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The Board of Directors of Divio Technologies AB has resolved to carry out a rights issue of approx. SEK 15.5 million and announces financial target to achieve positive cash flow by 2025

The Board of Directors of Divio Technologies AB ("Divio" or "the Company") has today, October 18, 2024, resolved to carry out a rights issue of shares with preferential right for the Company's existing shareholders, of a maximum of 128 900 844 shares of series B, corresponding to approx. SEK 15.5 million before transaction costs (the "Rights Issue"). The subscription price in the rights issue has been set at SEK 0.12 per series B share. The Rights Issue is secured in writing to 95.8 percent through pre-subscription- and guarantee commitment agreements, whereof members of the Company's board, management, and related parties have committed to approx. 4.3 MSEK. A memorandum, with a more detailed description of the offer, will be published latest one day before the first day of the subscription period of the Rights Issue. Depending on the outcome of the Rights Issue, and to the extent guarantee commitments are not activated for subscription in the Rights Issue, the Company may, at its own discretion and in connection with the announcement of the outcome of the Rights Issue, decide to carry out a directed issue of series B shares up to approx. SEK 5 million to certain professional investors (the "Directed Issue"). If the Directed Issue is carried out, it will be resolved by the Company's board of directors based on the authorization granted by the annual general meeting.

Comment from Jon Levin, CEO of Divio

"Divio has made great progress in 2024. Recently, we secured another major contract that, together with our other enterprise clients, strengthens our market credibility and significantly facilitates new sales. We have also seen an increase in upselling to existing customers, including a new support agreement with one of our largest clients, ensuring stable revenues until at least 2026.

We have made significant strides in pre-sales, including the development of a new prospecting engine to identify high-potential leads. Additionally, we have launched a self-service platform with free trials, which has generated high-quality leads and improved efficiency. Our partner network has grown by 10 new partners, and our consulting business has expanded with new clients and extended contracts.

Reaching positive cashflows is one the Company's most important targets. We have taken a significant step in the right direction through the latest major deal, along with several smaller deals and cost-efficiency measures. With our current momentum, we aim to reach this by 2025. To bridge

the gap to profitability and to secure our cash flow and continue driving strong growth and sales forward, we are now carrying out the Rights Issue.

Summary of the Rights Issue

- The Rights Issue includes a maximum of 128 900 844 new series B shares.
- The subscription price is set at SEK 0.12 per new share. If fully subscribed, the Company will raise approximately SEK 15.5 million before issuance costs.
- Existing shareholders as of the record date on October 25 2024 will receive one (1) subscription right for each held A and/or B share. Thirteen (13) subscription rights entitle the holder to subscribe for nine (9) new shares of series B.
- The subscription period for the Rights Issue runs from October 29, 2024, to November 12, 2024.
- Members of the Company's board and management, along with certain existing shareholders, have committed to subscribing for approximately 3,3 MSEK of the Rights Issue, corresponding to 21.5 percent. Additionally, the Company's CEO, Jon Levin and external investors have also entered into guarantee commitments for a total of 11.5 MSEK, corresponding to 74.4 percent. In total, the Rights Issue is secured up to approximately 14.8 MSEK, corresponding to 95.8 percent.
- The purpose of the Rights Issue is to i) provide the company with necessary working capital until the Company reaches positive cashflows, ii) appoint resources to optimize and support the onboarding of the new enterprise customer, which was announced via a press release on September 9, 2024, and iii) invest further in sales and the partner network.
- Due to the Rights Issue, Divio's board has decided to postpone the publication of the third-quarter interim report for 2024 to November 29, 2024. Previous date for the publication of the Q3 report was November 14. Due to the postponement of the report, Divio intends to communicate preliminary figures for the third quarter no later than one day before the subscription period commences.

Background, motive and objectives

Divio develops and sells a software platform (PaaS - Platform-as-a-Service) that enables companies to develop and maintain cloud-based web applications in a secure, user-friendly and cost-effective way. The company is ISO 27001 certified and facilitates the management and maintenance of complex cloud infrastructures with multiple cloud providers such as AWS, Azure and Google Cloud on a single platform.

In September 2024, Divio signed a 3-year contract with a large Swiss healthcare company, with a total contract value of approximately SEK 44 million. Of the total contract value, monthly installments of approximately USD 56,000 and USD 59,000 will be paid monthly as recurring SaaS revenue, and recurring consulting revenue respectively. The contract was a significant milestone in substantially increasing the company's MRR (Monthly Recurring Revenue), while the agreement was won in a competitive procurement process against several well-known competitors, emphasizing the value of Divio's services.

The company is in an expansive growth phase and aims to further increase MRR (Monthly Recurring Revenue) by the end of the year, as well as achieve positive cash flows in 2025. The

purpose of the Rights Issue is to provide the company with the necessary working capital until positive cashflows operations is expected to be reached and to bridge the gap caused by pre-payments.

Objectives

In connection with the Rights Issue, Divio is communicating updated objectives.

Remaining part of 2024:

- Onboard the newly signed "blue-chip" customer.
- Convert a first customer referred through the partnership with AWS.
- Establish a stable partnership sales structure that generates at revenue.
- Reduce the Company's cost base and hence decrease the gap between revenue and expenses.

2025:

- Sign agreements with at least two enterprise customers that have significant growth potential.
- Strengthen the presence and Divio's brand in existing markets.
- Expand organically into new markets
- Reach positive cash flow.

Use of proceeds

Through the Rights Issue, Divio will raise approximately SEK 15.5 million before issuance costs, which at full subscription are expected to amount to approximately 3.4 MSEK, including guarantee fees of around 1.5 MSEK. The net proceeds from the Rights Issue are intended to be allocated for the following purposes:

- **Allocation of resources to optimize the onboarding and support of the new Swiss enterprise customer**
- **Investment in sales and the partner network**
- **Financing the working capital deficit.**

Terms for the Rights Issue

The Board of Directors, with authorization from the Annual General Meeting on June 7, 2024, has decided on an issue of a maximum of 128,900,844 new shares of series B. The Rights Issue can provide the Company with up to approximately SEK 15.5 million before transaction costs, of which approximately 1.1 MSEK is expected to be paid by offset of debt and would therefore not constitute new capital for the company. Divio's existing shareholders, regardless of share class, have preferential rights to subscribe for new shares of series B in proportion to their current shareholding. The general public also has the right to subscribe for B shares in the Rights Issue.

One (1) existing share in the Company, regardless of share class, entitles the holder to one (1) subscription right. Thirteen (13) subscription rights entitle the holder to preferential rights to subscribe for nine (9) new B shares in Divio. The subscription price in the Rights Issue has been set at SEK 0.12 per share of series B.

Subscription of shares shall take place during the subscription period, which runs from October 29,

2024, to November 12, 2024. Subscription rights that are not used during the subscription period will become invalid and lose their value. Trading in subscription rights is expected to take place on Nasdaq First North Growth Market from October 29, 2024, to November 7, 2024. Trading in BTA (Paid Subscribed Shares) is expected during the period from October 29, 2024, until the issue is registered with the Swedish Companies Registration Office.

A fully subscribed new issue will increase the share capital by SEK 12,890,084.40, from SEK 18,619,011.40 to SEK 31,509,095.80, and the total number of shares will increase by 128,900,844 B shares, from a total of 186,190,114 share of series A and B combined, to a combined total of 315,090,958 shares of series A and B. Existing shareholders who choose not to participate in the Rights Issue will experience a dilution effect of approximately 40.1 percent of votes and 40.9 percent of capital, calculated based on the number of shares in the Company before the Rights Issue. Shareholders who choose not to participate in the Rights Issue have the option to partially compensate for the economic dilution effect by selling their subscription rights by November 7, 2024.

Depending on the outcome of the Rights Issue, and provided that the Rights Issue has been subscribed for at least the amount for which subscription has been made without utilizing any guarantee commitments, the Company may, at its own discretion and in connection with the announcement of the outcome of the Rights Issue, decide to carry out a directed share issue of series B shares up to approx. SEK 5 million to certain professional investors. If the Directed Issue is carried out, it will be decided by the Company's board of directors based on the authorization granted by the annual general meeting.

Pre-subscription- and guarantee commitments

Divio has received pre-subscription- and guarantee commitments totaling approx. SEK 14.8 million, which in total corresponds to approx. 95.8 percent of the Rights Issue. Pre-subscription commitments from members of the Board, management, and Company contacts, with and without preferential right, amount to approx. SEK 3.3 million, corresponding to approx. 21.5 percent of the Rights Issue. Guarantee commitments from external investors and Company's CEO amount to a total of approx. SEK 11.5 million, corresponding to approx. 74.4 percent of the Rights Issue. Guarantee Commitments are divided into three different tranches covering various ranges of the Rights Issue.

- Guarantors in Guarantee Tranche 1 guarantee subscriptions within the range of 21.5 percent up to 57.7 percent of the Rights Issue. Guarantee Tranche 1 is a "bottom-up" type, where the guarantors commit to subscribe for the remaining shares up to approximately 57.7 percent of the Rights Issue, provided that the Rights Issue is subscribed to less than 57.7 percent.

- Guarantors in Guarantee Tranche 2 guarantee subscriptions within the range of 57.7 percent up to 83.5 percent of the rights issue. Guarantee Tranche 2 is also "bottom-up," meaning that the guarantors commit to subscribe for the remaining shares up to approximately 83.5 percent of the Rights Issue, provided that Rights Issue is subscribed to less than 83.5 percent.

Guarantee Tranche 3 is a "top-down" type, where guarantors commit to subscribing for the remaining number of shares to full subscription, however not for more than each individual commitment. The Tranche 3 guarantee, covering 15.9 percent of the Rights Issue, is provided by external guarantors and the Company's CEO, Jon Levin.

For guarantee commitments provided by external investors, a cash compensation of 15 percent of the guaranteed amount is payable. Guarantors in the Tranche 3 guarantee have the option to instead have their compensation paid out as 20 percent in additional shares to the same terms as in the Rights Issue. No compensation is provided for the subscription commitments or the guarantee commitments from members of the Company's management.

Lock-up

All members of the Company's board and management have entered into so-called lock-up agreements with the Company's financial advisor, Sedermera Corporate Finance AB. The lock-up commitment means that the sale of existing shares and shares acquired in the Rights Issue is not allowed without the consent of Sedermera Corporate Finance AB. The lock-up commitment is valid from the end of the subscription period and for a period of 6 months thereafter.

Timeline for the Rights Issue

- Last day of trading in the share including the right to receive subscription rights: October 23, 2024.
- First day of trading in the share excluding the right to receive subscription rights: October 24, 2024.
- Record date for participation in the Rights Issue: October 25, 2024.
- Subscription period: October 29 – November 12, 2024.
- Trading in subscription rights: October 29 – November 7, 2024.
- Trading with BTA: October 29 until the Rights Issue has been registered with the Swedish Companies Registration Office 2024.
- Announcement of outcome in the Rights Issue: November 13, 2024.

Memorandum, teaser and possibility to subscribe

Memorandum and teaser regarding the Rights Issue will be made available via the Company's (www.divio.com), Sedermera Corporate Finance AB's (www.sedermera.se) and Nordic Issuing AB's (www.nordic-issuing.se) websites latest the day before the first day of the subscription period.

Postponement of Interim Report

Due to the Rights Issue, the Company has decided to postpone the release of its interim report for the third quarter of 2024 to November 29, 2024. Previous date for the publication of the Q3 report was November 14. Due to the postponement of the report, Divio intends to communicate preliminary figures for the third quarter no later than one day before the subscription period commences.

Investor Presentation

In connection with the Rights Issue, the Company will invite shareholders and external investors to attend a digital presentation outlining the future plans and the rationale behind the Rights Issue. The invitation, including the date and time, will be communicated in connection with the subscription period commencing.

Advisors

In connection with the Rights Issue, Divio has assigned Sedermera Corporate Finance AB as financial adviser, Eversheds Sutherland Advokatbyrå AB as legal advisor and Nordic Issuing AB as issuing institution.

For more information about the Rights Issue, please contact:

Sedermera Corporate Finance AB

Phone: +46 (0)40 615 14 10

E-mail: cf@sedermera.se

www.sedermera.se

For further information about the Company, please contact:

Jon Levin, CEO Divio Technologies AB

Phone: +46 (0)73 244 70 66

E-mail: jon.levin@divio.ch

Certified Adviser

FNCA Sweden AB

Phone: +46 (0)8 528 00 399

E-mail: info@fnca.se

This press release is an English translation of the Swedish original. In the event of any discrepancies, the Swedish version shall govern.

Important information

This press release does not constitute an offer to acquire, subscribe to, or otherwise trade in shares, warrants, subscription rights, paid subscribed shares (BTA), or other securities in Divio Technologies AB. Investors should not subscribe to or acquire any securities except on the basis of the information in the memorandum that will be published prior to the commencement of the subscription period in the rights issue. No actions have been taken, nor will any actions be taken, to permit a public offering in any jurisdictions other than Sweden.

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distribution or the rights issue would require actions as outlined in the previous sentence or where it would violate the regulations of such a country. Actions in violation of this instruction may constitute a breach of applicable securities laws.

No shares, warrants, subscription rights, BTA, or other securities have been registered or will be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or the securities laws of any state or other jurisdiction in the United States, and may not be offered, subscribed, exercised, pledged, sold, resold, allotted, delivered, or otherwise transferred, directly or indirectly, in or into the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of the relevant state or other jurisdiction in the United States.

This press release may contain certain forward-looking information reflecting the Company's current view of future events as well as financial and operational developments. Terms such as "intends," "assesses," "expects," "may," "plans," "believes," "estimates," and other expressions indicating or predicting future developments or trends, which are not based on historical facts, constitute forward-looking information. Forward-looking information is inherently associated with both known and unknown risks and uncertainties, as it depends on future events and circumstances. Forward-looking information does not guarantee future performance or development, and actual outcomes may differ significantly from those stated in the forward-looking information. Neither the Company nor any other party undertakes to review, update, confirm, or publicly announce any revisions to any forward-looking statements to reflect events occurring or circumstances arising concerning the content of this press release, unless required by law or the Nasdaq First North Growth Market rulebook.

Press enquiries

For further information about Divio Technologies, please visit divio.com or contact CEO Jon Levin (ir@divio.com)

The company's Certified Adviser is FNCA Sweden AB.

About Divio Technologies

Divio Technologies AB (Publ) is the PaaS and Cloud Management Software development group behind the Divio platform, which simplifies cloud hosting, deployment and development via a PaaS solution. The platform allows enterprises to reduce costs, time to market and the burden on employees, as well as decreasing dependency on cloud vendors.

This information is information that Divio Technologies is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-10-18 09:45 CEST.

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Attachments

[The Board of Directors of Divio Technologies AB has resolved to carry out a rights issue of approx. SEK 15,5 million and announces financial target to achieve positive cash flow by 2025](#)