

## ZignSec Enters Into an Agreement to Acquire 100 Percent of the Shares in Wyzer Limited

**ZignSec AB ("ZignSec") has today entered into an agreement to acquire 100 per cent of the Malta-based entity Wyzer Limited, including its subsidiary Caledo Tech Limited ("Wyzer").**

Wyzer is a leading provider of software specifically designed and written for optimizing and automating the management of business processes and verifications in Malta and internationally. The Company was founded in 2017 by Dr Abdalla Kablan (Chairman of the Board) and Daniel Grech (CEO) and has a team of 11 people. From 1 September 2019 to 30 August 2020, Wyzer's revenue amounted to SEK 5.5 million and EBIT amounted to SEK 1.6 million.

### The transaction in brief

- The transaction is in line with ZignSec's previously communicated strategy to perform complementary acquisitions to establish a stronger industry position.
- The transaction is expected to result in an increasingly diversified business model with recurring revenues.
- Completion of the transaction is subject to customary conditions including foreign investment approval, and closing is expected to take place during Q1 2021.
- The consideration for the shares in Wyzer amounts to EUR 3 million, equivalent to SEK 30.5 million<sup>[1]</sup>, paid at the closing of the transaction (the **"Upfront Consideration"**)
  - EUR 1.5 million, equivalent of SEK 15.25 million, of the Upfront Consideration will be paid with ZignSec shares (the **"Consideration Shares"**), based on the Volume Weighted Average Price (**"VWAP"**) on Nasdaq First North Growth Market for the 10 consecutive trading days preceding this announcement (excluding today's trading) equal to SEK 22.05 per Consideration Share.
  - 25 per cent of the Consideration Shares will be subject to a 3-month lock-up and 75 per cent subject to a 1-year lock-up from the date of completion of the transaction
  - EUR 1.5 million, the equivalent of SEK 15.25 million, of the Upfront Consideration will be paid in cash.
- The transaction also includes earn-outs in the maximum amount of EUR 2 million, equivalent to SEK 20.3 million (using the current Fx rate EUR/SEK) for each of the financial years 2021 and 2022 (the **"Earn-Out"**).
  - The Earn-Out is based on Wyzer's net sales during the respective financial year and will be paid 50 per cent in cash and 50 per cent with ZignSec shares (the **"Earn-Out Shares"**) unless ZignSec chooses that the Earn-Out shall be paid 100 per cent either in cash or with Earn-Out Shares.
  - The subscription price for the Earn-Out Shares will correspond to the VWAP on Nasdaq First North Growth Market for the ten consecutive trading days preceding the date of each Earn-Out Share issue.

- The Earn-Out Shares will be subject to a 1-year lock-up from the respective dates of the Earn-Out Share issue.

## Background and rationale

Wyzer is a business process management and automation company based in Malta. The company is a leading provider of software designed for optimizing and automating the management of business processes and verifications for large, medium and small enterprises and has a competitive edge within artificial intelligence and automation. The Company was founded in 2017 by Dr Abdalla Kablan (Chairman of the Board) and Daniel Grech (CEO) and has a team of 11 people. Wyzer is currently launching their new flagship product *Wyzer Work* which has the following functionality:

- Intelligent Automation
- Digital Signatures
- Document Generation
- Analytical Reports

The company is rapidly growing and is expected to generate healthy operating margins. Wyzer is currently shifting towards a business model completely based on subscription fees which entails recurring revenue. The rationale behind the acquisition of Wyzer is its experienced team, profitability, access to client network and to complement ZignSec's product offering.

## Purchase Price, Earn-Out, Lock-Up Period

The upfront purchase price of EUR 3 million, equivalent to SEK 30.5 million, is paid with EUR 1.5 million cash, equivalent to approximately SEK 15.25 million, and EUR 1.5 million, equivalent to approximately SEK 15.25 million, is paid with newly issued ZignSec shares. The Consideration Shares are issued at SEK 22.05 per share, equal to the VWAP on Nasdaq First North Growth Market for the ten consecutive trading days preceding this announcement (excluding today's trading).

25 per cent of the Consideration Shares will be subject to a 3-month lock-up period and 75 per cent are subject to a 1-year lock-up period from the date of completion of the transaction.

The sellers are also entitled to an Earn-Out of up to EUR 4 million – EUR 2 million each for the financial years 2021 and 2022 – equivalent to SEK 40.7 million using the current Fx rate EUR/SEK at Riksbanken. The Earn-Out is based on the net sales for the financial years 2021 and 2022 and calculated as 1x (one time) the net sales for the relevant financial year given that Wyzer's EBIT for the relevant year is positive and as 0,5x (five-tenths of) the net sales should Wyzer's EBIT for the relevant year be negative. The amount of the Earn-Out pertaining to the financial year 2022 will, after calculation in accordance with the provisions above, be subject to a EUR 200 thousand reduction. The total amount of the Earn-Out for a single year may never exceed EUR 2 million, implying a maximum Earn-Out of EUR 4 million.

The Earn-Out shall be paid in two tranches – one in 2022 (based on Wyzer's net sales for 2021) and one in 2023 (based on Wyzer's net sales for 2022) – and be paid 50 per cent in cash and 50 per cent in Earn-Out Shares unless the Buyer chooses to pay either 100 per cent in cash or 100 per cent with Earn-Out Shares.

## **Issue of Consideration Shares**

The board of directors of ZignSec will resolve to issue the Consideration Shares at the completion of the transactions pursuant to the authorization granted by the annual general meeting on May 22, 2020.

The Consideration Shares represent 3.0 per cent of the total number of shares and votes in ZignSec on a fully diluted basis. By issuing the Consideration Shares, the number of shares and votes increase by 691,461. The share capital increases by approximately SEK 27,402.66.

The Consideration Shares are issued at SEK 22.05 per share which equals the ten day VWAP of ZignSec shares on Nasdaq First North Growth Market up to and including December 17, 2020 and using the FX rate EUR/SEK of 10.1645 per December 17, 2020, at Riksbanken.

## **Closing of the transactions**

Closing of the transactions are subject to customary conditions including foreign investment approval, and closing is expected to take place during Q1 2021.

## **Advisors**

Eversheds Sutherland is acting as legal advisor to ZignSec in this transaction.

## **For more information, please contact:**

Timm Schneider, CEO Tel: +46 8 121 541 39 [tim.schneider@zignsec.com](mailto:tim.schneider@zignsec.com)

Alexander Albedj, Chairman of the Board Tel: +46 76 221 30 75 [alexander.albedj@zignsec.com](mailto:alexander.albedj@zignsec.com)

## **About Zignsec AB**

ZignSec is a RegTech company that develops and operates a technical platform that has different types of ID verification methods in one place. The methods are used by companies to quickly and safely identify online customers in real time. The company's customers operate in various industries where identification is important, with the greatest concentration in financial services and iGaming.

Nasdaq First North (ZIGN)

Certified Adviser: Eminova Fondkommission AB, Tel: +46 8 684 211 00

## IMPORTANT INFORMATION

**The release, announcement or distribution of this press release may, in certain jurisdictions, be subject to restrictions. The recipients of this press release in jurisdictions where this press release has been published or distributed shall inform themselves of and follow such restrictions. The recipient of this press release is responsible for using this press release, and the information contained herein, in accordance with applicable rules in each jurisdiction. This press release does not constitute an offer, or a solicitation of any offer, to buy or subscribe for any securities in ZignSec in any jurisdiction, neither from ZignSec nor from someone else.**

## Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's and the Group's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company and the Group operates. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialise or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors and readers of this press release should not place undue reliance on the forward-looking statements in this press release. The information, opinions and forward-looking statements that are expressly or implicitly contained herein speak only as of its date and are subject to change without notice. Neither the Company nor anyone else undertake to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release, unless it is not required by law or Nasdaq First North Growth Market rule book for issuers.

[1] Using the fx rate EUR/SEK at the Swedish National Bank on 17 December 2020.

*This information is information that ZignSec 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 2020-12-18 08:10 CET.*

## Attachments

---

[ZignSec Enters Into an Agreement to Acquire 100 Percent of the Shares in Wyzer Limited](#)