

ZignSec Enters Into an Agreement to Acquire 70 Percent of the shares in Data Depot Engineering Pte Ltd, a company within BASIS ID

ZignSec AB ("ZignSec"), has today entered into an agreement to acquire 70 percent of the Singaporean entity Data Depot Engineering Pte Ltd, which together with DataDepot OÜ and Data Depot Asia Pte Ltd form the Estonia- and Singapore-based BASIS ID group ("BASIS ID Group"). ZignSec will also enter into agreements regarding acquisitions of 70 per cent of the shares and share capital in each of DataDepot OÜ and Data Depot Asia Pte Ltd, which, due to logistical reasons, will be signed on later dates. According to the agreements, ZignSec will be granted a call option to acquire the remaining 30 percent of the BASIS ID Group for a predetermined consideration. The option is valid until December 31, 2023.

BASIS ID is an ID-verification company that is a leading provider of ID-verification, KYC and AML software. Through the acquisition of the three entities, ZignSec gains a reputable team of 12 people across two offices in Tallinn, Estonia and Singapore as well as high class internally developed and owned ID verification technology to the Group. For the 12-month period ending on June 30, 2020, BASIS ID generated net sales of approximately USD 600,000 and EBITDA of approximately USD 200,000.

The transactions in brief

- The transactions are in line with ZignSec's previously communicated strategy to perform complementary acquisitions to establish a stronger industry position.
- The transactions are expected to result in an increasingly diversified business model with recurring revenues.
- The consideration for 70 percent of the shares in the BASIS ID Group amounts to USD 1.2 million, equivalent to SEK 10,392,000[1], to be paid at closing (the "**Upfront Consideration**")
 - USD 600,000, equivalent of SEK 5,196,000, 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 20 consecutive trading days preceding this announcement (excluding today's trading) equal to SEK 17.5 per ZignSec share.
 - 25 percent of the Consideration Shares will be subject to a 3-month lock-up and 75 percent subject to a 1-year lock-up from the date of completion of the transactions.
 - USD 600,000 thousand, equivalent of SEK 5,196,000, of the Upfront Consideration will be paid in cash.
- The transactions also include a call option for ZignSec to acquire the remaining 30 percent of the shares in BASIS ID ("**Call Option**"). The exercise price equals the highest of USD 1 million or 1x the net sales of the company during a period consisting of the last 12 months. The exercise period runs from closing of the transactions to December 31, 2023.

- Completion of the transactions are subject to customary conditions and closing is expected to take place during the fourth calendar quarter 2020.

Background and rationale

BASIS ID is an ID-verification company based in Tallinn and Singapore. The company is a leading provider of ID-verification, KYC and AML workflow management software. The company was founded in 2017 by Akim Arhipov (CEO) and Sergey Shcherbak (CTO) and has verified more than 1.5 million users to date. BASIS ID has a business model that revolves around the following products:

- Identity verification platform
- Sanctions, adverse information
- PEP Legal Entity Verification (KYB)
- eIDs and governmental ID registries

BASIS ID has a wide product offering that will be added to and complement ZignSec's current product offering. BASIS ID has an experienced team of 12 employees with extensive experience in corporate development, sales, product development and eGovernment. The company is rapidly growing while maintaining high profitability and remaining debt free.

Purchase Price, Call Option, Lock-Up Period

The upfront purchase price of USD 1.2 million, equivalent to SEK 10,392,000, is paid with USD 600 000 cash, equivalent to approximately SEK 5,196,000, and USD 600 000, equivalent to approximately SEK 5,196,000, is paid with newly issued ZignSec shares. The Consideration Shares are issued at a price of SEK 17.5 per share, equal to the VWAP on Nasdaq First North Growth Market for the 20 consecutive trading days preceding this announcement (excluding today's trading).

25 percent of the Consideration Shares will be subject to a 3-months' lock-up period and 75 percent are subject to a 1-year lock-up period from the date of completion of the Transaction.

The transactions also include a call option for ZignSec to acquire the remaining 30 percent of the shares in BASIS ID. The exercise price equals the highest of USD 1 million or 1x the net sales of the company during a period consisting of the last 12 months. The exercise period runs from closing of the transactions to December 31, 2023. The proportion of cash and newly issued shares to be used for payment when exercising the call option is decided discretionarily by ZignSec.

Issue of Consideration Shares

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

Based on the FX rate USD/SEK of SEK 8.66 per USD 1.00, the Consideration Shares represent 1.48 percent 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 296,914. The share capital increases by approximately SEK 11,766.73.

The Consideration Shares are issued at a price of SEK 17.50 per share which equals the 20 day VWAP of ZignSec shares on Nasdaq First North Growth Market up to and including August 28, 2020.

Closing of the transactions

Closing of the transactions are subject to customary conditions and closing is expected to take place during the fourth calendar quarter 2020.

Advisers

Eversheds Sutherland is acting as legal counsel to ZignSec in the transactions.

For further information, please contact:

Timm Schneider, CEO

Phone: +46 8 121 541 39 timmschneider@zignsec.com

Alexander Albedj, Chairman

Phone: +46 76 221 30 75 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] All conversions from USD to SEK in this press release is made with the exchange rate USD/SEK (SEK 8.66 per USD 1.00 as per 28 August 2020 as quoted at Riksbanken).

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 2020-08-31 18:05 CEST.

Attachments

[ZignSec Enters Into an Agreement to Acquire 70 Percent of the shares in Data Depot Engineering Pte Ltd, a company within BASIS ID](#)