429).

OPERATING PROFIT AND LOSS

Operating loss for the full year was KSEK -10,399 (-11,533).

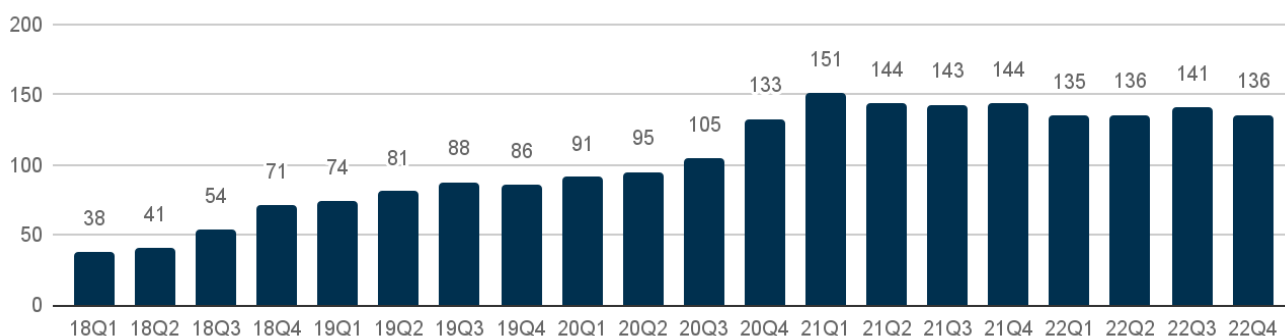
TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the full year 2022 was KSEK -7,419 (8,099) Cash flow from operating activities was KSEK -4,797 (-7,225).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -4,621 (-4,470) which is mainly capitalised development expenses. Cash flow from financing activities was KSEK 2,000 (19,795) which is the bridge loan during the equity raise that was repaid in January 2023.

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 2021.

GROUP STRUCTURE PER 31 DECEMBER 2022

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 initial equity of MSEK 9.9 before expenses in Q4 2022. The requirement for external capital to meet operational needs is now 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 31 December 2022 was 85,623,080 of which 750,000 were series A shares with 10x voting rights. The average number of shares in the period Oct to Dec was 85,623,080 before dilution.

73,135,930 new shares were issued in January 2023 as a result of the capital raise.

WARRANTS

Divio Technologies AB (publ) has one active series of warrants per closing date. The option program "Incentive Program 2021/2024" was issued to four key employees in 2021.

31,343,970 new warrants (TO 1) were issued in January 2023 as a result of the capital raise.

Warrant Series	Duration	Strike	Expiry	Investors	Employees	Total warrants	Possible share issue
Incentive program 2021/2024	2021/2024	4.36(1:1)	2024-09-30	-	700,000	700,000	700,000

Fourth quarter (3 months)

		2022	2021
Number of outstanding shares			
Number of shares at the end of the period	Before dilution	85,623,080	85,623,080
	After dilution	86,323,080	99,214,580
Average number of shares	Before dilution	85,623,080	85,623,080
	After dilution	86,323,080	99,214,580

INCOME STATEMENT GROUP, SUMMARISED

KSEK	Fourth quarter (3 months)		Year to date (12 months)		FY (12m)
	2022	2021	2022	2021	2021
Profit and loss					
Subscription revenues	4,373	3,693	16,290	14,729	14,729
Professional services	937	156	2,551	974	974
Capitalised development	1,126	1,184	4,563	4,429	4,429
Other revenue	-16	74	11	20	20
Total revenue	6,421	5,107	23,415	20,151	20,151
Cost of goods sold	-2,302	-955	-8,214	-4,586	-4,586
Other external costs	-1,330	-2,636	-5,190	-9,117	-9,117
Personnel	-3,786	-4,465	-14,921	-12,990	-12,990
Depreciation / Amortization	-1,466	-1,272	-5,489	-4,937	-4,937
Other operating costs	0	-55	0	-55	-55
Operating profit	-2,463	-4,277	-10,399	-11,533	-11,533
Net financial items	1,472	168	1,351	706	706
Earning before tax	-991	-4,109	-9,048	-10,826	-10,826
Taxes on earnings	-29	-46	-23	-51	-51
Profit for the period	-1,020	-4,156	-9,070	-10,878	-10,878
EPS before dilution (SEK)	-0.01	-0.05	-0.11	-0.13	-0.13
EPS after dilution (SEK)	-0.01	-0.04	-0.10	-0.11	-0.11

BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	Year to date (12 months)		FY (12m)
	2022	2021	2021
KSEK			
Assets			
Subscribed for but not paid in capital	8,801	-	-
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	13,629	13,018	13,018
Other immaterial fixed assets	5	35	35
Total Immaterial fixed assets	22,435	13,053	13,053
<i>Material fixed assets</i>			
Equipment	127	44	44
Total material fixed assets	127	44	44
<i>Financial assets</i>			
Other financial assets	13	13	13
Total financial assets	13	13	13
Total fixed assets	22,575	13,110	13,110
<i>Current assets</i>			
Trade receivables	938	4,258	4,258
Other current receivables	886	873	873
Total current assets	1,824	5,131	5,131
Cash and cash equivalents	2,057	9,287	9,287
Total assets	26,456	27,528	27,528

BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	Year to date (12 months)		FY (12m)
	2022	2021	2021
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	7,314	-	-
Share capital	8,562	8,562	8,562
Share premiums	94,395	92,941	92,941
Retained profits (losses)	-83,127	-71,873	-71,873
This year's profit (loss)	-9,070	-10,878	-10,878
Total equity	18,074	18,752	18,752
<i>Non-current liabilities</i>			
Reserves	0	8	8
Total non-current liabilities	0	8	8
<i>Current liabilities</i>			
Trade payables	3,384	415	415
Other current liabilities	4,998	8,353	8,353
Total current liabilities	8,382	8,768	8,768
Total equity and liabilities	26,456	27,528	27,528

CASH FLOW GROUP, SUMMARISED

	Fourth quarter (3 months)		Year to date (12 months)		FY (12m)
	2022	2021	2022	2021	2021
KSEK					
Cash flow					
Cash flow from operating activities					
Result after financial items	-1,020	-4,105	-9,070	-10,827	-10,827
Adj for non-cash items	8,305	1,176	12,448	4,264	4,264
Changes in current assets	-10,064	-4,285	-5,125	-3,110	-3,110
Changes in current liabilities	30	2,837	-3,050	2,448	2,448
Cash flow from operating activities	-2,749	-4,377	-4,797	-7,225	-7,225
Cash flow from investing activities					
Activated development costs	-1,166	-476	-4,677	-4,458	-4,458
Changes in financial assets	5	2	56	-12	-12
Investments in other fixed tangible assets	0	0	0	0	0
Cash flow from investing activities	-1,161	-474	-4,621	-4,470	-4,470
Cash flow from financing activities					
Rights issue	0	0	0	19,795	19,795
Proceeds from debt issuance	2,000	-	2,000	-	-
Repayment of loans					
Cash flow from financing activities	2,000	0	2,000	19,795	19,795
Total cash flow for the period	-1,911	-4,851	-7,419	8,100	8,100
Cash at the beginning of the period	3,920	14,060	9,287	1,095	1,095
Exchange rate differences	48	78	189	92	92
Cash at the end of the period	2,057	9,287	2,057	9,287	9,287

CHANGE IN EQUITY GROUP, SUMMARISED

	Fourth quarter (3 months)		Year to date (12 months)		FY (12m)
	2022	2021	2022	2021	2021
KSEK					
Change in equity					
Equity at the beginning of the period	11,963	24,496	18,752	9,759	9,759
Subscribed for but not paid in capital	8,801	-	8,801	-	-
New share issue	-	-	-	19,795	19,795
Currency translation differences	-1,670	-1,588	-409	75	75
Profit (loss)	-1,020	-4,156	-9,070	-10,878	-10,878
Equity at the end of the period	18,074	18,752	18,074	18,752	18,752

INCOME STATEMENT PARENT COMPANY, SUMMARISED

	Fourth quarter (3 months)		Year to date (12 months)		FY (12m)
	2022	2021	2022	2021	2021
KSEK					
Profit and loss					
Revenue	1,401	1,830	6,594	6,758	6,758
Total revenue	1,401	1,830	6,594	6,758	6,758
Other external costs	-357	-280	-2,145	-2,143	-2,143
Personnel	-812	-1,395	-3,998	-4,423	-4,423
Depreciation / Amortization	-8	-8	-30	-30	-30
Other operating costs	0	-55	0	-55	-55
Operating profit	224	92	421	107	107
Net financial items	-262	-26,010	-256	-25,989	-25,989
Earnings before tax	-37	-25,917	165	-25,882	-25,882
Taxes on earnings	-29	-45	-29	-45	-45
Profit for the period	-67	-25,962	135	-25,927	-25,927

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

	Year to date (12 months)		FY (12m)
	2022	2021	2021
KSEK			
Assets			
Subscribed but not paid for capital	8,801	-	-
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	5	35	35
Total immaterial fixed assets	8,806	35	35
<i>Financial assets</i>			
Shares in group companies	60,268	60,268	60,268
Non-current financial receivables from group companies	16,367	9,508	9,508
Other financial assets	13	13	13
Total financial assets	76,648	69,789	69,789
Total fixed assets	85,454	69,824	69,824
<i>Current assets</i>			
Current financial receivables from group companies	2,808	0	0
Other current receivables	381	251	251
Total current assets	3,188	251	251
Cash and cash equivalents	354	7,924	7,924
Total assets	88,996	77,999	77,999

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

	Year to date (12 months)		FY (12m)
	2022	2021	2021
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	7,314	-	-
Share capital	8,562	8,562	8,562
Share premiums	94,395	92,941	92,941
Retained profits (losses)	-25,403	524	524
This year's profit (loss)	135	-25,927	-25,927
Total equity	85,003	76,100	76,100
<i>Current liabilities</i>			
Trade payables	220	35	35
Other current liabilities	3,773	1,864	1,864
Total current liabilities	3,993	1,900	1,900
Total equity and liabilities	88,996	77,999	77,999

OTHER INFORMATION

UPCOMING FINANCIAL REPORTS

12 May 2023

Annual Report 2022

17 May 2023

Interim Report Q1 (1 Jan - 31 Mar)

2 June 2023

Annual General Meeting in Stockholm

16 Aug 2023

Interim Report Q2 (1 Apr- 30 Jun)

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 21 February 2022. The Board currently consists of Leif Liljebrunn, Chairman, and board members Christian Bertschy, Niklas Köresaar, Kimmo Björnsson and Anette Ringnér.

AUDITOR

This report has not been reviewed by the company's auditors.

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) for Divio's platform.

Professional services

Revenues from customised projects

Earnings per share

Calculated as profit divided by the average 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