

DIVIO

Full year and Q4 report 2023

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

“Divio Technologies AB (publ) increases subscription revenues by 15% and ends the year with a cash balance of 13 MSEK”

- Jon Levin, CEO

SUMMARY OF THE REPORT

Fourth quarter: 1 OCT 2023 TO 31 DEC 2023

- Subscription revenue increased by approximately 15% to KSEK 5,011 (4,373)
- MRR in December was KUSD 153 (136)
- EBIT was KSEK -3,871 (-2,463)
- EPS before dilution was SEK -0.02 (-0.01)
- Cash position was KSEK 12,637 (2,057)

Significant events (Fourth quarter)

- Strengthening the team by recruitment of CPO
- Preparation of the launch of Open Cloud self-service offering
- New client signed where Divio will enable their transition to the cloud

Significant events after the quarter

- Divio receives a contract extension of the value of approximately 12 MSEK whereof 8 MSEK is to be prepaid in Q1 2024

Full Year: 1 JAN 2023 TO 31 DEC 2023

- Subscription revenue increased by approximately 14% to KSEK 18,648 (16,290)
- EBIT was KSEK -14,293 (-10,399)
- EPS before dilution was SEK -0.08 (-0.11)

Significant events (Full year)

- The funds from the issue of units was received in January and the bridge loan was repaid. Funds from warrants were also received in the period totaling 15 MSEK before costs (units and warrants).
- Increased lead generation and renewal of largest client with a 2.5 year agreement

KSEK	Fourth quarter (3 months)			Full year (12 months)		
	2023	2022	%	2023	2022	%
Key Financials						
Subscription revenue	5,011	4,373	15%	18,648	16,290	14%
Professional services revenue	129	937	-86%	1,216	2,551	-52%
Net sales	5,140	5,310	-3%	19,864	18,840	5%
Total revenue	8,017	6,421	25%	27,076	23,415	16%
Costs	-10,376	-7,417	-40%	-35,384	-28,325	-25%
EBITDA	-2,360	-997	-137%	-8,309	-4,910	-69%
Dep / Am	-1,511	-1,466	-3%	-5,984	-5,489	-9%
EBIT	-3,871	-2,463	-57%	-14,293	-10,399	-37%
MRR (KUSD)	153	136	13%			
Cash position	12,637	2,057	514%			

CEO COMMENTS

I am thrilled to update you on the recent progress and accomplishments at Divio. This has been a dynamic and fruitful period, and I extend my appreciation to our committed team, partners, and stakeholders for their steadfast support and dedication.

Performing sales team

After a long period where we tested different sales capacities, we have now found a functional team that has both the understanding of our product and the ability to sell. Our sales team has been delivering good results, showcasing steady growth in the pipeline trajectory. We've successfully landed a few and cultivated numerous promising leads, both small and large, in our pipeline, reflecting the team's dedication and effectiveness. Of the customers we managed to get, Enio is of particular interest because thanks to Divio's solution, they can convert from being a traditional software company to a modern SaaS company.

Sales achievements

Additionally, we're pleased to announce the three-year renewal of our largest customer application support, further solidifying our relationships and demonstrating the trust our clients place in us, as evidenced by their prepayment commitment.

Organisational improvements

In the last report, I welcomed our new Chief Product Officer (CPO) Fredrik Hansson to our team and it has proven to be a pivotal move. With his expertise and experience, we are enhancing our development processes and implementing a more efficient, clear, and strategic product vision, positioning us for sustained success in the market. A product vision is essential for a product company to remain innovative and be perceived as a frontier within PaaS solutions. Fredrik has also extended and reorganised the team to be more productive and faster in developing new essential customer-oriented features.

Relaunch of open cloud/self-service

Furthermore, we're excited to share the launch of our new open cloud offering, an initiative that will both let smaller customers get access to our platform and customers that we can grow within a highly scalable way without almost any support from Divio. Most importantly, it is a solution that will further support our sales team as potential leads can explore our solution on their own during the sales process. This milestone underscores our dedication to staying at the forefront of industry trends and meeting the evolving needs of our clients.

In summary, the accomplishments and advancements outlined here are a testament to the commitment and efforts of our entire team. Our steadfast dedication to excellence across all facets of our business fuels our optimism about Divio's future prospects. As a unified team, supported by our outstanding investors, we will persist in working diligently to realise our ambitious goals and propel our company to even greater heights.



Thank you for your dedication and commitment.
Sincerely, Jon Levin, CEO

FINANCIAL- AND ADDITIONAL INFORMATION

Fourth quarter: 1 OCT 2023 TO 31 DEC 2023

REVENUE

MRR at the end of the month of Dec 2023 was KUSD 153 (136), an increase of 13% 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, but rather the actual MRR at the end of the period.

Net sales were KSEK 5,140 (5,310), which is a 3% decrease compared with the same period last year. This is a result of a decrease in professional service revenues but offset by a 15% growth in subscription revenues (from KSEK 4,373 to 5,011). Capitalised development expenses increased slightly due to increased development efforts.

OPERATING PROFIT AND LOSS

Operating loss (EBIT) for the fourth quarter increased compared to previous year amounting to KSEK -3,871 (-2,463) EBITDA loss increased from KSEK -997 to -2,452 mainly because of increased personnel costs as the company was investing in new resources.

TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for Q4 2023 was KSEK -7,879 (-1,911) Cash flow from operating activities was KSEK -5,813 (-2,749).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -2,171 (-1,161) which is capitalised development. Cash flow from financing activities was employee warrants of KSEK 105 (2000).

Full Year: 1 JAN 2023 TO 31 DEC 2023

REVENUE

Net Sales were KSEK 19,864 (18,840), which is a 5% increase compared to last year, driven by increased subscription revenues (up 14% compared to 2023) but offset by less professional services. Capitalised development expenses increased compared last year totalling KSEK 7,225 (4,563).

OPERATING PROFIT AND LOSS

Operating loss for the year was KSEK -14,296 (-10,399). EBITDA loss increased from KSEK -4,910 to -8,309.

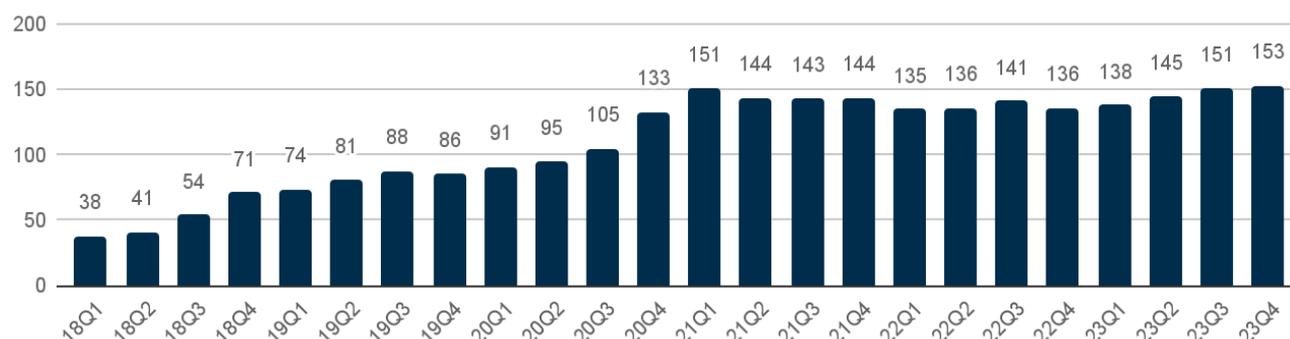
TOTAL CASH FLOW AND CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the year 2023 was KSEK 10,350 (-7,419) Cash flow from operating activities was KSEK 7,564 (-4,797).

CASH FLOW FROM INVESTING AND FINANCING ACTIVITIES

Cash flow from investing activities was KSEK -7,638 (-4,621) which is mainly capitalised development expenses. Cash flow from financing activities was KSEK 10,423 (2,000) which is mainly the effect of the capital raise payouts less repayment of bridge loan in January 2023. It also includes the funds from the warrant exercise in July 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. The quarterly reports are not audited but 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

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. 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.

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 Dec 2023 was 186,190,114 of which 750,000 were series A shares with 10x voting rights. The average number of shares in the period September to December 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.

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

	Fourth quarter (3M)		Full year (12M)		FY (12M)
	2023	2022	2023	2022	2022
Number of shares					
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	189,890,114	86,323,080	189,890,114	86,323,080	86,323,080
Average number of shares BD	186,190,114	85,623,080	170,113,009	85,623,080	85,623,080
Average number of shares AD	187,390,114	86,323,080	183,888,461	90,291,413	90,291,413

BD = Before Dilution, AD = After Dilution.

INCOME STATEMENT GROUP, SUMMARISED

KSEK	Fourth quarter (3 months)		Full year (12 months)		FY (12m)
	2023	2022	2023	2022	2022
Profit and loss					
Subscription revenues	5,011	4,373	18,648	16,290	16,290
Professional services	129	937	1,216	2,551	2,551
Capitalised development	2,863	1,126	7,225	4,563	4,563
Other revenue	13	-16	-14	11	11
Total revenue	8,017	6,421	27,076	23,415	23,415
Cost of goods sold	-1,734	-2,302	-7,090	-8,214	-8,214
Other external costs	-2,172	-1,330	-6,893	-5,190	-5,190
Personnel	-6,470	-3,786	-21,401	-14,921	-14,921
Depreciation / Amortisation	-1,511	-1,466	-5,984	-5,489	-5,489
Other operating costs	0	0	0	0	0
Operating profit	-3,871	-2,463	-14,293	-10,399	-10,399
Net financial items	537	1,472	1,152	1,351	1,351
Allocations	-37	0	-37	0	0
Earning before tax	-3,371	-991	-13,178	-9,048	-9,048
Taxes on earnings	-1	-29	-26	-23	-23
Profit for the period	-3,372	-1,020	-13,203	-9,070	-9,070
EPS before dilution (SEK)	-0.02	-0.01	-0.08	-0.11	-0.11
EPS after dilution (SEK)	-	-	-	-	-

BALANCE SHEET GROUP, SUMMARISED (part 1 of 2)

	Fourth quarter (End of Period)		Full Year (EoP)
	2023	2022	2022
KSEK			
Assets			
Subscribed for but not paid in capital	-	8,801	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Activated development	16,060	13,629	13,629
Other immaterial fixed assets	0	5	5
Total immaterial fixed assets	16,060	22,435	22,435
<i>Material fixed assets</i>			
Equipment	259	127	127
Total material fixed assets	259	127	127
<i>Financial assets</i>			
Other financial assets	13	13	13
Total financial assets	13	13	13
Total fixed assets	16,332	22,575	22,575
<i>Current assets</i>			
Trade receivables	620	938	938
Other current receivables	587	886	886
Total current assets	1,207	1,824	1,824
Cash and cash equivalents	12,637	2,057	2,057
Total assets	30,175	26,456	26,456

BALANCE SHEET GROUP, SUMMARISED (part 2 of 2)

	Fourth quarter (End of period)		FY (EoP)
	2023	2022	2022
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	7,314	7,314
Share capital	18,619	8,562	8,562
Share premiums	95,307	94,395	94,395
Retained profits (losses)	-93,014	-83,127	-83,127
This year's profit (loss)	-13,203	-9,070	-9,070
Total equity	7,709	18,074	18,074
<i>Non-current liabilities</i>			
Reserves	0	0	0
Total non-current liabilities	0	0	0
<i>Current liabilities</i>			
Trade payables	2,485	3,384	3,384
Other current liabilities	19,982	4,998	4,998
Total current liabilities	22,466	8,382	8,382
Total equity and liabilities	30,175	26,456	26,456

CASH FLOW GROUP, SUMMARISED

	Fourth quarter (3 months)		Full year (12 months)		FY (12m)
	2023	2022	2023	2022	2022
KSEK					
Cash flow					
Cash flow from operating activities					
Result after financial items	-3,371	-1,020	-13,203	-9,070	-9,070
Adj for non-cash items	1,288	8,305	8,021	12,448	12,448
Changes in current assets	116	-10,064	-2,926	-5,125	-5,125
Changes in current liabilities	-3,846	30	15,672	-3,050	-3,050
Cash flow from operating activities	-5,813	-2,749	7,564	-4,797	-4,797
Cash flow from investing activities					
Activated development costs	-2,166	-1,166	-7,664	-4,677	-4,677
Changes in financial assets	-5	5	26	56	56
Investments in other fixed tangible assets				0	0
Cash flow from investing activities	-2,171	-1,161	-7,638	-4,621	-4,621
Cash flow from financing activities					
Rights issue	105	0	12,423	-	-
Proceeds from debt issuance	0	2,000		2,000	2,000
Repayment of loans			-2,000	-	-
Cash flow from financing activities	105	2,000	10,423	2,000	2,000
Total cash flow for the period	-7,879	-1,911	10,350	-7,419	-7,419
Cash at the beginning of the period	20,783	3,920	2,057	9,287	9,287
Exchange rate differences	-267	48	230	189	189
Cash at the end of the period	12,637	2,057	12,637	2,057	2,057

CHANGE IN EQUITY GROUP, SUMMARISED

	Fourth quarter (3 months)		Full year (12 months)		FY (12m)
	2023	2022	2023	2022	2022
KSEK					
Change in equity					
Equity at the beginning of the period	11,430	11,963	18,074	18,752	18,752
Subscribed for but not paid in capital	-	8,801	-	8,801	8,801
New share issue*	105	-	3,655	-	-
Currency translation differences	-454	-1,670	-817	-409	-409
Profit (loss)	-3,372	-1,020	-13,203	-9,070	-9,070
Equity at the end of the period	7,709	18,074	7,709	18,074	18,074

*) The increase in the current quarter is related to the Warrant program 2023/2026

INCOME STATEMENT PARENT COMPANY, SUMMARISED

KSEK	Fourth quarter (3 months)		Full year (12 months)		FY (12m)
	2023	2022	2023	2022	2022
Profit and loss					
Revenue	1,749	1,401	5,780	6,594	6,594
Total revenue	1,749	1,401	5,780	6,594	6,594
Other external costs	-364	-357	-1,667	-2,145	-2,145
Personnel	-1,313	-812	-3,894	-3,998	-3,998
Depreciation / Amortisation	0	-8	-5	-30	-30
Other operating costs	0	0	0	0	0
Operating profit	72	224	214	421	421
Net financial items*	-30,002	-262	-30,020	-256	-256
Earnings before tax	-29,929	-37	-29,806	165	165
Taxes on earnings	-37	-29	-37	-29	-29
Profit for the period	-29,966	-67	-29,843	135	135

*) Net financial items in Q4 2023 is a mainly a partial writedown of the asset "Shares in group companies"

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

	Fourth quarter (End of Period)		FY (EoP)
	2023	2022	2022
KSEK			
Assets			
Subscribed but not paid for capital	-	8,801	8,801
Fixed assets			
<i>Immaterial fixed assets</i>			
Other immaterial fixed assets	-	5	5
Total immaterial fixed assets	-	8,806	8,806
<i>Financial assets</i>			
Shares in group companies	30,268	60,268	60,268
Non-current financial receivables from group companies	21,417	16,367	16,367
Other financial assets	13	13	13
Total financial assets	51,698	76,648	76,648
Total fixed assets	51,698	85,454	85,454
<i>Current assets</i>			
Current financial receivables from group companies	8,655	2,808	2,808
Other current receivables	284	381	381
Total current assets	8,938	3,188	3,188
Cash and cash equivalents	351	354	354
Total assets	60,987	88,996	88,996

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

	Fourth quarter (End of Period)		FY (EoP)
	2023	2022	2022
KSEK			
Equity and liabilities			
<i>Equity</i>			
Ongoing equity raise	-	7,314	7,314
Share capital	18,619	8,562	8,562
Share premiums	95,307	94,395	94,395
Retained profits (losses)	-25,268	-25,403	-25,403
This year's profit (loss)	-29,843	135	135
Total equity	58,815	85,003	85,003
<i>Current liabilities</i>			
Trade payables	136	220	220
Other current liabilities	2,037	3,773	3,773
Total current liabilities	2,173	3,993	3,993
Total equity and liabilities	60,987	88,996	88,996

OTHER INFORMATION

UPCOMING FINANCIAL REPORTS

15 May 2024

Interim Report Q1 (1 Jan - 31 Mar)

7 Jun 2024

Annual General Meeting in Stockholm

15 Aug 2024

Interim Report Q2 (1 Apr - 30 Jun)

14 Nov 2024

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 14 Feb 2024. 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. Mazars is the auditor for 2023.

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 customised 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.