

HALF-YEAR REPORT 2021

January – June 2021
Company no. 559077-0730



Divio Technologies AB (Publ) has made a strong start to 2021, with a new sales team, and a new sales and marketing strategy, and growth continues to increase steadily. Subscription revenue has improved by 48% compared with the same period last year and net sales increased by 28%, and the figure is 40% if currency exchange effects are excluded. The company also reduced the loss with 52%.

SUMMARY OF THE HALF-YEAR REPORT

FOR THE PERIOD 1 JANUARY 2021 TO 30 JUNE 2021

- Net sales increased by 29%, or 40% FX adjusted to 8,096 (6,290) KSEK
- Subscription revenue increased by 48% to 7,459 (5,050) KSEK
- Operating loss decreased by 52% to -4,744 (-9,938) KSEK
- EBITA improved to -5,253 (-10,130) KSEK

SIGNIFICANT EVENTS DURING THE PERIOD

- Onboarded 32 new customers
- Onboarded several new partners
- Direct Issue of 20.2 MSEK in March
- Rolled out a successful marketing campaign to attract new customers
- Strengthened the sales team with the addition of two new senior sales representatives in Sweden
- Recruited an experienced Head of Finance

IMPORTANT EVENTS AFTER THE PERIOD

- Strengthened the board of directors: Anette Ringnér took over as chairman, and Kimmo Björnsson returned to the board
- Established a partnership with a Swedish IT consultancy company
- Strengthened the sales team in Sweden with the addition of a senior technical sales representative and a senior sales representative

Key indicators	Jan–June 2021	Jan–June 2020
Subscription revenue, KSEK	7,459	5,050
Earnings per share SEK	-0,06	-0,29
Cash and cash equivalents at the end of the period, KSEK	18,875	3,647

CEO COMMENTS

Divio has started the year very strongly. I am proud to state that we have achieved a significant number of milestones during this time, and that we are progressing in line with our strategy and goals.

In March, we raised SEK 20.2 million via long-term investors, and we are in a strong position to execute our growth activities, with a focus on sales and marketing.

Sales has been a key activity, and I am glad everyone at the company has played a part in achieving our goals. We have successfully onboarded two senior sales representatives in Sweden, who have made an excellent contribution to building up the sales team. We have also recruited a senior technical sales representative in Stockholm. Going forward, we intend to further develop sales in our prime regions.

We have a well-filled sales pipeline, with many potential leads due to a shorter ramp-up than expected. We are confident of good results in the last quarter of the year, and we anticipate a range of new customers. I am also very gratified that existing customers are increasingly looking to expand their relationships with us. The core of our customer strategy is to start small and build the relationship over time.

As sales and marketing are closely connected, we have also, together with our partner what.digital, worked intensively to put Divio on the map via LinkedIn, Google and a variety of other marketing solutions, enabling more customers to experience the benefits of our solution. We will continue to step up these efforts in the later part of the year.

I am very excited about the implementation of our new sales strategy, focusing on the banking and financial sector, which is part of our growth plan. In addition, we will build partnerships with international IT consultancies and other leading solution providers in this sector, as well as other suppliers with high demand on compliance and security. Our platform will significantly strengthen their customer offering, ensuring excellent benefits both for Divio and for our partners. We have also partnered with several digital agencies, which have an in-depth understanding of our platform and will include it in their offering to customers.

We have invested significant time towards our goal of achieving ISO 27001 certification for our platform during this year. This certification will be a game changer for our future sales. It will provide independent confirmation of our capacity to meet the requirements of large customers and better enable us to target enterprise and financial customers with high demands regarding security. We already meet the needs of this type of customer, but ISO certification will help to shorten our lead times for sales and client onboarding.

I would also like to give an update regarding the board of directors. Divio has entered into a more mature growth phase, which has led us to make some changes to the board. We are pleased to announce that Anette Ringnér has agreed to chair the board. Anette brings strong leadership skills, a sharp analytical eye and sales experience from large IT consultancy and software firms such as CGI. We also welcome Kimmo Björnsson to the board. Kimmo is a serial entrepreneur whose ventures include mat.se and the web agency Daddy. His experience as a developer, CFO and board member has given him a rare combination of skills, and Kimmo will support Divio in a wide range of areas.

The whole company is bubbling with energy and enthusiasm, and it is a pleasure to watch the progress we are making. We have the wind under our wings, and we are meeting our internal targets and goals. I am proud of the whole team, and we are eager to make even greater advancement throughout the rest of the year.



Jon Levin
CEO

FINANCIAL INFORMATION AND OTHER COMMENTS

FOR THE PERIOD JANUARY – JUNE 2021

REVENUE

Net sales were KSEK 8,096 (6,290), which is a 28% increase compared with the same period last year. Adjusted for negative currency effects due to conversion from US and CHF to SEK during the period the net sales is 40% higher than the same period last year. Subscription revenues increased by 48%.

Activated capitalised development expenses decreased by 31% to KSEK 2,242 (3,278) due to the focus on compliance and security work that will lead to a SOC 2 and ISO27001 certification of the platform. Capitalised developments share of total revenue therefore decreased (2020H1: Cap development was 34% of total revenue, 2021H1 22% of total revenue).

OPERATING PROFIT AND LOSS

Operating loss for the first half of the year was KSEK -4,744 (-9,938), which is an improvement of 52%. This is due to cost efficiencies implemented throughout 2020 and increased gross profit.

CASH FLOW FROM OPERATING ACTIVITIES

Total cash flow for the first half of 2021 was KSEK 17,788. Cash flow from operating activities was KSEK 379.

CASH FLOW FROM INVESTING ACTIVITIES

Cash flow from investing activities was KSEK -2,270. This is mainly capitalized software development expenses in the company.

CASH FLOW FROM FINANCING ACTIVITIES

Cash flow from financing activities was KSEK 19,679, reflecting the new share issue in March.

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).

GROUP STRUCTURE PER 30 JUNE 2021

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. The Group operates in one segment: cloud management software subscriptions.

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 400 paying customers, and almost no 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 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.

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 2021 was 85,623,080 of which 750,000 were series A shares, whereof 750,000 series A with 10x voting right. The average number of shares in the period January to June was 81,235,107, following the rights issue of 8,522,783 series B shares in March 2021.

WARRANTS

Divio Technologies AB (publ) has two active series of warrants per closing date. No new warrants were issued in the period. If all current warrants are exercised, this would lead to a dilution of 15.06% in Divio Technologies AB (publ), which would increase share capital by SEK 1,289,150 and add up to SEK 49,173,450 in equity capital.

Warrant Series	Duration	Strike	Expiry	Investors	Employees	Total warrants	Possible share issue	Dilution if exercised
Incentives program	2018/2022	9.30 SEK (1:1)	2022-05-31	-	1,666,500	1,666,500	1,666,500	1.95%
Series B	2019/2022	3.00 SEK (2:1)	2022-04-15	14,450,000	8,000,000	22,450,000	11,225,000	13.11%

UPCOMING FINANCIAL REPORTS

4 March 2022

End-year Report (1 July - 31 December)

13 May 2022

Annual Report 2021

3 June 2022

Annual General Meeting in Stockholm

Financial reports will be available on the company's website www.divio.com on the date of publication.

DIVIDEND

No dividend to shareholders is proposed.

STATEMENT OF ASSURANCE

This report was adopted by the Board of Directors of Divio Technologies AB (publ) on 25 August 2021. The Board currently consists of Anette Ringnér, Chairman, and board members Christian Bertschy, Niklas Köresaar and Kimmo Björnsson.

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

Customers pay a monthly subscription fee (monthly recurring revenue, MRR) for Divios platform.

Professional services

Revenue origin from customised projects

Earnings per share

Calculated as profit divided by the outstanding shares of common stock.

INCOME STATEMENT GROUP, SUMMARISED

KSEK

	Jan--Jun 2021	Jan-Jun 2020	2020
Net sales	8,096	6,290	11,791
Capitalised development	2,242	3,278	5,130
Other revenue	0	234	977
Total revenue	10,338	9,802	17 897
Other external costs	-6,961	-8,349	-13,290
Personnel	-5,658	-8,928	-16,684
Depreciation / Amortization	-2,462	-2,463	-4,979
Operating profit	-4,744	-9,938	-17,056
Net financial items	-510	-293	-1,462
Earnings before tax	-5,253	-10,130	-18,518
Taxes on earnings	-5	-66	-92
Profit for the period	-5,258	-10,197	-18,610

BALANCE SHEET GROUP, SUMMARISED

KSEK

Assets	2021-06-30	2020-06-30	2020-12-31
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalised development expenses	12,198	13,963	12,616
Other intangible fixed assets	50	80	65
Total Intangible fixed assets	12,248	14,043	12,681
<i>Tangible fixed assets</i>			
Computers	25	60	40
Total tangible fixed assets	25	60	40
Financial assets			
Other financial assets	38	22	1
Total financial assets	38	22	1
Total fixed assets	12,311	14,125	12,722
Current assets			
Trade receivables	417	189	234
Other current receivables	2,335	722	1,481
Total current assets	2,752	911	1,715
Cash and cash equivalents	18,875	3,647	1,095
Total assets	33,824	18,683	15,531

KSEK

Equity and liabilities			
<i>Equity</i>			
Share capital	8 562	6,599	7,676
Other equity	21 192	16,345	20,701
This year's profit (loss)	-5 258	-10,196	-18,610
Total equity	24,484	12,748	9,767
<i>Current liabilities</i>			
Trade payables	2,430	1,592	865
Other current liabilities	7,013	4,344	4,899
Total current liabilities	9,442	5,936	5,764
Total Equity and liabilities	33,939	18,683	15,531

CASH FLOW STATEMENT GROUP, SUMMARISED

KSEK	Jan-Jun 2021	Jan-Jun 2020	2020
Cash flow from operating activities			
Result after financial items	-5,253	-10,130	-18,518
Adjustment for non-cash items	2,729	2,463	5,837
Changes in current assets	-1,071	309	-351
Changes in current liabilities	3,975	1,478	1,488
Cash flow from operating activities	380	5,880	-11,544
Cash flow from investing activities			
Changes in financial assets	-2,227	-3,278	-5,130
	-43	313	335
Cash flow from investing activities	-2,270	-2,965	-4,795
Cash flow from financing activities			
Rights issue	19,680	8,000	13,000
Repayment of loans	0	-1,476	-1,459
Cash flow from financing activities	19,680	6,524	11,541
Total cash flow for the period	17,790	-2,321	-4,798
Cash at the beginning of the period	1,095	5,948	5,948
Exchange rate differences	-10	21	-55
Cash at the end of the period	18,875	3,647	1,095

CHANGE IN EQUITY GROUP, SUMMARISED

(Values in KSEK)	Jan-Jun 2021	Jan-Jun 2020	2020
Equity at the beginning of the period	9,767	14,524	14,524
New share issue	19,680	8,000	13,400
Currency translation differences	308	420	453
Profit (loss)	-5,258	-10,196	-18,610
Equity at the end of the period	24,496	12,748	9,767

INCOME STATEMENT PARENT COMPANY, SUMMARISED

KSEK

	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	3,442	5,715	9,828
Total revenue	3,442	5,715	9,828
Other external costs	-1,320	-1,982	-3,584
Personnel	-2,021	-3,540	-6,005
Depreciation / Amortization	-15	-15	-30
Other operating costs	0	0	0
Operating profit	86	178	209
Net financial items	21		-4
Allocations	0	-1	0
Earnings before tax	107	177	205
Taxes	0	-38	0
Profit (loss) for the period	107	139	205

BALANCE SHEET PARENT COMPANY, SUMMARISED

KSEK			
Assets	2021-06-30	2020-06-30	2020-12-31
Fixed assets			
Other immaterial fixed assets	50	80	65
Total immaterial fixed assets	50	80	65
Financial assets			
Shares in Group companies	60,269	60,269	60,269
Other financial assets			
Total financial assets	60,269	60,269	60,269
Total fixed assets	60,319	60,349	60,334
Current assets			
Trade receivables	10,747	4,687	9,010
Current financial receivables from group companies	15,372	13,500	14,500
Other current receivables	298	276	238
Total current assets	26,417	18,463	23,748
Cash and cash equivalents	17,254	485	394
Total assets	103,991	79,297	84,476
KSEK			
Equity and liabilities			
<i>Equity</i>			
Share capital	8,562	6,599	7,710
Share premiums	92,824	69,709	73,998
Retained profits (losses)	524	318	319
This year's profit (loss)	107	139	205
Total equity	102,017	76,765	82,232
Current liabilities			
Trade payables	280	89	154
Other current liabilities	1,694	2,443	2,090
Total current liabilities	1,973	2,532	2,244
Total Equity and liabilities	103,991	79,297	84,476