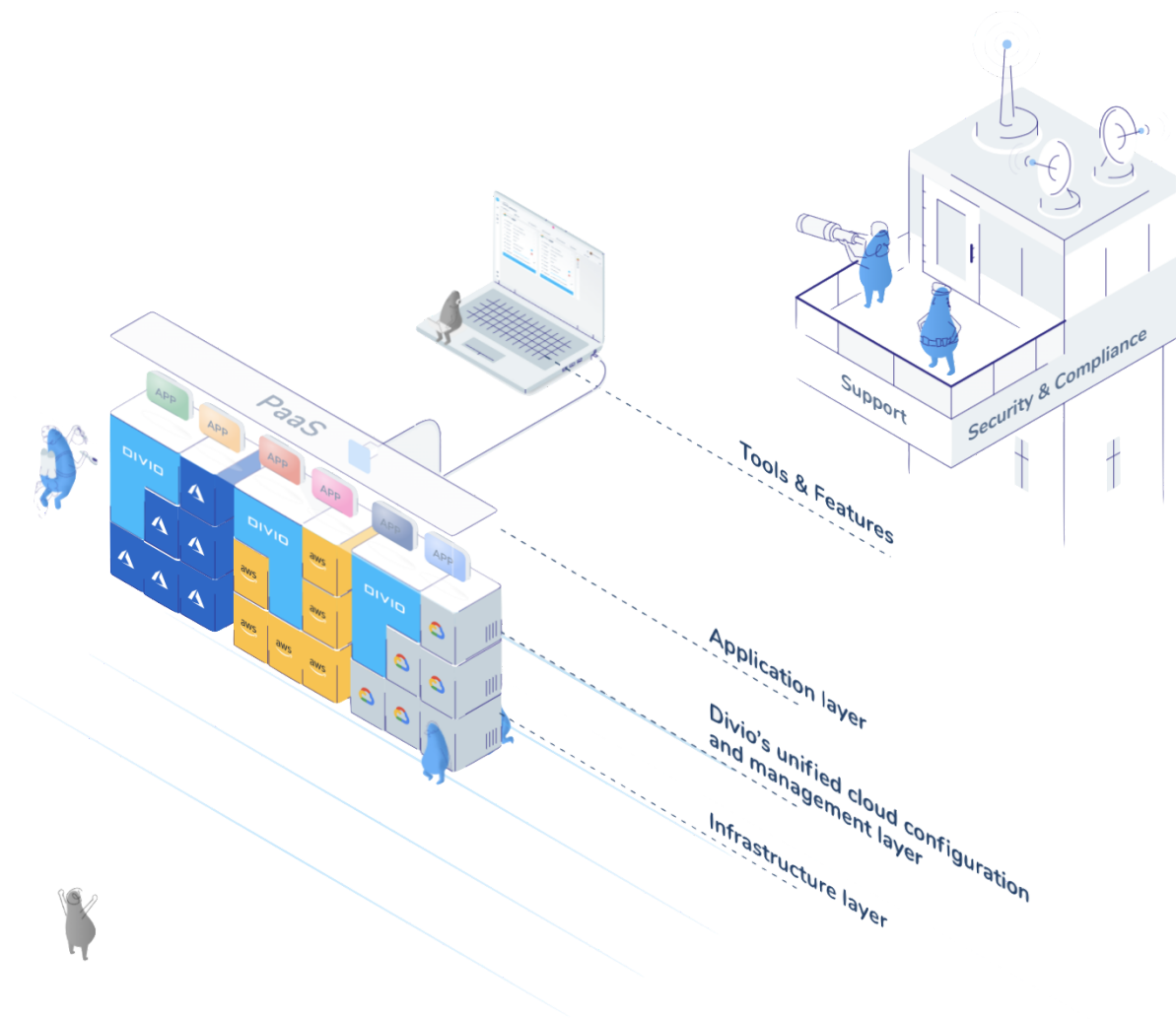


## Q3 REPORT 2022

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



## “Divio Technologies AB (Publ) grows Net Sales by 19%, improves margins and expands new sales strategy with funding secured”

- Jon Levin, CEO

### SUMMARY OF THE REPORT

Third quarter: 1 JUL 2022 TO 30 SEPTEMBER 2022

- Net sales increased by 19%, to KSEK 4,495 (3,770)
- Subscription revenue was KSEK 4,288 (3,588)
- EBIT was KSEK -2,321 (-2,500)
- EPS before dilution was SEK -0,03 (-0,02)
- Cash position was KSEK 3.920 (14.060)
- MRR in September was KUSD 141 (143)

Year to date: 1 JAN 2022 TO 30 SEPTEMBER 2022

- Net sales increased by 14%, to KSEK 13,530 (11,866)
- Subscription revenue was KSEK 11,916 (11,048)
- EBIT was KSEK -7,936 (-7,244)
- EPS before dilution was SEK -0,09 (-0,08)

#### SIGNIFICANT EVENTS

- New sales strategy launched
- Fredrik Wallmark recruited as new CFO

#### SIGNIFICANT EVENTS (Year to date)

- Achieved ISO 27001 certification
- Strengthened the board of directors with the recruitment of Leif Liljebrunn as Chairman

#### SIGNIFICANT EVENTS AFTER THE QUARTER

- The Board of Directors have decided to execute an issue of units, consisting of shares and free warrants raising initially 12 MSEK to fund new sales- and partnership strategy

KSEK	Third quarter (3M)			Year to date (9M)		
	2022	2021	%	2022	2021	%
<b>Key Financials</b>						
Net Sales	4,495	3,770	19%	13,530	11,866	14%
(whereof subscription revenues)	4,288	3,588	20%	11,916	11,048	8%
(whereof professional services)	206	182	14%	1,613	818	97%
Total Revenue	5,729	4,718	21%	16,994	15,056	13%
Costs	-6,680	-6,017	-11%	-20,907	-18,636	-12%
EBITDA	-951	-1,298	27%	-3,913	-3,579	-9%
Dep / Am	-1,370	-1,202	-14%	-4,023	-3,664	-10%
EBIT	-2,321	-2,500	7%	-7,936	-7,244	-10%
MRR (KUSD)	141	143	-1%			
Cash position	3,920	14,060	-72%			

## CEO COMMENTS

I am happy to announce that Divio has decided to bring in more capital. Divio's funding round is on track and the guarantee was oversigned by investors. This will provide a solid foundation and enable us to execute our ambitious growth strategy.

Our engineering team has proudly maintained and further developed our best-in-class platform, with a solid value proposition and solutions to real industry problems. Our focus has remained on increasing security and compliance while continuing to integrate partner products like Cloudflare into our platform, maximizing the reliability and security of the web applications we manage. The satisfaction of our clients and the very low churn we experience speaks for itself.

While the quality of our offering is high, the scalability potential of our product remains untapped. We are now scaling up our small yet efficient sales team.

Our sales team learned a lot from the many interactions with clients and the analysis of the general market developments. Hence we began the quarter with expanding our sales focus towards SMEs rather than focusing solely on large multinationals. SMEs are much faster in their decision-making processes and more willing to trust a smaller, pioneering and innovative company like Divio.

To further facilitate sales, we rebranded and launched a brand new communication platform with the sales-critical website at its core. This communication platform is much clearer about our value proposition and the problems we solve, even for less technical readers. While a large part of our service is based on a platform, we also put forward our consultative expertise. Complex selling in the cloud management industry is about trust and know-how. Divio's main product is our automated platform, but our sales team will be more consultative in their sales approach. That is why we plan to recruit technical sales experts to support our sales team. From our experience, this strategy has proven to be much more accurate and effective.

In addition to our updated sales strategy, we have established a top tier partnership with one of the world's largest cloud providers. We will now be able to approach more customers through the offerings of a

much larger sales organization compared to our in-house capacities. This partnership is another clear marker of the genuine quality and professionalism of our team. All of the above will enable us to move from a 20% growth rate to at least 30% YoY on average over a 5 year period.

With the recruitment of a new CFO we now have a full finance team in place to produce more frequent updates and reports to the market. The successful move to a quarterly report is the first realization of our financial plan of action.

I am very proud of our smart and excellent team who has shown a production rate that far exceeds the benchmark. Despite this, we need to increase resources to support our growth objectives. We need to recruit more technical sales and skilled engineers to leverage the scalability potential of our product and turn our new partnership into a fruitful collaboration. The upcoming funding round is a central piece of this strategy.



Thank you

*Jon Levin, CEO*

## FINANCIAL- AND ADDITIONAL INFORMATION

*Third quarter: 1 JUL 2022 TO 30 SEPTEMBER 2022*

### REVENUE

Net Sales were KSEK 4,495 (3,770), which is a 19% increase compared with the same period last year. The increase is driven by an increase in subscription revenues and currency effects. Professional services also increased as well as Capitalised development.

MRR at the end for the month of September 2022 was KUSD 141 (143), a decrease of 1% compared to the same month last year. This is due to the decrease in one of Divios larger clients but is also offset by new business. The MRR is not an average for the period, but it is the actual MRR at the end of the period.

### OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the first quarter improved to KSEK -2,321 (-2,500).

### CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q3 2022 was KSEK -4,203 (-4,834) Cash flow from operating activities was KSEK -2,987 (-3,223).

### CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was KSEK -1,216 (-1,726) which is mainly capitalized software development expenses.

*Year to date: 1 JAN 2022 TO 30 SEPTEMBER 2022*

### REVENUE

Net Sales were KSEK 13,530 (11,866), which is a 14% increase compared with the same period last year, mainly driven by an increase in professional services and to some extent from subscription revenues and currency effects. Subscription revenues increased slightly due to new sales but was offset by a decrease in leading clients spending. Capitalised development expenses remained at about the same level as the same period last year KSEK 3,438 (3,245).

### OPERATING PROFIT AND LOSS

Operating loss for the first three quarters of the year was KSEK -7,936 (-7,244).

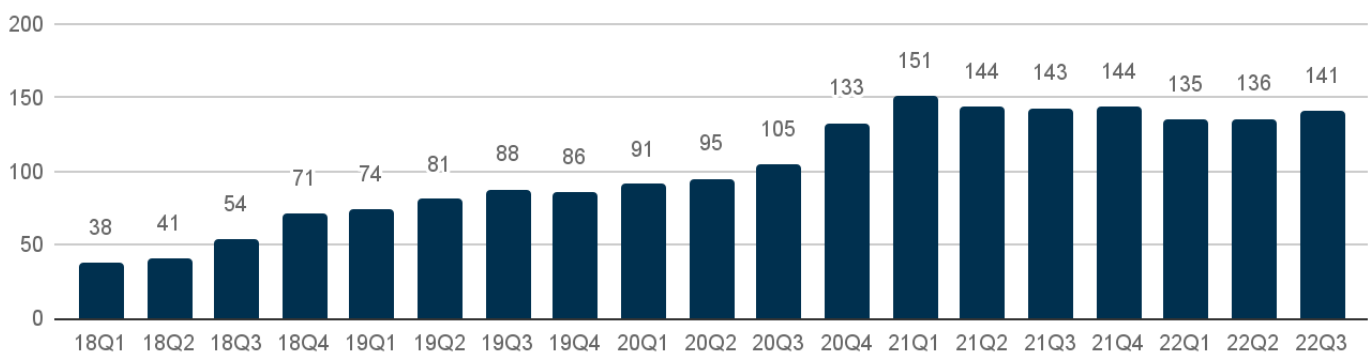
### CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the first three quarters 2022 was KSEK -5,507 (12,951) Cash flow from operating activities was KSEK -2,047 (-2,848).

### CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was KSEK -3,460 (-3,996). This is mainly a decrease in the capitalized software development expenses.

### 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 principals are unchanged compared to the annual report 2021.

### GROUP STRUCTURE PER 30 SEPTEMBER 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. Another crucial factor for future development is the 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. The need for external capital for operational 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](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 December 2021 was 85,623,080 of which 750,000 were series A shares with 10x voting rights. The average number of shares in the period Jul to Sep was 85,623,080 before dilution.

### 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.

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

		Third quarter (3M)	
		2022	2021
<b>Number of outstanding shares</b>			
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	98,747,913

## INCOME STATEMENT GROUP, SUMMARISED

KSEK	Third quarter (3M)		Year to date (9M)		FY (12M)
	2022	2021	2022	2021	2021
<b>Profit and loss</b>					
Subscription revenues	4,288	3,588	11,916	11,048	14,729
Professional services	206	182	1,613	818	974
Capitalised development	1,235	1,003	3,438	3,245	4,429
Other revenue	0	-55	27	-55	20
<b>Total revenue</b>	<b>5,729</b>	<b>4,718</b>	<b>16,994</b>	<b>15,056</b>	<b>20,151</b>
Cost of goods sold	-1,643	-634	-5,912	-3,630	-4,586
Other external costs	-1,263	-2,517	-3,861	-6,481	-9,117
Personnel	-3,774	-2,866	-11,134	-8,524	-12,990
Depreciation / Amortization	-1,370	-1,202	-4,023	-3,664	-4,937
Other operating costs	0	0	0	0	-55
<b>Operating profit</b>	<b>-2,321</b>	<b>-2,500</b>	<b>-7,936</b>	<b>-7,244</b>	<b>-11,533</b>
Net financial items	-93	1,037	-121	527	706
Allocations	0	0	0	0	0
<b>Earning before tax</b>	<b>-2,413</b>	<b>-1,463</b>	<b>-8,056</b>	<b>-6,717</b>	<b>-10,826</b>
<b>Taxes on earnings</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>-5</b>	<b>-51</b>
<b>Profit for the period</b>	<b>-2,413</b>	<b>-1,463</b>	<b>-8,050</b>	<b>-6,722</b>	<b>-10,878</b>
EPS before dilution (SEK)	-0.03	-0.02	-0.09	-0.08	-0.13
EPS after dilution (SEK)	-0.03	-0.01	-0.09	-0.07	-0.11

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

	Year to date (9M)		FY (12M)
	2022	2021	2021
<b>KSEK</b>			
<b>Assets</b>			
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	13,781	12,399	13,018
Other immaterial fixed assets	13	43	35
<b>Total Immaterial fixed assets</b>	<b>13,793</b>	<b>12,441</b>	<b>13,053</b>
<i>Material fixed assets</i>			
Equipment	0	0	0
Computers	92	50	44
<b>Total material fixed assets</b>	<b>92</b>	<b>50</b>	<b>44</b>
<i>Financial assets</i>			
Shares in Group companies	0	0	0
Non-current financial receivables from group companies	0	0	0
Other financial assets	0	0	13
<b>Total financial assets</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Total fixed assets</b>	<b>13,885</b>	<b>12,491</b>	<b>13,110</b>
<i>Current assets</i>			
Trade receivables	130	81	4,258
Current financial receivables from group companies	0	0	0
Other current receivables	288	402	873
<b>Total current assets</b>	<b>418</b>	<b>483</b>	<b>5,131</b>
<b>Cash and cash equivalents</b>	<b>3,920</b>	<b>14,060</b>	<b>9,287</b>
<b>Total assets</b>	<b>18,223</b>	<b>27,034</b>	<b>27,528</b>



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

	Year to date (9M)		FY (12M)
	2022	2021	2021
<b>KSEK</b>			
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	8,562	8,562	8,562
Share premiums	92,941	92,941	92,941
Retained profits (losses)	-81,490	-72,537	-71,873
This year's profit (loss)	-8,050	-6,722	-10,878
<b>Total Equity</b>	<b>11,963</b>	<b>22,244</b>	<b>18,752</b>
<i>Non-current liabilities</i>			
Reserves	0	0	8
<b>Total Non-current liabilities</b>	<b>0</b>	<b>0</b>	<b>8</b>
<i>Current liabilities</i>			
Trade payables	896	1,470	415
Current liabilities to group companies	0	0	0
Overdraft	0	0	0
Other current liabilities	5,364	3,320	8,353
<b>Total current liabilities</b>	<b>6,260</b>	<b>4,790</b>	<b>8,768</b>
<b>Total Equity and liabilities</b>	<b>18,223</b>	<b>27,034</b>	<b>27,528</b>

## CASH FLOW GROUP, SUMMARISED

	Third quarter (3M)		Year to date (9M)		FY (12M)
	2022	2021	2022	2021	2021
<b>KSEK</b>					
<b>Cash flow</b>					
<b>Cash flow from operating activities</b>					
Result after financial items	-2,413	-1,464	-8,050	-6,722	-10,827
Adj for non-cash items	622	359	4,143	3,088	4,264
Changes in current assets	266	2,246	4,939	1,175	-3,110
Changes in current liabilities	-1,463	-4,364	-3,080	-389	2,448
<b>Cash flow from operating activities</b>	<b>-2,988</b>	<b>-3,223</b>	<b>-2,048</b>	<b>-2,848</b>	<b>-7,226</b>
<b>Cash flow from investing activities</b>					
Activated development costs	-1,308	-1,755	-3,511	-3,982	-4,458
Changes in financial assets	13	-14	51	-14	-12
Investments in other fixed tangible assets	79	43			-
<b>Cash flow from investing activities</b>	<b>-1,216</b>	<b>-1,726</b>	<b>-3,460</b>	<b>-3,996</b>	<b>-4,470</b>
<b>Cash flow from financing activities</b>					
Rights issue	0	115	0	19,795	19,795
Proceeds from debt issuance	0	0			0
Repayment of loans	0	0			-
<b>Cash flow from financing activities</b>	<b>0</b>	<b>115</b>	<b>0</b>	<b>19,795</b>	<b>19,795</b>
<b>Total cash flow for the period</b>	<b>-4,203</b>	<b>-4,834</b>	<b>-5,507</b>	<b>12,951</b>	<b>8,099</b>
Cash at the beginning of the period	7,953	18,870	9,287	1,095	1,095
Exchange rate differences	171	24	141	14	92
<b>Cash at the end of the period</b>	<b>3,920</b>	<b>14,060</b>	<b>3,920</b>	<b>14,060</b>	<b>9,287</b>

## CHANGE IN EQUITY GROUP, SUMMARISED

	Third quarter (3M)		Year to date (9M)		FY (12M)
	2022	2021	2022	2021	2021
<b>KSEK</b>					
<b>Change in Equity</b>					
Equity at the beginning of the period	14,044	24,496	18,752	9,759	9,759
New share issue	-	-	-	19,795	19,795
Currency translation differences	332	-788	1,262	-588	75
Profit (loss)	-2,413	-1,463	-8,050	-6,722	-10,878
<b>Equity at the end of the period</b>	<b>11,963</b>	<b>22,244</b>	<b>11,963</b>	<b>22,244</b>	<b>18,752</b>

## INCOME STATEMENT PARENT COMPANY, SUMMARISED

	Third quarter (3M)		Year to date (9M)		FY (12M)
	2022	2021	2022	2021	2021
<b>KSEK</b>					
<b>Profit and loss</b>					
Revenue	1,407	1,486	5,193	4,928	6,758
<b>Total revenue</b>	<b>1,407</b>	<b>1,486</b>	<b>5,193</b>	<b>4,928</b>	<b>6,758</b>
Cost of goods sold	0	0	0	0	0
Other external costs	-486	-542	-1,787	-1,863	-2,143
Personnel	-1,000	-1,007	-3,187	-3,028	-4,423
Depreciation / Amortization	-8	-8	-23	-23	-30
Other operating costs	0	0	0	0	-55
<b>Operating profit</b>	<b>-87</b>	<b>-71</b>	<b>197</b>	<b>15</b>	<b>107</b>
Net financial items	2	-1	5	20	-25,989
Allocations	0	0	0	0	0
<b>Earning before tax</b>	<b>-84</b>	<b>-72</b>	<b>202</b>	<b>35</b>	<b>-25,882</b>
<b>Taxes on earnings</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-45</b>
<b>Profit for the period</b>	<b>-84</b>	<b>-72</b>	<b>202</b>	<b>35</b>	<b>-25,927</b>

## BALANCE SHEET PARENT COMPANY, SUMMARISED

	Year to date (9M)		FY (12M)
	2022	2021	2021
<b>KSEK</b>			
<b>Assets</b>			
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	13	43	35
<b>Total Immaterial fixed assets</b>	<b>13</b>	<b>43</b>	<b>35</b>
<i>Financial assets</i>			
Shares in Group companies	60,268	60,268	60,268
Non-current financial receivables from group companies	9,508	18,500	9,508
Other financial assets	0	0	13
<b>Total financial assets</b>	<b>69,776</b>	<b>78,768</b>	<b>69,789</b>
<b>Total fixed assets</b>	<b>69,789</b>	<b>78,811</b>	<b>69,824</b>
<i>Current assets</i>			
Trade receivables	13	13	0
Current financial receivables from group companies	5,166	12,387	0
Other current receivables	266	341	251
<b>Total current assets</b>	<b>5,445</b>	<b>12,741</b>	<b>251</b>
<b>Cash and cash equivalents</b>	<b>2,874</b>	<b>12,324</b>	<b>7,924</b>
<b>Total assets</b>	<b>78,108</b>	<b>103,876</b>	<b>77,999</b>
<b>Equity and liabilities</b>			
<i>Equity</i>			
Share capital	8,562	8,562	8,562
Share premiums	92,941	92,941	92,941
Retained profits (losses)	-25,403	524	524
This year's profit (loss)	202	35	-25,927
<b>Total Equity</b>	<b>76,302</b>	<b>102,062</b>	<b>76,100</b>
<i>Current liabilities</i>			
Trade payables	210	112	35
Other current liabilities	1,597	1,702	1,864
<b>Total current liabilities</b>	<b>1,807</b>	<b>1,814</b>	<b>1,900</b>
<b>Total Equity and liabilities</b>	<b>78,108</b>	<b>103,876</b>	<b>77,999</b>

## OTHER INFORMATION

### UPCOMING FINANCIAL REPORTS

**22 February 2023**

*Full year and Q4 report (1 Oct - 31 Dec)*

**12 May 2023**

*Annual Report 2022*

**24 May 2023**

*Interim report Q1 (1 Jan - 31 Mar)*

**2 June 2023**

*Annual General Meeting in Stockholm*

**23 Aug 2023**

*Interim report Q2 (1 Apr- 30 Jun)*

*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 22 November 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

#### **Subscriptions revenue**

*Revenues 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*