

ZignSec AB (publ) resolves on a rights issue of approximately 26.2 MSEK guaranteed up to approximately 75 percent

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The Board of Directors of ZignSec AB (publ) ("ZignSec" or the "Company") has today, based on the authorization given by the shareholders on the annual general meeting on 28 June 2022, decided to carry out a rights issue with preferential rights for existing shareholders (the "Rights Issue"). Upon full subscription, the Company will receive issue proceeds of approximately SEK 26.2 million before issue costs. The Rights Issue is guaranteed up to approximately 75 percent through subscription commitments and guarantee commitments. The Rights Issue is carried out with the intention to finance the payment of the additional purchase price related to the acquisition of Wyzer Limited, carry out further product development and streamline the Company's sales organization as part of the strategic expansion as well as the reorganization announced where ZignSec aims to become profitable and create positive operating cash flow.

The Rights Issue in brief

- Rights issue of a maximum of 26,779,972 shares corresponding to, upon full subscription, total proceeds of approximately SEK 26.2 million before issue costs.
- Subscription commitments of approximately SEK 7.0 million have been received from the Board of Directors as well as the strategic shareholders in the Company. Guarantee commitments of approximately SEK 12.7 million have been received from several external investors. The Rights Issue is thus guaranteed to approximately 75 percent through subscription commitments and guarantee commitments.
- For each existing share held on the record date, one (1) subscription right is received in the Rights Issue. Holding of two (2) subscription rights entitles to subscribe for one (1) new share.
- Subscription price of SEK 0.98 per share.
- The record date for the Rights Issue is 20 June 2023 with the last day for trading including the right to receive subscription rights on 16 June 2023 and the first day for trading excluding the right to receive subscription rights on 19 June 2023.
- The subscription period for the Rights Issue is expected to begin on 22 June 2023 and to end on 6 July 2023.

CEO Glenn Mac Donald, comments

As the newly appointed CEO of the ZignSec Group, I am honored to lead our organization into a new chapter for the Company. We continue to work hard to further develop our core products and have recently implemented a comprehensive reorganization strategy to immediately improve profitability and cash flow, which we have already seen the first results of. After this Rights Issue, we see good opportunities to achieve cash flow positivity and I thank you for the confidence that my role entails.

Background and reasons

ZignSec intends to carry out the Rights Issue in light of securing working capital for at least 12 months ahead. The capital will be used for further product development and to streamline ZignSec's sales organization where additional working capital is required to finance the Company's plan, as well as the reorganization announced where ZignSec intends to become profitable and cash flow positive. In addition, part of the proceeds, SEK 5.5 million, will be used to pay Wyzer's earn-out, in accordance with the acquisition agreement entered into in 2020. The sellers of Wyzer have undertaken to subscribe for at least SEK 4.4 million in the Rights Issue. After this, the company has no earn-outs outstanding.

Terms of the Rights Issue

The Board of Directors of ZignSec has resolved on the Rights Issue, based on the authorization given by the shareholders on the annual general meeting on 28 June 2022, in accordance with the following principal terms:

- Rights issue of a maximum of 26,779,972 shares corresponding to, upon full subscription, total proceeds of approximately SEK 26.2 million before issue costs.
- Subscription commitments of approximately SEK 7.0 million have been received from shareholders who are also members of the Board of Directors as well as strategic shareholders in the Company. Guarantee commitments of approximately SEK 12.7 million have been received from several external investors. The Rights Issue is thus guaranteed to approximately 75 percent through subscription commitments and guarantee commitments.
- For each existing share held on the record date, one (1) subscription right is received in the Rights Issue. Holding of two (2) subscription rights entitles to subscribe for one (1) new share.
- Subscription price of SEK 0.98 per share.
- The record date for the Rights Issue is 20 June 2023 with the last day for trading including the right to receive subscription rights on 16 June 2023 and the first day for trading excluding the right to receive subscription rights on 19 June 2023.
- The subscription period for the Rights Issue is expected to begin on 22 June 2023 and end on 6 July 2023.
- Trading in subscription rights will take place on the Nasdaq First North Growth Market between 22 June 2023 and 3 July 2023.

- Through the Rights Issue, the share capital may increase by a maximum of SEK 1,061,292,643 from SEK 2,122,585,286 to SEK 3,183,877,929 and the number of shares may increase by a maximum of 26,779,972 shares from 53,559,944 shares to 80,339,916 shares, corresponding to a dilution of approximately 33.3 percent of the total number of shares in the Company.
- If not all shares are subscribed for by exercise of subscription rights, the Board shall, within the framework of the highest amount of the share issue, resolve on the allocation of the shares subscribed without the use of subscription rights. Allocation shall then take place in the following order:
 1. Firstly, allotment shall be made to those who have also subscribed for shares with the support of subscription rights, regardless of whether the subscriber was a shareholder on the record date or not, and in the event of oversubscription in relation to the number of subscription rights each used to subscribe for shares and, to the extent that this cannot be done, by drawing lots.
 2. Secondly, allotment shall be made to others who have subscribed for shares without the support of subscription rights, and, in the event that they cannot receive full allotment, in proportion to the number of shares each registered for subscription and, insofar as this is not can be done, by drawing lots.

Shares, share capital and dilution

Through the Rights Issue, the share capital may increase by a maximum of SEK 1,061,292,643 from SEK 2,122,585,286 to SEK 3,183,877,929 and the number of shares may increase by a maximum of 26,779,972 shares from 53,559,944 shares to 80,339,916 shares, corresponding to a dilution of approximately 33.3 percent of the total number of shares in the Company.

Subscription commitments and guarantee commitments

Subscription commitments of approximately SEK 7.0 million have been received from shareholders who are also members of the Board of Directors as well as strategic shareholders in the Company. Guarantee commitments of approximately SEK 12.7 million have been received from several external investors. The rights issue is thus secured to approximately 75 percent through subscription commitments and guarantee commitments. No compensation is paid for the subscription commitments. The subscription commitments and guarantee commitments have not been secured by bank guarantee, blocked funds, pledges or similar arrangements.

Lock-up undertakings

Prior to the Rights Issue, parts of the Company's Board of Directors and senior executives with holdings of financial instruments in the Company have entered lock-up commitments which, among other things, mean that they have, with certain customary exceptions, undertaken not to sell financial instruments in the Company for a period of 180 days after the announcement of the outcome of the Rights Issue.

Information memorandum

Complete terms and conditions regarding the Rights Issue as well as information on subscription commitments and further information about the Company will be presented in the information memorandum which will be published by the Company prior to the commencement of the subscription period.

Preliminary timetable regarding the Rights Issue

20 June 2023	Estimated date for publication of the information memorandum
16 June 2023	Last day of trading in shares of the company including the right to receive subscription rights
19 June 2023	First trading day in the share excluding the right to receive subscription rights
20 June 2023	Record date regarding the Rights Issue
22 June 2023 – 3 July 2023	Trading in subscription rights
22 June 2023 – 6 July 2023	Subscription period for the Rights Issue
10 July 2023	Estimated date for publication of the outcome in the Rights Issue

Advisors

Vator Securities AB is the Company's financial advisor and Eversheds Sutherland Advokatbyrå AB is its legal advisor in connection to the Rights Issue. Vator Securities AB also acts as the issuer agent in connection to the Rights Issue.

For more information, please contact

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About ZignSec

ZignSec is a technology group in the fast-growing RegTech industry. The company provides SaaS platform with digital real-time solutions for customer due diligence and ID verification with global

reach. The solutions are used by companies that in turn can optimize their processes for "onboarding" both corporate customers and consumers and at the same time ensure compliance with ever-changing local and global regulatory requirements for Know Your Customer (KYC) and Anti Money Laundering (AML).

Nasdaq First North Ticker Symbol: ZIGN

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INFORMATION TO DISTRIBUTORS

SOLELY FOR THE PURPOSES OF THE PRODUCT GOVERNANCE REQUIREMENTS CONTAINED WITHIN: (A) EU DIRECTIVE 2014/65/EU ON MARKETS IN FINANCIAL INSTRUMENTS, AS AMENDED ("MIFID II"); (B) ARTICLES 9 AND 10 OF COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 SUPPLEMENTING MIFID II; AND (C) LOCAL IMPLEMENTING MEASURES (TOGETHER, THE "MIFID II PRODUCT GOVERNANCE REQUIREMENTS"), AND DISCLAIMING ALL AND ANY LIABILITY, WHETHER ARISING IN TORT, CONTRACT OR OTHERWISE, WHICH ANY "MANUFACTURER" (FOR THE PURPOSES OF THE MIFID II PRODUCT GOVERNANCE REQUIREMENTS) MAY OTHERWISE HAVE WITH RESPECT THERETO, THE SHARES IN ZIGNSEC HAVE BEEN SUBJECT TO A PRODUCT APPROVAL PROCESS, WHICH HAS DETERMINED THAT SUCH SHARES ARE: (I) COMPATIBLE WITH AN END TARGET MARKET OF RETAIL INVESTORS AND INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES, EACH AS DEFINED IN MIFID II; AND (II) ELIGIBLE FOR DISTRIBUTION

THROUGH ALL DISTRIBUTION CHANNELS AS ARE PERMITTED BY MIFID II (THE "TARGET MARKET ASSESSMENT"). NOTWITHSTANDING THE TARGET MARKET ASSESSMENT, DISTRIBUTORS SHOULD NOTE THAT: THE PRICE OF THE SHARES IN ZIGNSEC MAY DECLINE AND INVESTORS COULD LOSE ALL OR PART OF THEIR INVESTMENT; THE SHARES IN ZIGNSEC OFFER NO GUARANTEED INCOME AND NO CAPITAL PROTECTION; AND AN INVESTMENT IN THE SHARES IN ZIGNSEC IS COMPATIBLE ONLY WITH INVESTORS WHO DO NOT NEED A GUARANTEED INCOME OR CAPITAL PROTECTION, WHO (EITHER ALONE OR IN CONJUNCTION WITH AN APPROPRIATE FINANCIAL OR OTHER ADVISER) ARE CAPABLE OF EVALUATING THE MERITS AND RISKS OF SUCH AN INVESTMENT AND WHO HAVE SUFFICIENT RESOURCES TO BE ABLE TO BEAR ANY LOSSES THAT MAY RESULT THEREFROM. THE TARGET MARKET ASSESSMENT IS WITHOUT PREJUDICE TO THE REQUIREMENTS OF ANY CONTRACTUAL, LEGAL OR REGULATORY SELLING RESTRICTIONS IN RELATION TO THE SHARE ISSUE. FURTHERMORE, IT IS NOTED THAT, NOTWITHSTANDING THE TARGET MARKET ASSESSMENT, THE JOINT BOOKRUNNERS WILL ONLY PROCURE INVESTORS WHO MEET THE CRITERIA OF PROFESSIONAL CLIENTS AND ELIGIBLE COUNTERPARTIES.

FOR THE AVOIDANCE OF DOUBT, THE TARGET MARKET ASSESSMENT DOES NOT CONSTITUTE: (A) AN ASSESSMENT OF SUITABILITY OR APPROPRIATENESS FOR THE PURPOSES OF MIFID II; OR (B) A RECOMMENDATION TO ANY INVESTOR OR GROUP OF INVESTORS TO INVEST IN, OR PURCHASE, OR TAKE ANY OTHER ACTION WHATSOEVER WITH RESPECT TO THE SHARES IN ZIGNSEC.

EACH DISTRIBUTOR IS RESPONSIBLE FOR UNDERTAKING ITS OWN TARGET MARKET ASSESSMENT IN RESPECT OF THE SHARES IN ZIGNSEC AND DETERMINING APPROPRIATE DISTRIBUTION CHANNELS.

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 2023-06-12 19:00 CEST.

Attachments

[ZignSec AB \(publ\) resolves on a rights issue of approximately 26.2 MSEK guaranteed up to approximately 75 percent](#)