

**DIVIO**

# Interim Report Q1 2023



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

# “Divio Technologies AB (publ) increased net sales by 19% and strengthened the team”

- Jon Levin, CEO

## SUMMARY OF THE REPORT

### First quarter: 1 JAN 2023 TO 31 MAR 2023

- Net sales increased by 19%, to KSEK 4,661 (3,902)
- Subscription revenue was KSEK 4,440 (3,784)
- MRR in March was KUSD 138 (135)
- EBIT was KSEK -3,577 (-3,258)
- EPS before dilution was SEK -0,02 (-0,04)
- Cash position was KSEK 9.145 (12.264)

### SIGNIFICANT EVENTS (First quarter)

- The funds from the issue of units was received in January
- Strong lead generation according to the new sales strategy
- Strengthening the team by recruitment of sales and engineering resources

### SIGNIFICANT EVENTS AFTER THE QUARTER

- New project with existing client according to the new enhanced offering

KSEK	First quarter (3 months)			Full year (12 months)
	2023	2022	%	2022
<b>Key Financials</b>				
Net sales	4,661	3,902	19%	18,840
(whereof subscription revenue)	4,440	3,784	17%	16,290
(whereof professional services)	221	117	88%	2,551
Total revenue	5,864	5,010	17%	23,415
Costs	-7,982	-6,848	-17%	-28,325
EBITDA	-2,118	-1,838	-15%	-4,910
Dep / Am	-1,459	-1,420	-3%	-5,489
EBIT	-3,577	-3,258	-10%	-10,399
MRR (KUSD)	138	135	2%	136
Cash position	9,145	12,264	-25%	2,057

## CEO COMMENTS

Things have begun to take off for Divio, a lot has fallen into place and we have taken giant and completely correct steps. I am incredibly happy about the phase we are in now. We have found the right target group, the right message and have the right sales machinery. We have also made changes to the offer and highlighted our broad expertise and ability to help customers in a broader perspective.

The goals for the future are high and we are in the right phase to deliver on all goals, which has been hard work but well worth it. We now have momentum and are building on the structure and machinery we have created. The wheels are spinning faster and the results have started to show in the form of finishes. I cannot emphasise enough how good a team we have and what a difference it is from before, now we have a high level of competence and exchange not only in the developer team but also in the sales team. It is also fun to see that our new sales strategy where we focus on small and medium-sized companies and with a broader offer works. We have also started a good communication with potential customers and are now visible in many relevant social media and other forums. The result is that we have also started so-called "inbound" sales, i.e. that customers contact us and want help, customers from all corners of the world.

Going forward, we will continue to invest heavily in AWS. Among other things, I have been to an AWS Summit in Stockholm where, in addition to sustainability, there was a lot of talk about security and it was no longer about moving to the cloud but the importance of efficiency once the move has been made. There were some critical voices that said that AWS's rapid development and expanding catalogue of opportunities make it increasingly difficult for their customers to both migrate and then manage the cloud service. Here Divio has a golden opportunity, our platform significantly improves security, facilitates the migration itself, facilitates maintenance and creates favourable conditions for a faster development process. We have also finally started the collaboration with AWS, which is an incredible boost for the entire organisation, not least in terms of sales. Now we have initiated concrete sales discussions with AWS and It is also exciting that we have started to establish good dialogues with AWS even outside Switzerland.

The collaboration with Anders and Eric has been fruitful and useful for us, they have been able to challenge and sharpen us with an outside perspective. Partly thanks to them, we have become even more pointed and precise in everything from communication, pitch material and which unique parts of our platform we should highlight.

During the winter and spring, we have also created an important vision for where we will go and what we want with our platform in a long-term perspective. We have chosen a long-term strategy that gives Divio a unique positioning and that will solve challenges only large tech companies can afford at an affordable price and at the same time future-proof our customers' web applications and cloud infrastructures.

We have a high tempo and a well-oiled machine, everyone is super excited and maybe most importantly, it is fun! We have started to get new customers in place and will now add another gear and press the gas pedal at the bottom.



Regards

Jon Levin, CEO

# FINANCIAL- AND ADDITIONAL INFORMATION

**First quarter: 1 JAN 2023 TO 31 MAR 2023**

## REVENUE

Net sales were KSEK 4,661 (3,902), which is a 19% increase compared with the same period last year. This growth was primarily seen within subscription revenues which was driven by favorable FX effects and additional clients. Capitalised development expenses remained at similar levels to the same period last year.

MRR at the end of the month of March 2023 was KUSD 138 (135), an increase of 2% compared to the same quarter last year (see graph below). This increase can be explained by additional subscription revenues from new and existing clients but was also offset by the churn of one larger customer. 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 first quarter was in line with previous year and amounted to KSEK -3,577 (-3,258).

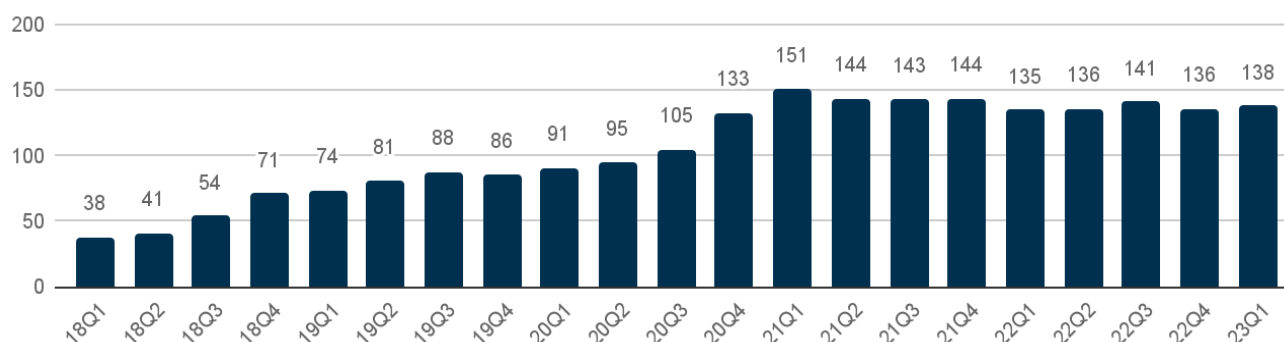
## TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q1 2023 was KSEK 6,649 (2,511) Cash flow from operating activities was KSEK 1,096 (2,241).

## CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -239 (270) which capitalised development expenses. Cash flow from financing activities was KSEK 5,314 (0) which is the result of the received funds from the equity raise and the repayment of the bridge loan of MSEK 2..

### 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.

## GROUP STRUCTURE PER 31 MARCH 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](http://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 March 2023 was 158,759,010 of which 750,000 were series A shares with 10x voting rights. The average number of shares in the period Jan to March was 146,569,688 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 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 into consideration

31,343,970 new warrants (TO 1) were issued in January 2023 as a result of the capital raise. A full description of the warrants are available on the company website.

Warrant Series	Duration	Strike	Expiry	Investors	Employees	Total warrants	Possible share issue
Incentive program 2021/2024	2021/2024	3.52 (1:1.24)	2024-09-30	-	700,000	700,000	868,665
TO 1	2023/2023	0.15 (1:1)	2023-06-21	31,343,970	-	31,343,970	31,343,970

		<b>First quarter (3 months)</b>	
		<b>2023</b>	<b>2022</b>
<b>Number of outstanding shares</b>			
Number of shares at the end of the period	Before dilution	158,759,010	85,623,080
	After dilution	190,802,980	99,214,580
Average number of shares	Before dilution	146,569,688	85,623,080
	After dilution	170,861,924	99,214,580

## INCOME STATEMENT GROUP, SUMMARISED

KSEK	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>Profit and loss</b>			
Subscription revenues	4,440	3,784	16,290
Professional services	221	117	2,551
Capitalised development	1,203	1,095	4,563
Other revenue	0	13	11
<b>Total revenue</b>	<b>5,864</b>	<b>5,010</b>	<b>23,415</b>
Cost of goods sold	-1,833	-2,055	-8,214
Other external costs	-1,888	-1,855	-5,190
Personnel	-4,261	-2,937	-14,921
Depreciation / Amortization	-1,459	-1,420	-5,489
Other operating costs	0	0	0
<b>Operating profit</b>	<b>-3,577</b>	<b>-3,258</b>	<b>-10,399</b>
Net financial items	45	-84	1,351
<b>Earning before tax</b>	<b>-3,532</b>	<b>-3,342</b>	<b>-9,048</b>
<b>Taxes on earnings</b>	<b>-21</b>	<b>-19</b>	<b>-23</b>
<b>Profit for the period</b>	<b>-3,553</b>	<b>-3,361</b>	<b>-9,070</b>
EPS before dilution (SEK)	-0.02	-0.04	-0.11
EPS after dilution (SEK)	-0.02	-0.03	-0.10

## BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Assets</b>			
Subscribed for but not paid in capital	-	-	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	13,373	12,836	13,629
Other immaterial fixed assets	0	28	5
<b>Total Immaterial fixed assets</b>	<b>13,373</b>	<b>12,864</b>	<b>22,435</b>
<i>Material fixed assets</i>			
Equipment	152	100	127
<b>Total material fixed assets</b>	<b>152</b>	<b>100</b>	<b>127</b>
<i>Financial assets</i>			
Other financial assets	13	13	13
<b>Total financial assets</b>	<b>13</b>	<b>13</b>	<b>13</b>
<b>Total fixed assets</b>	<b>13,538</b>	<b>12,976</b>	<b>22,575</b>
<i>Current assets</i>			
Trade receivables	520	444	938
Other current receivables	472	372	886
<b>Total current assets</b>	<b>991</b>	<b>816</b>	<b>1,824</b>
<b>Cash and cash equivalents</b>	<b>9,145</b>	<b>12,264</b>	<b>2,057</b>
<b>Total assets</b>	<b>23,675</b>	<b>26,056</b>	<b>26,456</b>



## BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	Year to date (12 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Equity and liabilities</b>			
<i>Equity</i>			
Ongoing equity raise	-	-	7,314
Share capital	15,876	8,562	8,562
Share premiums	94,395	92,941	94,395
Retained profits (losses)	-92,600	-82,667	-83,127
This year's profit (loss)	-3,553	-3,361	-9,070
<b>Total equity</b>	<b>14,118</b>	<b>15,475</b>	<b>18,074</b>
<i>Non-current liabilities</i>			
Reserves	0	0	0
<b>Total non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Current liabilities</i>			
Trade payables	2,135	1,011	3,384
Other current liabilities	7,422	9,541	4,998
<b>Total current liabilities</b>	<b>9,556</b>	<b>10,552</b>	<b>8,382</b>
<b>Total equity and liabilities</b>	<b>23,675</b>	<b>26,056</b>	<b>26,456</b>

## CASH FLOW GROUP, SUMMARISED

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Cash flow</b>			
<b>Cash flow from operating activities</b>			
Result after financial items	-3,553	-3,361	-9,070
Adj for non-cash items	-317	81	12,448
Changes in current assets	2,426	4,639	-5,125
Changes in current liabilities	2,541	882	-3,050
<b>Cash flow from operating activities</b>	<b>1,096</b>	<b>2,241</b>	<b>-4,797</b>
<b>Cash flow from investing activities</b>			
Activated development costs	196	214	-4,677
Changes in financial assets	43	56	56
Investments in other fixed tangible assets			0
<b>Cash flow from investing activities</b>	<b>239</b>	<b>270</b>	<b>-4,621</b>
<b>Cash flow from financing activities</b>			
Rights issue	7,314	0	0
Debt issuance (+) / Repayment of debt (-)	-2,000	-	2,000
Repayment of loans			
<b>Cash flow from financing activities</b>	<b>5,314</b>	<b>0</b>	<b>2,000</b>
<b>Total cash flow for the period</b>	<b>6,649</b>	<b>2,511</b>	<b>-7,419</b>
Cash at the beginning of the period	2,057	9,287	9,287
Exchange rate differences	439	466	189
<b>Cash at the end of the period</b>	<b>9,145</b>	<b>12,264</b>	<b>2,057</b>

## CHANGE IN EQUITY GROUP, SUMMARISED

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Change in equity</b>			
Equity at the beginning of the period	18,074	18,752	18,752
Subscribed for but not paid in capital			8,801
New share issue			-
Currency translation differences	-402	-122	-409
Profit (loss)	-3,553	-3,361	-9,070
<b>Equity at the end of the period</b>	<b>14,118</b>	<b>15,269</b>	<b>18,074</b>

## INCOME STATEMENT PARENT COMPANY, SUMMARISED

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Profit and loss</b>			
Revenue	1,350	2,043	6,594
<b>Total revenue</b>	<b>1,350</b>	<b>2,043</b>	<b>6,594</b>
Other external costs	-556	-998	-2,145
Personnel	-740	-971	-3,998
Depreciation / Amortization	-5	-8	-30
Other operating costs	0	0	0
<b>Operating profit</b>	<b>49</b>	<b>67</b>	<b>421</b>
Net financial items	-21	1	-256
<b>Earnings before tax</b>	<b>29</b>	<b>68</b>	<b>165</b>
Taxes on earnings	0	0	-29
<b>Profit for the period</b>	<b>29</b>	<b>68</b>	<b>135</b>

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

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Assets</b>			
Subscribed but not paid for capital	-	-	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	0	28	5
<b>Total immaterial fixed assets</b>	<b>0</b>	<b>28</b>	<b>8,806</b>
<i>Financial assets</i>			
Shares in group companies	60,268	60,268	60,268
Non-current financial receivables from group companies	19,367	9,508	16,367
Other financial assets	13	13	13
<b>Total financial assets</b>	<b>79,648</b>	<b>69,789</b>	<b>76,648</b>
<b>Total fixed assets</b>	<b>79,648</b>	<b>69,817</b>	<b>85,454</b>
<i>Current assets</i>			
Current financial receivables from group companies	4,158	2,031	2,808
Other current receivables	451	353	381
<b>Total current assets</b>	<b>4,609</b>	<b>2,384</b>	<b>3,188</b>
<b>Cash and cash equivalents</b>	<b>2,500</b>	<b>5,533</b>	<b>354</b>
<b>Total assets</b>	<b>86,757</b>	<b>77,733</b>	<b>88,996</b>

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

	First quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Equity and liabilities</b>			
<i>Equity</i>			
Ongoing equity raise	-	-	7,314
Share capital	15,876	8,562	8,562
Share premiums	94,395	92,941	94,395
Retained profits (losses)	-25,416	-25,403	-25,403
This year's profit (loss)	29	68	135
<b>Total equity</b>	<b>84,883</b>	<b>76,167</b>	<b>85,003</b>
<i>Current liabilities</i>			
Trade payables	48	176	220
Other current liabilities	1,825	1,390	3,773
<b>Total current liabilities</b>	<b>1,873</b>	<b>1,566</b>	<b>3,993</b>
<b>Total equity and liabilities</b>	<b>86,757</b>	<b>77,733</b>	<b>88,996</b>

## OTHER INFORMATION

### UPCOMING FINANCIAL REPORTS

**2 June 2023**

Annual General Meeting in Stockholm

**16 Aug 2023**

Interim Report Q2 (1 Apr - 30 Jun)

**15 Nov 2023**

Interim Report Q3 (1 Jul - 30 Sep)

**14 Feb 2024**

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

Financial reports will be available on the company's website [www.divio.com](http://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 16 May 2023. 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