

**DIVIO**

# Interim Report Q2 2023



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

# “Divio Technologies AB (publ) increases subscription revenues by 14%, secures MSEK 21 prepayment and MSEK 4 from warrant (TO 1) exercise”

- Jon Levin, CEO

## SUMMARY OF THE REPORT

### Second quarter: 1 APR 2023 TO 30 JUN 2023

- Subscription revenue increased by approximately 14% to KSEK 4,376 (3,844)
- MRR in June was KUSD 145 (136)
- EBIT was KSEK -3,227 (-2,357)
- EPS before dilution was SEK -0,01 (-0,03)
- Cash position was KSEK 3.151 (7.953)

### Year to Date: 1 JAN 2022 TO 30 JUN 2023

- Subscription revenue increased by approximately 16% to KSEK 8,816 (7,628)
- EBIT was KSEK -6,804 (-5,615)
- EPS before dilution was SEK -0,04 (-0,07)

### SIGNIFICANT EVENTS (Second quarter)

- Renewal of client secured order value of 29 MSEK whereof 21 MSEK is prepayment due in August 2023
- 87,5% participation in warrants exercise (TO 1) led to a raise of 4,1 MSEK before costs
- Breakthrough project with Swiss Government

### SIGNIFICANT EVENTS (Year to Date)

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

### SIGNIFICANT EVENTS AFTER THE QUARTER

- The funds raised by warrants were paid out to the company in July as shares were registered

KSEK	Second quarter (3 months)			Year to date (6 months)		
	2023	2022	%	2023	2022	%
<b>Key Financials</b>						
Subscription revenue	4,376	3,844	14%	8,816	7,628	16%
Professional services revenue	733	1,290	-43%	954	1,407	-32%
Net sales	5,109	5,133	0%	9,770	9,035	8%
Total revenue	6,418	6,255	3%	12,282	11,265	9%
Costs	-8,174	-7,379	-11%	-16,156	-14,227	-14%
EBITDA	-1,756	-1,124	-56%	-3,874	-2,962	-31%
Dep / Am	-1,471	-1,233	-19%	-2,930	-2,653	-10%
EBIT	-3,227	-2,357	-37%	-6,804	-5,615	-21%
MRR (KUSD)	145	136	7%			
Cash position	3,151	7,953	-60%			

## CEO COMMENTS

As the CEO, I am thrilled to announce some significant achievements and milestones that our company has accomplished.

Over the past year, our sales team has worked relentlessly, leading to a notable boost in our sales figures. We've successfully increased the MRR by 9 kUSD since the start of the year, marking a rise of 7%. Additionally, our subscription revenues have increased by 16% compared to H1 previous year. This surge in growth, along with surpassing our internal sales goals, exemplifies the unwavering commitment and dedication of our entire team to provide outstanding products and services to our clientele. In addition to the actual business, we have also further improved the quality of the leads we have in our pipeline and have many interesting dialogues with potential customers. We have also finally initiated dialogues together with AWS, which is another important contribution to the sales targets for the year.

Building on our achievements in sales, we are also delighted to announce the renewal of a three year contract with Fidelity, among our most valued clients. Their continued partnership underscores their confidence in our offerings and further cements our standing in the industry. We are also delighted to onboard the Swiss Army as a new customer, an important customer with a high potential and high demands on compliance and security.

We're excited to announce that we've bolstered our company's financial position by successfully securing additional funding through equity via the subscription of warrants. This total inflow of 14 MSEK before costs from the unit issue and warrants, empowers us to seize new opportunities and elevate our operations. It also underscores our dedicated growth strategy, centered on pursuing new investments and building strategic partnerships to bolster our expansion.

Our teams are the pillars of our success. Given our improved financial position, we've prioritized investing in hiring top talent and equipping them with the resources they need. This proactive approach has driven

enhanced efficiency and sparked innovation throughout the organization. We are committed to make this human capital investment thrive and yield substantial results. In our pursuit of shaping our offering as a distinct IDP (Independent Internal Development

Platform), we've established the groundwork for a comprehensive integrated development plan. This strategy serves as a beacon for our growth and sustainability initiatives, ensuring our adaptability in a swiftly changing market landscape.

I believe these accomplishments reflect the dedication and commitment of our entire team. We remain focused on pursuing excellence in all aspects of our business, and we are excited about the future prospects of our company. I'm thankful to all our employees, partners, and stakeholders for their continuous support and hard work. Together, we'll strive to reach the ambitious goals we've set for the upcoming quarters and the whole company is working extremely hard to convert our increased sales pipe into signed deals.



Regards

Jon Levin, CEO

# FINANCIAL- AND ADDITIONAL INFORMATION

## Second quarter: 1 APR 2023 TO 30 JUN 2023

### REVENUE

Net sales were KSEK 5,109 (5,133), which is a slight decrease compared with the same period last year. This is a result of growth in subscription revenues and an almost equal decline in professional services. Capitalised development expenses increased slightly compared to the same period last year due to increased development efforts.

MRR at the end of the month of June 2023 was KUSD 145 (136), an increase of 7% compared to the same quarter last year (see graph below). The increase can be mainly explained by a net increase in subscription revenues. 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 second was lower than previous year amounting to KSEK -3,227 (-2,357).

### TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q2 2023 was KSEK -5,667 (-3,815) Cash flow from operating activities was KSEK -2,237 (-1,301).

### CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -3,430 (-2,514) which is capitalised development expenses. Cash flow from financing activities was KSEK 0 (0).

## Year to Date: 1 JAN 2023 TO 30 JUN 2023

### REVENUE

Net Sales were KSEK 9,770 (9,035), which is an 8% increase compared with the same period last year, driven by increased subscription revenues (up 16% compared to H1 2022) but offset by a decrease in professional services. Capitalised development expenses increased slightly compared to the same period last year totalling KSEK 2,511 (2,203).

### OPERATING PROFIT AND LOSS

Operating loss for the first six months was KSEK -6,804 (-5,615).

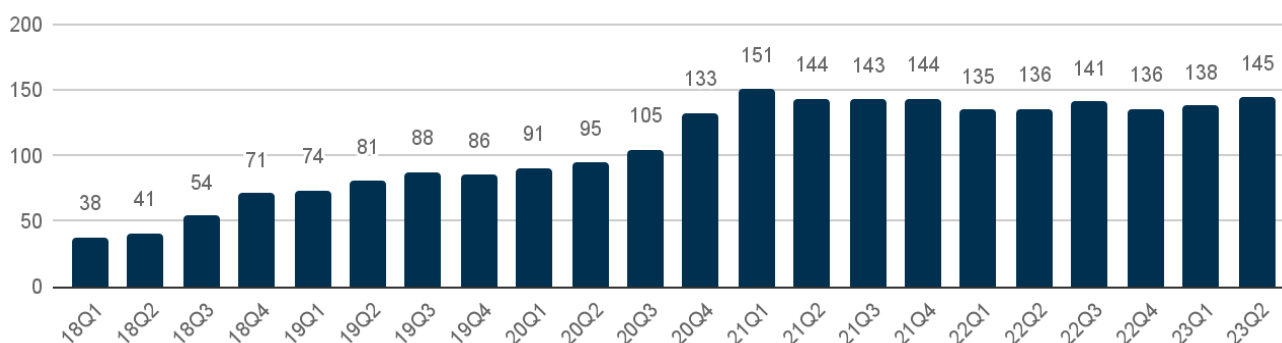
### TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the first six months 2023 was KSEK 977 (-1,304) Cash flow from operating activities was KSEK -1,146 (940).

### CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -3,191 (-2,244) which is mainly capitalised development expenses. Cash flow from financing activities was KSEK 5,314 (0) which is the capital raise payout and repayment of bridge loan 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 2022.

## GROUP STRUCTURE PER 30 JUN 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

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. The requirement for 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](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 30 June 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 April to June was 158,759,010 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 after the balance date (July 2023).

## 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. These have been recalculated to take the new share issue in January into consideration

31,343,970 new warrants (TO 1) were issued in January 2023 as a result of the capital raise. On the 21st of June 2023 27,431,104 of these were exercised resulting in the same amount of new shares per 22nd of June (however not registered until July 4th). A full description of the warrants are available on the company website.

<b>Warrant Series</b>	<b>Duration</b>	<b>Strike</b>	<b>Expiry</b>	<b>Investors</b>	<b>Employees</b>	<b>Total warrants</b>	<b>Possible share issue</b>
Incentive program 2021/2024	2021/2024	3.52 (1:1.24)	2024-09-30	-	700,000	700,000	868,665

	<b>Second quarter (3M)</b>		<b>Year to date (6M)</b>		<b>FY (12M)</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
<b>Number of shares</b>					
Shares at end of period BD	186,190,114	85,623,080	186,190,114	85,623,080	85,623,080
Shares at end of period AD	186,890,114	86,323,080	186,890,114	86,323,080	86,323,080
Average number of shares BD	161,502,120	85,623,080	154,035,904	85,623,080	85,623,080
Average number of shares AD	190,411,693	89,304,913	180,636,809	94,259,747	90,291,413

BD = Before Dilution, AD = After Dilution. The 31,343,970 TO 1 warrants expired on June 21st and were replaced by 27,431,104 new shares.

# INCOME STATEMENT GROUP, SUMMARISED

KSEK	Second quarter (3 months)		Year to Date (6 months)		FY (12m)
	2023	2022	2023	2022	2022
<b>Profit and loss</b>					
Subscription revenues	4,376	3,844	8,816	7,628	16,290
Professional services	733	1,290	954	1,407	2,551
Capitalised development	1,309	1,108	2,511	2,203	4,563
Other revenue	0	14	0	27	11
<b>Total revenue</b>	<b>6,418</b>	<b>6,255</b>	<b>12,282</b>	<b>11,265</b>	<b>23,415</b>
Cost of goods sold	-1,746	-2,214	-3,579	-4,269	-8,214
Other external costs	-1,588	-743	-3,476	-2,598	-5,190
Personnel	-4,840	-4,423	-9,102	-7,360	-14,921
Depreciation / Amortization	-1,471	-1,233	-2,930	-2,653	-5,489
Other operating costs	0	0	0	0	0
<b>Operating profit</b>	<b>-3,227</b>	<b>-2,357</b>	<b>-6,804</b>	<b>-5,615</b>	<b>-10,399</b>
Net financial items	1,382	56	1,428	-28	1,351
<b>Earning before tax</b>	<b>-1,845</b>	<b>-2,301</b>	<b>-5,376</b>	<b>-5,643</b>	<b>-9,048</b>
<b>Taxes on earnings</b>	<b>0</b>	<b>25</b>	<b>-22</b>	<b>6</b>	<b>-23</b>
<b>Profit for the period</b>	<b>-1,845</b>	<b>-2,276</b>	<b>-5,398</b>	<b>-5,637</b>	<b>-9,070</b>
EPS before dilution (SEK)	-0.01	-0.03	-0.04	-0.07	-0.11
EPS after dilution (SEK)	-	-	-	-	-

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

	Second quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Assets</b>			
Subscribed for but not paid in capital	4,115	-	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	14,986	13,583	13,629
Other immaterial fixed assets	0	20	5
<b>Total Immaterial fixed assets</b>	<b>19,100</b>	<b>13,603</b>	<b>22,435</b>
<i>Material fixed assets</i>			
Equipment	225	104	127
<b>Total material fixed assets</b>	<b>225</b>	<b>104</b>	<b>127</b>
<i>Financial assets</i>			
Other financial assets	13	0	13
<b>Total financial assets</b>	<b>13</b>	<b>0</b>	<b>13</b>
<b>Total fixed assets</b>	<b>19,339</b>	<b>13,707</b>	<b>22,575</b>
<i>Current assets</i>			
Trade receivables	21,738	59	938
Other current receivables	146	398	886
<b>Total current assets</b>	<b>21,884</b>	<b>457</b>	<b>1,824</b>
<b>Cash and cash equivalents</b>	<b>3,151</b>	<b>7,953</b>	<b>2,057</b>
<b>Total assets</b>	<b>44,374</b>	<b>22,117</b>	<b>26,456</b>



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

	Second quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Equity and liabilities</b>			
<i>Equity</i>			
Ongoing equity raise	2,743	-	7,314
Share capital	15,876	8,562	8,562
Share premiums	95,256	92,941	94,395
Retained profits (losses)	-92,667	-81,822	-83,127
This year's profit (loss)	-5,398	-5,637	-9,070
<b>Total equity</b>	<b>15,810</b>	<b>14,044</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	2,103	1,842	3,384
Other current liabilities	26,461	6,231	4,998
<b>Total current liabilities</b>	<b>28,564</b>	<b>8,073</b>	<b>8,382</b>
<b>Total equity and liabilities</b>	<b>44,374</b>	<b>22,117</b>	<b>26,456</b>

## CASH FLOW GROUP, SUMMARISED

	Second quarter (3 months)		Year to date (6 months)		FY (12m)
	2023	2022	2023	2022	2022
<b>KSEK</b>					
<b>Cash flow</b>					
<b>Cash flow from operating activities</b>					
Result after financial items	-1,845	-1,408	-5,389	-4,769	-9,070
Adj for non-cash items	5,372	2,572	5,051	2,653	12,448
Changes in current assets	-23,914	34	-21,488	4,673	-5,125
Changes in current liabilities	18,149	-2,499	20,690	-1,617	-3,050
<b>Cash flow from operating activities</b>	<b>-2,237</b>	<b>-1,301</b>	<b>-1,146</b>	<b>940</b>	<b>-4,797</b>
<b>Cash flow from investing activities</b>					
Activated development costs	-3,421	-2,417	-3,226	-2,203	-4,677
Changes in financial assets	-9	-18	34	38	56
Investments in other fixed tangible assets	0	-79	0	-79	0
<b>Cash flow from investing activities</b>	<b>-3,430</b>	<b>-2,514</b>	<b>-3,191</b>	<b>-2,244</b>	<b>-4,621</b>
<b>Cash flow from financing activities</b>					
Rights issue	-	-	7,314	-	-
Proceeds from debt issuance	-	-	-	-	2,000
Repayment of loans	-	-	-2,000	-	-
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>5,314</b>	<b>-</b>	<b>2,000</b>
<b>Total cash flow for the period</b>	<b>-5,667</b>	<b>-3,815</b>	<b>977</b>	<b>-1,304</b>	<b>-7,419</b>
Cash at the beginning of the period	9,140	12,264	2,057	9,287	9,287
Exchange rate differences	-322	-496	117	-30	189
<b>Cash at the end of the period</b>	<b>3,151</b>	<b>7,953</b>	<b>3,151</b>	<b>7,953</b>	<b>2,057</b>

## CHANGE IN EQUITY GROUP, SUMMARISED

	Second quarter (3 months)		Year to Date (6 months)		FY (12m)
	2023	2022	2023	2022	2022
<b>KSEK</b>					
<b>Change in equity</b>					
Equity at the beginning of the period	14,118	15,475	18,074	18,752	18,752
Subscribed for but not paid in capital	4,115	-	4,115	-	8,801
New share issue	-	-	-	-	-
Currency translation differences	-578	845	-980	929	-409
Profit (loss)	-1,845	-2,276	-5,398	-5,637	-9,070
<b>Equity at the end of the period</b>	<b>15,810</b>	<b>14,044</b>	<b>15,810</b>	<b>14,044</b>	<b>18,074</b>

## INCOME STATEMENT PARENT COMPANY, SUMMARISED

	Second quarter (3 months)		Year to Date (6 months)		FY (12m)
	2023	2022	2023	2022	2022
<b>KSEK</b>					
<b>Profit and loss</b>					
Revenue	1,388	1,743	2,738	3,786	6,594
<b>Total revenue</b>	<b>1,388</b>	<b>1,743</b>	<b>2,738</b>	<b>3,786</b>	<b>6,594</b>
Other external costs	-474	-303	-1,030	-1,301	-2,145
Personnel	-867	-1,216	-1,607	-2,187	-3,998
Depreciation / Amortization	0	-8	-5	-15	-30
Other operating costs	0	0	0	0	0
<b>Operating profit</b>	<b>47</b>	<b>216</b>	<b>96</b>	<b>283</b>	<b>421</b>
Net financial items	2	2	-19	3	-256
<b>Earnings before tax</b>	<b>48</b>	<b>218</b>	<b>77</b>	<b>286</b>	<b>165</b>
Taxes on earnings	0	0	0	0	-29
<b>Profit for the period</b>	<b>48</b>	<b>218</b>	<b>77</b>	<b>286</b>	<b>135</b>

# BALANCE SHEET PARENT COMPANY, SUMMARISED

(part 1 of 2)

	Second quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Assets</b>			
Subscribed but not paid for capital	4,115	-	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	0	20	5
<b>Total immaterial fixed assets</b>	<b>4,115</b>	<b>20</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	19,867	9,508	16,367
Other financial assets	13	13	13
<b>Total financial assets</b>	<b>80,148</b>	<b>69,789</b>	<b>76,648</b>
<b>Total fixed assets</b>	<b>84,263</b>	<b>69,809</b>	<b>85,454</b>
<i>Current assets</i>			
Current financial receivables from group companies	5,546	3,759	2,808
Other current receivables	104	101	381
<b>Total current assets</b>	<b>5,649</b>	<b>3,860</b>	<b>3,188</b>
<b>Cash and cash equivalents</b>	<b>1,270</b>	<b>4,216</b>	<b>354</b>
<b>Total assets</b>	<b>91,182</b>	<b>77,885</b>	<b>88,996</b>

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

	Second quarter (3 months)		FY (12m)
	2023	2022	2022
<b>KSEK</b>			
<b>Equity and liabilities</b>			
<i>Equity</i>			
Ongoing equity raise	2,743	-	7,314
Share capital	15,876	8,562	8,562
Share premiums	95,256	92,941	94,395
Retained profits (losses)	-25,268	-25,403	-25,403
This year's profit (loss)	77	286	135
<b>Total equity</b>	<b>88,684</b>	<b>76,386</b>	<b>85,003</b>
<i>Current liabilities</i>			
Trade payables	414	197	220
Other current liabilities	2,084	1,302	3,773
<b>Total current liabilities</b>	<b>2,498</b>	<b>1,499</b>	<b>3,993</b>
<b>Total equity and liabilities</b>	<b>91,182</b>	<b>77,885</b>	<b>88,996</b>

## OTHER INFORMATION

### UPCOMING FINANCIAL REPORTS

**15 Nov 2023**

Interim Report Q3 (1 Jul - 30 Sep)

**14 Feb 2024**

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

**15 May 2024**

Interim Report Q1 (1 Jan - 31 Mar)

**7 Jun 2024**

Annual General Meeting in Stockholm

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 15 Aug 2023. The Board currently consists of Leif Liljebrunn, Chairman, and board members 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 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