

Invitation to subscribe for units Divio Technologies AB

Everything
Your Web
Apps Need

Subscription period: 7-21 December 2022

Important information

Divio Technologies AB ("Divio" or the "Company") is now carrying out a rights issue of units in which the public is also given the opportunity to participate (the "Rights Issue"). The following summary is not a complete offer but should be read as an introduction to Divio and the information memorandum that describes the offer in its entirety (the "Memorandum"). Thus, this document does not necessarily contain all the information that may be needed for an investment decision. All investors are asked to read the Memorandum available on the Company's website (www.divio.com) to inform themselves about potential risks which are associated with the decision to invest in the securities, before a decision is made to invest.

Best-in-class cloud services, bulletproof security and hands-on support – it's all included

Divio develops and sells an ISO 27001 certified platform that facilitates the management and maintenance of complex third-party cloud infrastructures, ranging from the largest players AWS, Azure and Google Cloud to smaller cloud providers. A lot of resources in terms of time, money and staff can be saved thanks to Divio's platform automating most of the work that is otherwise done manually by senior experts.

Clients and partners

Divio has a fully developed platform used by over 500 paying customers and among them high profile companies like Fidelity, Walker Dunlop etc., with ever increasing service demand. In addition to this, Divio has many strategic partnerships with agencies and IT-consultancies that wants access to Divio's solution. Divio will shortly, on proposal from one of the world's largest Infrastructure-as-a-Service (IaaS) providers, establish a close certified partner relationship, where Divio will offer customers a combined solution. The combination of hyperscaler (hyperscale computing, which is an agile method of processing data) and Divio offers a managed cloud infrastructure with all the tools and services that customers need to develop, deploy, run and maintain their web applications. With the right sales resources and support from Divio, this partnership will be a game changer.

Product – ever stronger product and ISO-certified product

With a highly scalable model, low marginal cost of onboarding new customers, fully automated platform, and effortless secure web applications in the Cloud, it has never been easier for businesses to develop and operate web applications in the cloud with enterprise-grade products and services. Divio's platform is state of the art on the PaaS market and acclaimed by large companies, as well as well-known players in the cloud industry like AWS and CloudFlare.

The offer in brief

Subscription period: 7-21 December 2022.

Subscription price: SEK 2.10 per unit, corresponding to SEK 0.15 per B-share.

Issue volume: The offer includes a maximum of 5,708,205 units, corresponding to 79,914,870 B-shares and 34,249,230 warrants of series TO 1. Provided that the Rights Issue is fully subscribed, the Company will receive approximately SEK 12 million before issue costs.

Preferential right to subscription: Whoever on the record date on 5 December 2022 were registered as a shareholder in Divio has preferential right to subscribe for units in the Company. One (1) existing share in the Company entitles the holder to one (1) unit right. Fifteen (15) unit rights entitle the holder to subscribe for one (1) unit in Divio. Each unit consists of fourteen (14) B-shares and six (6) warrants of series TO 1. The public is also given the opportunity to subscribe in the rights issue.

Trading in unit rights: Trading with unit rights will take place on Nasdaq First North Growth Market during the period 7-16 December 2022.

Trading with BTU: Trading with BTU (paid subscribed unit) will continue from 7 December 2022 until the Rights Issue has been registered with the Swedish Companies Registration Office.

Pre-subscription and guarantee commitments: Divio has received pre-subscription and guarantee commitments for a total of approximately 8.4 MSEK, corresponding to approximately 70 percent of the issue volume.

Warrants TO 1: The exercise price amounts to seventy (70) percent of the average volume-weighted price of the share according to First North's official price statistics during the period of 10 trading days ending two (2) banking days before the redemption period begins. The Company will publish the exercise price the day before the first day of the redemption period. The exercise price may not exceed the specified highest subscription price per share of SEK 0.28 per new B-share or fall below the specified minimum subscription price per share of SEK 0.15 per new B-share. Upon full exercise of warrants issued in the Rights Issue, the Company can receive approx. SEK 5.1-9.6 million before transaction costs. The exercise period is set to 7-21 June 2023.

Steady growth and low churn

Divio has well over 500 paying customers and an exceptionally low churn rate. Customers are not only staying, but also increasing their use of the Divio service, making the marginal cost for growth very low. Over the past five years, Divio has experienced steady growth in customers and MRR increase of 290 percent since 2018 and an average annual growth rate of 20-30 percent.

Capitalization to scale up sales

To further boost and aggressively scale up SME sales on new and existing markets, harvest from the hyperscale cloud provider and initiated incentivized sales, Divio is now executing the Rights Issue, in order to invest in resources.

Objectives

The Company's objectives for the period 2022-2024 are presented below.

2022

- Launch and implement new sales in two existing markets.
- Strengthen the sales team in existing markets.
- Strengthen with technical sales and engineering team.
- Continue working on sales agents in existing markets.
- Preparing to enter a new market.
- Evaluating the best way to speed up sales growth inc. co-ops/M&A.

2023

- Further increase technical sales and engineering team.
- Adding two new markets.
- Invest in inbound marketing and participation at events.
- Enter two new markets.
- The plan is to speed up sales growth including co-operations / acquisitions of small consultancy firms. In line with the 2022 strategic objectives.
- B/E: EBITDA/cash neutral in Q4.
- Grow the MRR stock by at least 30 percent per year on average over the next five years.

2024

- Further strengthen the organization in terms of customer support and developers to handle new customers.
- Review of adding two additional markets.

Use of proceeds

Through the Rights Issue, the Company can initially receive a maximum of approx. SEK 12 million and if all warrants issued in the Rights Issue are exercised at the highest subscription price, the Company can receive an additional maximum of approx. SEK 9.6 million before transaction costs.

The capital provided to the Company through the capitalization is intended to finance:

Sales & Partnerships

- Further boost and aggressively scale up SME sales (recruitment of technical sales).
- Harvest from one of the world's biggest cloud providers.
- New and existing markets.
- Initiated incentivized sales.

Product & Finance

- Increasing the engineering team to secure market lead.
- Repayment of loan.

Comment by the CEO

First of all, I am happy about the recent news that Divio has decided to bring in more capital. This will secure our funding for the foreseeable future and enable us to execute on our growth strategy. The proceeds from the Rights Issue will ensure a stable and foreseeable future and enable us to execute our ambitious growth strategy.

While the quality of our offering is high, the scalability potential of our product remains untapped. We are now scaling up our small yet efficient sales team. Our sales team learned a lot from the many interactions with clients and the analysis of the general market developments. Hence, we began the third quarter with expanding our sales focus towards SMEs rather than focusing solely on large multinationals. SMEs are much faster in their decision-making processes and more willing to trust a smaller, pioneering and innovative company like Divio.

To further facilitate sales, we rebranded and launched a brand-new communication platform with the sales-critical website at its core. While a large part of our service is based on a platform, we also put forward our consultative expertise. Complex selling in the cloud management industry is about trust and know-how. Divio's main product is our automated platform, but our sales team will be more consultative in their sales approach.

In addition to our updated sales strategy, we have established a top tier partnership with one of the world's largest cloud providers. We will now be able to approach more customers through the offerings of a much larger sales organization compared to our in-house capacities. This partnership is another clear marker of the genuine quality and professionalism of our team. All of the above will enable us to move from a 20 percent growth rate to 30 percent Year-on-Year on average over a five-year period.

"We need to recruit more technical sales and skilled engineers to leverage the scalability potential of our product and turn our new partnership into a fruitful collaboration. The upcoming funding round is a central piece of this strategy."

I am very proud of our smart and excellent team who has shown a production rate that far exceeds the benchmark. Despite this, we need to increase resources to support our growth objectives. We need to recruit more technical sales and skilled engineers to leverage the scalability potential of our product and turn our new partnership into a fruitful collaboration. The upcoming funding round is a central piece of this strategy.



Jon Levin | CEO, Divio Technologies AB



Terms and conditions

Issue volume

The Offer comprises a maximum of 5,708,205 units (shares and attached free warrants). The total issue amount amounts to a maximum of approx. SEK 12 million before issue costs. Upon full exercise of all warrants issued in the Rights Issue, the Company can receive an additional approx. SEK 5,1-9,6 million before issue costs.

Warrants of series TO 1*

One (1) warrant of series TO 1 entitles the holder to subscribe for one (1) newly issued B-share in the Company and can be used during the period from and including 7 June 2023 to and including 21 June 2023. Provided that the initial Rights Issue is fully subscribed and that all warrants of series TO 1 are exercised, the share capital will increase by a further SEK 3,424,923.

The warrants will be subject to trading from the time the conversion of BTU has taken place in Euroclear's system up to and including 19 June 2023 and will be traded in Swedish kronor. The warrants have ISIN-code SE0019174665.

The exercise price will amount to seventy (70) percent of the average volume-weighted price of the share according to First North's official price statistics during the period of 10 trading days ending two (2) banking days before the exercise period begins. The Company will announce the exercise price the day before the first day of the exercise period. The exercise price may not exceed the specified highest exercise price of SEK 0.28 per share, or fall below the lowest specified exercised price of SEK 0.15 per share.

Preferential right

Those who, on the record date of December 5, 2022, were registered as shareholders in the share register maintained by Euroclear on behalf of the Company have preferential right to subscribe for new units in relation to the number of shares held on the record date.

For each existing share held on the record date, one (1) unit right is obtained. The unit rights entitle the holder to subscribe for new units with preferential rights, whereby fifteen (15) unit rights give the right to subscribe for one (1) new unit. One (1) unit consists of fourteen (14) B-shares and six (6) warrants of series TO 1.

Subscription price

The subscription price is 2.10 SEK per unit, corresponding to a price per B-share of SEK 0.15. Brokerage fee is not payable.

Record date

The record date at Euroclear Sweden AB ("Euroclear") for the right to participate in the Rights Issue was December 5, 2022. The last day for trading in the Company's shares with the right to participate in the Rights Issue was December 1, 2022. The first day for trading in the Company's shares without right to participation in the Rights Issue was December 2, 2022.

Subscription period

Subscription of units with the support of unit rights must take place during the period from and including December 7, 2022, to and including December 21, 2022. The Board of Directors of the Company reserves the right to extend the subscription period. Any extension will be announced by the Company through a press release around December 23, 2022.

Unit rights

For each existing share held on the record date, one (1) unit right is obtained. Unit rights entitle the holder to subscribe for new units with preferential rights, whereby fifteen (15) unit rights give the right to subscribe for one (1) unit.

Trading in unit rights

Trading in unit rights takes place on Nasdaq First North Growth Market during the period December 7, 2022, to and including December 16, 2022. Shareholders must contact their bank or other administrator with the necessary permits directly to carry out the purchase and sale of unit rights. Unit rights acquired during the trading period give, during the subscription period, the same right to subscribe for units as the unit rights shareholders receive based on their holdings in the Company on the record date.

Unexercised unit rights

Unit rights which have not been sold no later than December 16, 2022, or exercise to subscribe for units no later than December 21, 2022, will be booked from all VP accounts without compensation. No special notification takes place when unit rights are cancelled.

Issue report and subscription

Direct-registered shareholders

The shareholders or representatives of shareholders who, on the record date of December 5, 2022, were registered with Euroclear, will receive a pre-printed issue statement with an attached payment notice, as well as a teaser containing a summary of the terms of the Rights Issue with reference to the full Memorandum. Information will be available on Nordic Issuing's website (www.nordic-issuing.se) and on the Company's website (www.divio.com). Anyone who is included in the list of mortgagees etc. kept separately in connection with the share register does not receive any information but is notified separately. VP-notice reporting the registration of unit rights on the shareholder's VP account is not sent out.

Subscription with the support of preferential rights

Subscription with the support of preferential rights must take place by simultaneous cash payment no later than December 21, 2022. Subscription by payment must be done either with the pre-printed payment notice attached to the issue statement, or by subscription on Nordic Issuing's platform according to the following two options:

1. Issue report (printed payment notice from Euroclear)

In the event that all unit rights obtained on the record date are desired to be used for subscription, only the pre-printed payment receipt must be used as a basis for subscription by cash payment.

2. Subscription via Nordic Issuing supported by unit rights

In the event that a different number of unit rights than appears in the pre-printed issue statement is used for subscription, e.g. through unit rights being acquired or sold, subscription with the support of unit rights must be made on Nordic Issuing's platform <https://minasidor.nordic-issuing.se/> and used as a basis for subscription by cash payment. The shareholder must log in to the platform and state the number of unit rights they wish to exercise, the number of units they subscribe for and the amount to be paid. Registration is binding.

Information to banks/managers regarding subscription

On the first day of the subscription period, Nordic Issuing sends out an email containing the Memorandum, a short summary of the offer and notification forms that all banks/managers can use for subscription with the support of unit rights for their underlying customers.

Nordic Issuing reserves the right to disregard subscription forms received by post, as it cannot be guaranteed that they will be received before the last day of the subscription period if they are mailed.

Nominee-registered shareholders

Shareholders whose holdings of shares in the Company are nominee-registered with a bank or other trustee will not receive an issue statement. Subscription and payment must instead take place in accordance with instructions from the respective bank or administrator. Please note that when unit rights are exercised via a bank or administrator, this should take place early in the subscription period since the respective bank/administrator can set different time limits for the last day for subscription.

Subscription without preferential right

Subscription of units without preferential rights must take place during the same period as subscription of units with support of preferential rights, i.e. from 7 December 2022. The Board of Directors of the Company reserves the right to extend the subscription period and the time for payment under any circumstances. Such an extension must be announced no later than the last day of the subscription period and published by the Company.

The application to subscribe for units without preferential rights must be made on Nordic Issuing's platform <https://minasidor.nordic-issuing.se/>.

For nominee-registered shareholders, notification of the subscription of units without preferential rights must be made to the respective nominee and in accordance with instructions from it, or if the holding is registered with several trustees, from each of these. In order to be able to invoke subsidiary preferential right, it is required that the subscription is carried out via the nominee, as there is otherwise no possibility to identify a certain subscriber who has subscribed for units both with and without the support of unit rights.

Incomplete or incorrectly completed subscriptions may be disregarded. It is only permitted to report one "Subscription without the support of unit rights". The subscription must take place no later than December 21, 2022. The registration is binding.

* Please note that the warrants, named "TO 1" in this document, will be named "TO 4" in the Euroclear Sweden AB system, and potentially in the different bank's systems.

Subscription over EUR 15,000

In the event that the subscription amounts to or exceeds EUR 15,000, a money laundering form must be completed and submitted to Nordic Issuing in accordance with the Act (2017:630) on measures against money laundering and the financing of terrorism. Please note that Nordic Issuing cannot book securities, even though payment has been received, until the money laundering control form is at Nordic Issuing's disposal.

Allocation in case of subscription without preferential rights

In the event that not all units are subscribed with preferential rights as above, the Board must, within the framework of the maximum amount of the Rights Issue, decide on the allocation of units to others who have subscribed for units without the support of preferential rights and decide how the distribution between subscribers is to take place.

In the first instance, allocation of units subscribed without the support of unit rights shall be made to subscribers who also subscribed for units with the support of unit rights, regardless of whether the subscriber was a shareholder on the record date or not, and in the event that allocation to these cannot take place in full, allocation must take place pro rata in relation to the number of unit rights that have been used for subscription of units and, to the extent that this cannot take place, by lottery.

In the second instance, allocation of units subscribed without the support of unit rights shall be made to others who subscribed without the support of unit rights, and in the event that allocation to these cannot take place in full, allocation shall be made pro rata in relation to the number of units that were and a signed and, to the extent that this cannot take place, by lot.

In the third instance, allocation of units subscribed without the support of unit rights shall be made to the issue guarantors in relation to the size of the underwriting commitments, and to the extent that this cannot be done, by lottery.

Notice of allocation of units subscribed without preferential rights

Notice of possible allocation of units, subscribed without preferential rights, is given by sending an allocation notice in the form of a settlement note via e-mail. Settlement notes are calculated to be sent out as soon as possible after the end of the subscription period, and according to the instructions on the settlement note, liquidation must be paid no later than four (4) banking days thereafter. Note that there is no possibility to withdraw the amount from the specified deposit. If liquidation is not paid in time, units may be transferred to someone else. Should the sale price in such a transfer be lower than the price according to the offer, the person who originally received the allocation of these units may be liable for all or part of the difference. No notification is given to those who have not received an allocation.

Shareholders residing abroad

Shareholders residing outside Sweden (however, this does not refer to shareholders residing in the USA, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, South Korea, Russia, Belarus or other countries where participation requires additional prospectus, registration or other measures than those who follow Swedish law) and who have the right to subscribe for units in the Rights Issue, can contact Nordic Issuing for information on subscription and payment.

Due to restrictions in the securities laws of the United States, Australia, Japan, Canada, New Zealand, South Africa, Hong Kong, Switzerland, Singapore, South Korea, Russia, Belarus or other countries where participation requires additional prospectus, registration or other actions than those resulting from Swedish law, no unit rights will be offered to holders with registered addresses in any of these countries. Accordingly, no offer to subscribe for units in the Company is directed to shareholders in these countries.

Paid subscribed unit (BTU)

Subscription by payment is registered with Euroclear as soon as this can take place, which normally means a few banking days after payment. After that, the directly registered subscriber receives a VP notice with confirmation that the booking of paid subscribed units (BTU) has taken place on the subscriber's VP account. Subscribed units are booked as BTU in the VP account until the Rights Issue has been registered with the Swedish Companies Registration Office.

Shareholders who have their holdings on deposit with a bank or administrator receive information from the respective administrator.

Trading in BTU

Trading in BTU takes place on Nasdaq First North Growth from and including December 7, 2022, until the Rights Issue is registered with the Swedish Companies Registration Office. Subscribed units are booked as BTU in the subscriber's VP account or deposit until the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place on January 11, 2023.

Delivery of shares and warrants

As soon as the Rights Issue is registered with the Swedish Companies Registration Office, BTU is rebooked into shares and warrants without special notification from Euroclear. Please note that the Rights Issue may be partially registered at the Swedish Companies Registration Office.

Dilution

Through the Rights Issue, the Company's share capital can initially increase by a maximum of SEK 7,991,487 through the Rights Issue of a maximum of 79,914,870 B-shares, corresponding to approx. 46.4 percent of the votes and 48.3 capital in the Company. The dilution is based on the number of issuing shares at the time of drawing up this document.

In the event of full exercise of warrants of series TO 1 within the framework of the Rights Issue, the share capital can increase by a further maximum of SEK 3,424,923, corresponding to an additional approx. 16.6 percent of the votes and approx. 17.1 percent of the capital in the Company.

Publication of the outcome of the Rights Issue

The publication of the outcome of the Rights Issue is planned for 23 December 2022, or as soon as possible after the subscription period has ended. The Company will publish the outcome of the Rights Issue through a press release.

Trading in the share

The shares in the Company are listed on Nasdaq First North Growth. The shares are traded under the short name "DIVIO B" and have ISIN code SE0011311554. The new shares are admitted to trading in connection with the conversion of BTU into shares.

Applicable law

Divio's shares are issued in accordance with the Swedish Companies Act (2005:551) and are governed by Swedish law.

Right to dividends

The new shares carry the right to a dividend for the first time on the first dividend record date that falls after the new shares have been registered at the Swedish Companies Registration Office. The new shares have the same right to dividends as the existing shares.

Other

The Board of Directors for the Company does not have the right to cancel, revoke or temporarily withdraw the offer to subscribe for new units in the Company in accordance with the terms.

In the event that an excessive amount has been paid in by a subscriber for subscribed units, Nordic Issuing AB will see to it that the excess amount is refunded. In such case, Nordic Issuing AB will contact the subscriber for information about a bank account to which Nordic Issuing AB can repay the amount. No interest will be paid on excess amounts. Amounts below SEK 100 are only refunded on request.

Subscription of new units is irrevocable, and the subscriber cannot cancel or modify a subscription of new units. An incomplete or incorrectly completed registration form may be left without consideration. If the liquid for subscribed units is paid late, is insufficient, or is paid incorrectly, the notification of subscription may be left without consideration, or subscription may take place with a lower amount. Cash paid that has not been used will be refunded.

If several application forms of the same category are submitted, only the application form that was last received by Nordic Issuing AB will be considered. Late payments of amounts less than SEK 100 will only be refunded on request. Registration of the rights issue with the Swedish Companies Registration Office is expected to take place around 11 January 2023.

Issuing agent

Nordic Issuing AB is acting as an issuing agent in connection with the Rights Issue.