

DIVIO

Interim Report Q3 2024



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

“Divio Technologies AB (publ) increases MRR by 38% and raises 17,5 MSEK before costs in new share issue”

- Jon Levin, CEO

SUMMARY OF THE REPORT

Third quarter: 1 JUL 2024 TO 30 SEP 2024

- Net sales increased by approximately 11% to KSEK 5,481 (4,954)
- MRR in September was KUSD 209 (151)
- EBIT was KSEK -3,540 (-3,618)
- EPS before dilution was SEK -0.00 (-0.03)
- Cash position was KSEK 1,201 (20,783)

Year to Date: 1 JAN 2024 TO 30 SEP 2024

- Net sales increased by approximately 9% to KSEK 15,656 (14,724)
- EBIT was KSEK -13,520 (-10,422)
- EPS before dilution was SEK -0.07 (-0.06)

SIGNIFICANT EVENTS (Third quarter)

- New client in the health care sector signed, increasing MRR by 38% with an order value of approximately MSEK 44 (contributing little to revenues during the quarter)

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

- The Board of Directors resolved to carry out a fully guaranteed rights issue of approximately MSEK 15.5 before costs, later increased by MSEK 2 totalling MSEK 17.5 and was closed in November 2024
- First payment received from the new Swiss client in the health care sector post balance date

KSEK	Third quarter (3 months)			Year to date (9 months)		
	2024	2023	%	2024	2023	%
Key Financials						
Subscription revenue	5,213	4,821	8%	14,932	13,637	9%
Professional services revenue	268	133	102%	724	1,087	-33%
Net sales	5,481	4,954	11%	15,656	14,724	6%
Total revenue	7,228	6,777	7%	20,958	19,059	10%
Costs	-9,161	-8,852	-3%	-29,762	-25,008	-19%
EBITDA	-1,933	-2,074	7%	-8,804	-5,949	-48%
Dep / Am	-1,607	-1,543	-4%	-4,716	-4,473	-5%
EBIT	-3,540	-3,618	2%	-13,520	-10,422	-30%
MRR (KUSD)	209	151	38%			
Cash position	1,201	20,783	-94%			

CEO COMMENTS

This quarter has been remarkable for Divio, showcasing significant progress and tangible achievements that propel us closer to our strategic objectives, with a strong focus on driving growth.

Our sales efforts have yielded remarkable outcomes. Most notably, we secured a substantial agreement with a 3-year Swiss healthcare company valued at MSEK 44, contributing USD 56,000 in initial monthly revenue and an additional USD 59,000 in monthly recurring consultancy. This represents an impressive MRR growth of 38% compared to the same period last year. Alongside this, we've signed several agreements with promising startups—smaller in initial spending but with significant growth potential. As for many, a challenge lies in helping our customers realize the immense value our platform offers, ensuring they grow alongside us.

This newly signed deal is not only a financial milestone but also a strategic one, reducing our dependence on one single large customer and diversifying our revenue base. Early indicators show high growth potential with this customer, a trajectory we are already beginning to see materialize.

Thanks to increased sales and careful cost management, we have made substantial progress in closing the gap between expenses and revenues. Profitability remains one of our key objectives, and we are on track to achieve it. To provide the runway needed to reach this milestone without compromising operations, we successfully raised equity in Q4. I am deeply grateful for the confidence and support shown by our investors—it's a testament to their belief in our vision and the results of our team's hard work and perseverance.

We continue to invest in strengthening our sales capabilities. Enhancements to our sales engine are

improving our ability to identify and reach customers at the right time with the right needs. Our increased focus on partner collaboration has also significantly contributed to our growing success.

Our partnership with AWS is now beginning to deliver results, and we have high expectations for further growth from this collaboration. Our recent recognition in the AWS ISV Accelerate program—a co-sell initiative for software providers integrated with AWS—is a testament to the strategic value we bring and a major boost to our market presence.

On the operational front, we remain committed to enhancing our platform and services. Over the past quarter, we've strengthened our engineering team with new expertise, enabling us to maintain our position at the technical forefront and deliver a high-standard product.

The continuous improvements we've made this year have expanded the platform's capabilities, making it more versatile, user-friendly, and valuable for both new and existing customers.

The progress achieved this quarter is a clear indication that we have broken through previous challenges and are firmly on the path to becoming profitable in 2025. I want to extend my heartfelt thanks to the entire team for their unwavering dedication and exceptional effort. Together, we are building a strong foundation for sustainable growth and success.

Regards
Jon Levin, CEO

FINANCIAL- AND ADDITIONAL INFORMATION

Third quarter: 1 JUL 2024 TO 30 SEP 2024

REVENUE

Net sales were KSEK 5,481 (4,954), which is a 11% increase compared with the same period last year. This is mainly a result of a 8% growth in subscription revenues (from KSEK 4,821 to 5,213). Capitalized development expenses decreased slightly compared to the same period last year.

MRR at the end of the month of September 2024 was KUSD 209 (151), an increase of 38% 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 third quarter improved compared to previous year amounting to KSEK -3,540 (-3,618). EBITDA loss improved from KSEK -2,074 to -1,933 mainly because of the increased revenues and stable cost levels.

TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q3 2024 was KSEK -4,156 (17,251) Cash flow from operating activities was KSEK -4,407 (14,522).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -1,749 (-2,276) which is capitalized development expenses. Cash flow from financing was KSEK 2,000 which was drawn under the loan facility entered with Levinvest AB on the 9th of Sep 2024.

Year to Date: 1 JAN 2024 TO 30 SEP 2024

REVENUE

Net Sales were KSEK 15,656 (14,724), which is a 6% increase compared with the same period last year, driven by increased subscription revenues (up 9% compared to the first three quarters of 2023) but offset by less professional services. Capitalized development expenses increased compared to the same period last year totalling KSEK 5,303 (4,362).

OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the first nine months was KSEK -13,520 (-10,422). EBITDA loss increased from KSEK -5,949 to -8,804.

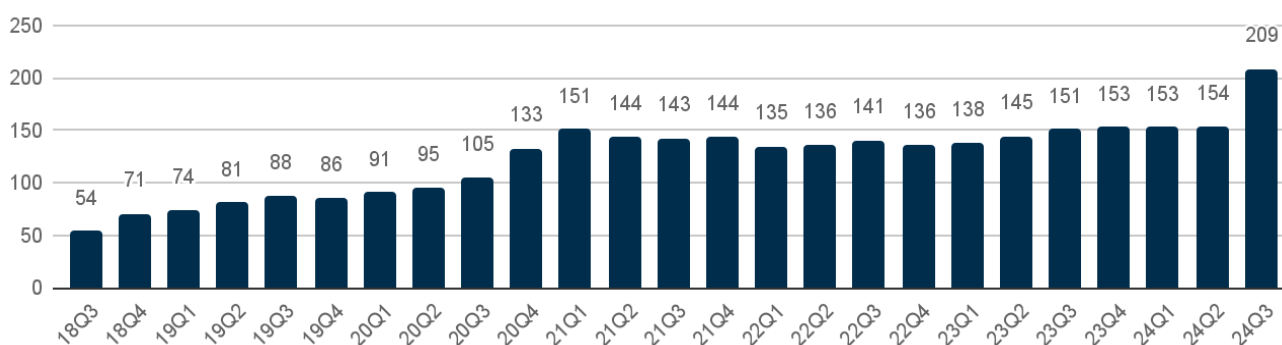
TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the first nine months 2024 was KSEK -11,439 (18,228). Cash flow from operating activities was KSEK -8,117 (13,377).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -5,322 (-5,467) which is mainly capitalized development expenses. Cash flow from financing activities was KSEK 2,000 (10,318).

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 by 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. Post balance date the Board of Directors resolved to carry out a rights issue of approximately MSEK 15.5 before costs plus an additional 2 MSEK was added. The requirement for further 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 Sep 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 July to September was 186,190,114 before dilution.

WARRANTS

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

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

The option program "Incentive Program 2021/2024" expired at the end of the period and the options were not exercised.

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

	Third 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	186,190,114	186,190,114	164,753,974	170,113,009
Average number of shares AD	189,890,114	186,890,114	189,890,114	182,721,244	183,888,461

BD = Before Dilution, AD = After Dilution.

INCOME STATEMENT GROUP, SUMMARISED

KSEK	Third quarter (3 months)		Year to date (9 months)		FY (12m)
	2024	2023	2024	2023	2023
Profit and loss					
Subscription revenues	5,213	4,821	14,932	13,637	18,648
Professional services	268	133	724	1,087	1,216
Capitalized development	1,748	1,851	5,303	4,362	7,225
Other revenue	-1	-27	-1	-27	-14
Total revenue	7,228	6,777	20,958	19,059	27,075
Cost of goods sold	-2,324	-1,777	-5,846	-5,356	-7,090
Other external costs	-992	-1,245	-4,812	-4,721	-6,893
Personnel	-5,845	-5,830	-19,104	-14,931	-21,401
Depreciation / Amortization	-1,607	-1,543	-4,716	-4,473	-5,984
Operating profit	-3,540	-3,618	-13,520	-10,422	-14,293
Net financial items	2,935	-813	434	616	1,152
Earning before tax	-605	-4,430	-13,086	-9,806	-13,140
Taxes on earnings	1	-3	-23	-25	-63
Profit for the period	-604	-4,433	-13,109	-9,832	-13,203
EPS before dilution (SEK)	-0.00	-0.02	-0.07	-0.06	-0.08
EPS after dilution (SEK)	-	-	-	-	-

BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	Third quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Assets			
Subscribed for but not paid in capital	-	-	-
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	16,707	15,587	16,060
Other immaterial fixed assets	0	0	0
Total Immaterial fixed assets	16,707	15,587	16,060
<i>Material fixed assets</i>			
Equipment	216	243	259
Total material fixed assets	216	243	259
<i>Financial assets</i>			
Other financial assets	13	13	13
Total financial assets	13	0	13
Total fixed assets	16,935	15,843	16,332
<i>Current assets</i>			
Trade receivables	4,600	746	620
Other current receivables	897	702	587
Total current assets	5,497	1,448	1,207
Cash and cash equivalents	1,201	20,783	12,637
Total assets	23,633	38,074	30,175

BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	Third quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	-	-
Share capital	18,619	18,619	18,619
Share premiums	95,293	95,202	95,307
Retained profits (losses)	-108,128	-92,559	-93,014
This year's profit (loss)	-13,109	-9,832	-13,203
Total equity	-7,325	11,430	7,709
<i>Non-current liabilities</i>			
Reserves	0	0	0
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Trade payables	6,095	2,658	2,485
Other current liabilities	24,863	23,985	19,982
Total current liabilities	30,958	26,644	22,466
Total equity and liabilities	23,633	38,074	30,175

CASH FLOW GROUP, SUMMARISED

	Third quarter (3 months)		Year to date (9 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Cash flow					
Cash flow from operating activities					
Result after financial items	-604	-4,434	-13,109	-9,832	-13,203
Adj for non-cash items	-2,129	1,682	2,882	6,733	8,021
Changes in current assets	-4,565	18,446	-4,275	-3,042	-2,926
Changes in current liabilities	2,891	-1,172	6,385	19,518	15,672
Cash flow from operating activities	-4,407	14,522	-,117	13,377	7,564
Cash flow from investing activities					
Activated development costs	-1,756	-2,272	-5,322	-5,498	-7,664
Changes in financial assets	7	-3	0	31	26
Cash flow from investing activities	-1,749	-2,276	-5,322	-5,467	-7,638
Cash flow from financing activities					
Rights issue	0	5,004	0	12,318	12,423
Proceeds from debt issuance	2,000		2,000		-
Repayment of loans				-2,000	-2,000
Cash flow from financing activities	2,000	5,004	2,000	10,318	10,423
Total cash flow for the period	-4,156	17,251	-11,439	18,228	10,350
Cash at the beginning of the period	5,326	3,151	12,637	2,057	2,057
Exchange rate differences	32	382	4	498	230
Cash at the end of the period	1,201	20,784	1,202	20,783	12,637

CHANGE IN EQUITY GROUP, SUMMARISED

	Third quarter (3 months)		Year to date (9 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Change in equity					
Equity at the beginning of the period	-3,091	15,785	7,709	18,074	18,074
Subscribed for but not paid in capital	-	-	-	-	-
New share issue	-	-	-	3,550	3,655
Currency translation differences	-3,629	79	-1,925	-362	-817
Profit (loss)	-604	-4,434	-13,109	-9,832	-13,203
Equity at the end of the period	-7,325	11,430	-7,325	11,430	7,709

INCOME STATEMENT PARENT COMPANY, SUMMARISED

	Third quarter (3 months)		Year to date (9 months)		FY (12m)
	2024	2023	2024	2023	2023
KSEK					
Profit and loss					
Revenue	1,608	1,294	5,151	4,032	5,780
Total revenue	1,608	1,294	5,151	4,032	5,780
Other external costs	-367	-274	-1,660	-1,304	-1,667
Personnel	-1,019	-975	-3,347	-2,582	-3,894
Depreciation / Amortization	0	0	0	-5	-5
Operating profit	221	45	144	141	214
Net financial items	0	1	0	-18	-30,020
Earnings before tax	221	46	145	123	-29,806
Taxes on earnings	0	0	0	0	-37
Profit for the period	221	46	145	123	-29,843

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

	Third quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Assets			
Subscribed but not paid for capital	-	-	-
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	0	0	-
Total immaterial fixed assets	0	0	-
<i>Financial assets</i>			
Shares in group companies	30,268	60,268	30,268
Non-current financial receivables from group companies	22,717	22,367	21,417
Other financial assets	13	13	13
Total financial assets	52,998	82,648	51,698
Total fixed assets	52,998	82,648	51,698
<i>Current assets</i>			
Current financial receivables from group companies	10,125	6,839	8,655
Other current receivables	365	397	284
Total current assets	10,490	7,237	8,938
Cash and cash equivalents	189	880	351
Total assets	63,677	90,765	60,987

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

	Third quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	-	-
Share capital	18,619	18,619	18,619
Share premiums	95,293	95,202	95,307
Retained profits (losses)	-55,111	-25,268	-25,268
This year's profit (loss)	145	123	-29,843
Total equity	58,945	88,676	58,815
<i>Current liabilities</i>			
Trade payables	359	185	136
Other current liabilities	4,372	1,904	2,037
Total current liabilities	4,732	2,089	2,173
Total equity and liabilities	63,677	90,765	60,987

OTHER INFORMATION

UPCOMING FINANCIAL REPORTS

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

13 Aug 2025

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 29 Nov 2024. The Board currently consists of Leif Liljebrunn, Niklas Köresaar and Anette Ringnér.

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.