

DIVIO

Interim Report Q1 2024



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

“Divio Technologies AB (publ) increased subscription revenues by 10% in Q1 2024”

- Jon Levin, CEO

SUMMARY OF THE REPORT

First quarter: 1 JAN 2024 TO 31 MAR 2024

- Net sales increased by 9%, to KSEK 5,100 (4,661)
- Subscription revenue was KSEK 4,864 (4,440)
- MRR in March was up 11% to KUSD 153 (138)
- EBIT was KSEK -5,851 (-3,577)
- EPS before dilution was SEK -0,04 (-0,03)
- Cash position was KSEK 5,356 (9.145)

Significant events (First quarter)

- Divio receives a contract extension of the value of approximately 12 MSEK whereof 8 MSEK is to be prepaid
- 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

- Payment of approximately MSEK 8 was received in April 2024 for above mentioned support contract extension

KSEK	First quarter (3 months)			Full year (12 months)
	2024	2023	%	2023
Key Financials				
Subscription revenue	4,864	4,440	10%	18,648
Professional services revenue	236	221	7%	1,216
Net sales	5,100	4,661	9%	19,864
Total revenue	6,747	5,864	15%	27,075
Costs	-11,051	-7,982	-38%	-35,384
EBITDA	-4,304	-2,118	-103%	-8,309
Dep / Am	-1,547	-1,459	-6%	-5,984
EBIT	-5,851	-3,577	-64%	-14,293
MRR (KUSD)	153	138	11%	153
Cash position	5,356	9,145	-41%	12,637

CEO COMMENTS

Accelerating growth in sales is a slow but steady process and we are getting there. Our sales department is evolving, prioritizing efficient communication and targeted prospecting. We're currently engaged in multiple dialogues, driving them towards closure while also maintaining a steady growth in the development of our pipeline.

We have seen improvements in our sales performance, albeit at a gradual pace. We have successfully acquired several new customers and strengthened our relationships with existing customers. Among the latest customers we've successfully attracted, Enio is particularly interesting. With Divio's solutions, they can smoothly transition from being a traditional software company to becoming a modern SaaS company. It's an exciting collaboration that opens up new opportunities for both them and us.

We are also looking forward to showing results from our collaboration with AWS. In addition to the agreement signed in 2023, we have now extended application support for our largest customer for another three years. This strengthens our relationships and demonstrates the trust our customers have in us, something their advance payment clearly confirms.

Partners

In the latter part of 2023 and early 2024, we launched a new and more incentivized commission and pricing model for partners. We have also put significant effort into renewing and strengthening our partnership with the many agencies that use the Divio platform. This renewed partnership means increased revenue potential for our partners and increased benefits from using the Divio platform. Collaborating with AWS has been characterized by slow but steady progress. It demanded more effort and time than initially anticipated, yet we are on the verge of reaping the rewards soon.

Pricing model

In early 2024, we introduced a new and simplified pricing model. The advantages of this model are twofold: it's much easier to compare to alternatives, and it also simplifies the process of creating packages and upselling customers with key features.

Product Strategy

Our new Chief Product Officer (CPO), together with the entire engineering team, has made significant progress in implementing a robust long-term and short-term product strategy. This strategic approach ensures that we are at the forefront of meeting both current and future customer needs.

With a clear focus on innovation and customer orientation, we are well-positioned to drive sustainable growth and maintain our competitive advantage in the market.

We're thrilled to introduce our new open cloud/self-service offering, an endeavor aimed at providing smaller customers access to our platform and fostering scalable growth opportunities with minimal support from Divio. Crucially, this solution will bolster our sales team by allowing potential leads to explore our solution independently during the sales process. This milestone underscores our dedication to remaining at the forefront of industry trends and adapting to the evolving needs of our customers.

New Branding Strategy

Our implementation of a new branding strategy has been met with positive feedback and reception. The strategy goes with the overall "Peace of Mind" focus and the aim is to simplify and further clarify how we communicate to our customers. This strategic move is essential in enhancing our market positioning and reinforcing our brand identity, ultimately strengthening our relationships with customers and stakeholders. The primary goal of our rigorous marketing and branding efforts is to increase awareness of Divio and generate more qualified leads.

Implementation of OKRs and Metrics

We have successfully implemented Objectives and Key Results (OKRs) and enhanced our tracking of metrics to improve the efficiency and output of our team. This systematic approach not only allows us to monitor progress effectively but also facilitates continuous learning and improvement across the organization.

This will enhance our speed and effectiveness, solely aimed at remaining relevant and expanding our customer base.



In conclusion, we have managed to make significant progress within the sales team and product and we are slowly but steadily starting to see the effects of these improvements. This makes me hopeful that we can increase the growth pace both from existing and new customers.

Regards
Jon Levin, CEO

FINANCIAL- AND ADDITIONAL INFORMATION

First quarter: 1 JAN 2024 TO 31 MAR 2024

REVENUE

Net sales were KSEK 5,100 (4,400), which is a 9% increase compared with the same period last year. This growth was primarily seen within subscription revenues which was driven by additional clients. Capitalised development expenses compared to the same period last year due to increased investment in the platform.

MRR at the end of the month of March 2024 was KUSD 153 (138), an increase of 11% 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 -5,851 (-3,577). This is the result of increased personnel costs.

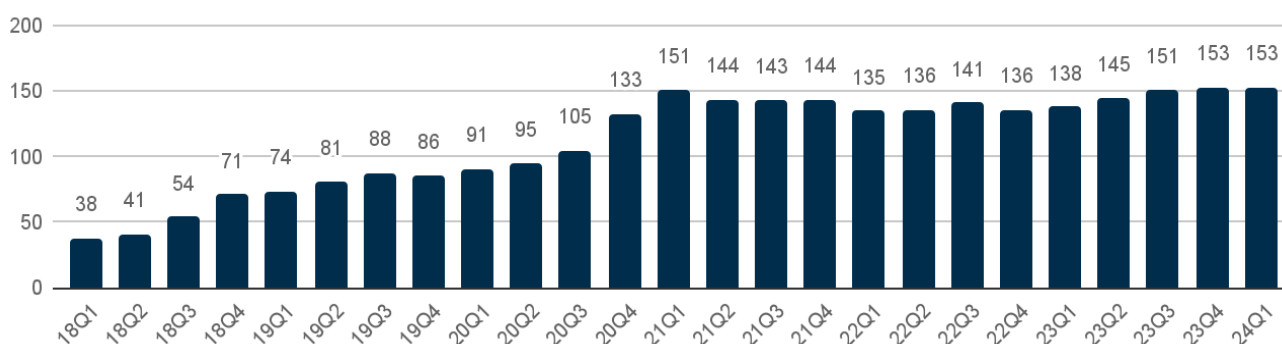
TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q1 2024 was KSEK -7,248 (6,649). The change is driven by earlier prepayments in revenues and the capital raise in 2023. Cash flow from operating activities was KSEK -5,578 (1,096).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -1,670 (239) which is due to increased capitalized development expenses. Cash flow from financing activities was KSEK 0 (5,314) since no capital was raised during the quarter.

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 31 DEC 2023

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

The company launched its first commercial cloud software products in 2017. 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.

Its revenue levels are increasing but do not yet exceed cost and the company is therefore still operating with a negative cashflow. In addition, the company has received significant upfront payments from some of its customers increasing the negative cashflow in the following periods. This means that the company is dependent on its cash balance and external capital to fund its operations. Hence the company may need to raise further capital with an outcome which is beyond the companies control.

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.

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 Mar 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 Jan 1 2024 to Mar 31 2024 was 186,190,114 before dilution.

73,135,930 new shares were issued in January 2023 as a result of the capital raise and another 27,431,104 was issued in July 2023 from exercise of warrants.

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.

Warrant Series	Duration	Strike	Expiry	Investors	Employees	Total warrants	Possible share issue
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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

		First quarter (3 months)	
		2024	2023
Number of outstanding shares			
Number of shares at the end of the period	Before dilution	186,190,114	158,759,010
	After dilution	189,890,114	190,802,980
Average number of shares	Before dilution	186,190,114	146,569,688
	After dilution	189,890,114	170,861,924

INCOME STATEMENT GROUP, SUMMARISED

KSEK	First quarter (3 months)		FY (12m)
	2024	2023	2023
Profit and loss			
Subscription revenues	4,864	4,440	18,648
Professional services	236	221	1,216
Capitalised development	1,647	1,203	7,225
Other revenue	0	0	-14
Total revenue	6,747	5,864	27,075
Cost of goods sold	-1,609	-1,833	-7,090
Other external costs	-2,358	-1,888	-6,893
Personnel	-7,084	-4,261	-21,401
Depreciation / Amortization	-1,547	-1,459	-5,984
Operating profit	-5,851	-3,577	-14,293
Net financial items	-983	45	1,152
Earning before tax	-6,834	-3,532	-13,140
Taxes on earnings	-22	-21	-63
Profit for the period	-6,856	-3,553	-13,203
EPS before dilution (SEK)	-0.04	-0.02	-0.08
EPS after dilution (SEK)	-	-	-

BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	First quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Assets			
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	15,938	13,373	16,060
Other immaterial fixed assets	0	0	0
Total immaterial fixed assets	15,938	13,373	16,060
<i>Material fixed assets</i>			
Equipment	261	152	259
Total material fixed assets	261	152	259
<i>Financial assets</i>			
Other financial assets	13	13	13
Total financial assets	13	13	13
Total fixed assets	16,212	13,538	16,332
<i>Current assets</i>			
Trade receivables	8,903	520	620
Other current receivables	701	472	587
Total current assets	9,604	991	1,207
Cash and cash equivalents	5,356	9,145	12,637
Total assets	31,172	23,675	30,175

BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	First quarter (End of Period)		FY (EoP)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Share capital	18,619	15,876	18,619
Share premiums	95,307	94,395	95,307
Retained profits (losses)	-105,993	-92,600	-93,014
This year's profit (loss)	-6,856	-3,553	-13,203
Total equity	1,077	14,118	7,709
<i>Non-current liabilities</i>			
Reserves	0	0	0
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Trade payables	3,027	2,135	2,485
Other current liabilities	27,069	7,422	19,982
Total current liabilities	30,096	9,556	22,466
Total equity and liabilities	31,172	23,675	30,175

CASH FLOW GROUP, SUMMARISED

	First quarter (3 months)		FY (12m)
	2024	2023	2023
KSEK			
Cash flow			
Cash flow from operating activities			
Result after financial items	-6,856	-3,553	-13,203
Adj for non-cash items	1,954	-317	8,021
Changes in current assets	-8,469	2,426	-2,926
Changes in current liabilities	7,793	2,541	15,672
Cash flow from operating activities	-5,578	1,096	7,564
Cash flow from investing activities			
Activated development costs	-1,663	196	-7,664
Changes in financial assets	-7	43	26
Investments in other fixed tangible assets			
Cash flow from investing activities	-1,670	239	-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	0	5,314	10,423
Total cash flow for the period	-7,248	6,649	10,350
Cash at the beginning of the period	12,637	2,057	2,057
Exchange rate differences	-33	439	230
Cash at the end of the period	5,356	9,145	12,637

CHANGE IN EQUITY GROUP, SUMMARISED

	First quarter (3 months)		FY (12m)
	2024	2023	2023
KSEK			
Change in equity			
Equity at the beginning of the period	7,709	18,074	18,074
New share issue			3,655
Currency translation differences	224	-402	-817
Profit (loss)	-6,856	-3,553	-13,203
Equity at the end of the period	1,077	14,118	7,709

INCOME STATEMENT PARENT COMPANY, SUMMARISED

	First quarter (3 months)		FY (12m)
	2024	2023	2023
KSEK			
Profit and loss			
Revenue	1,626	1,350	5,780
Total revenue	1,626	1,350	5,780
Other external costs	-541	-556	-1,667
Personnel	-1,109	-740	-3,894
Depreciation / Amortization	0	-5	-5
Other operating costs	0	0	0
Operating profit	-25	49	214
Net financial items	0	-21	-30,020
Earnings before tax	-25	29	-29,806
Taxes on earnings	0	0	-37
Profit for the period	-25	29	-29,843

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

	First quarter (3 months)		FY (12m)
	2024	2023	2023
KSEK			
Assets			
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	20,017	19,367	21,417
Other financial assets	13	13	13
Total financial assets	50,298	79,648	51,698
Total fixed assets	50,298	79,648	51,698
<i>Current assets</i>			
Current financial receivables from group companies	10,281	4,158	8,655
Other current receivables	285	451	284
Total current assets	10,579	4,609	8,938
Cash and cash equivalents	287	2,500	351
Total assets	61,151	86,757	60,987

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

	First quarter (3 months)		FY (12m)
	2024	2023	2023
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	-	-
Share capital	18,619	15,876	18,619
Share premiums	95,307	94,395	95,307
Retained profits (losses)	-55,111	-25,416	-25,268
This year's profit (loss)	-25	29	-29,843
Total equity	58,790	84,883	58,815
<i>Current liabilities</i>			
Trade payables	247	48	136
Other current liabilities	2,114	1,825	2,037
Total current liabilities	2,361	1,873	2,173
Total equity and liabilities	61,151	86,757	60,987

OTHER INFORMATION

UPCOMING FINANCIAL REPORTS

7 Jun 2024

Annual General Meeting in Stockholm

15 Aug 2024

Interim Report Q2 (1 Apr - 30 Jun)

14 Nov 2024

Interim Report Q3 (1 Jul - 30 Sep)

13 Feb 2025

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

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 15 May 24. The Board currently consists of Leif Liljebrunn, Christian Bertschy, Niklas Köresaar 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 customized 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