

ZignSec AB (publ) resolves on a rights issue of approximately 59.2 MSEK guaranteed up to approximately 74 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 extraordinary general meeting on 28 June 2021, decided to carry out a rights issue with preferential rights for existing shareholders of approximately SEK 59.2 million (the "Rights Issue"). The Rights Issue is guaranteed up to approximately 74 percent through subscription commitments. In addition, the Board of Directors may resolve on an over-allotment option of up to approximately SEK 20 million, conditional upon the Rights Issue being oversubscribed (the "Over-allotment Option"). The Rights Issue is carried out with the purpose of financing a deferred payment to Web Shield Ltd, product development and expand the Company's sales organization.

The Rights Issue in brief

- Rights issue of a maximum of 16,915,622 shares corresponding to, upon full subscription, total proceeds of approximately SEK 59.2 million before issue costs.
- Subscription commitments of approximately SEK 43.9 million in total have been received from the Board of Directors and senior management, as well as the strategic shareholders Wyzer Ltd and Web Shield Ltd and several existing and external investors. The Rights Issue is thus guaranteed to approximately 74 percent through subscription 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 3.50 per share.
- The record date for the Rights Issue is 23 June 2022 with the last day for trading including the right to receive subscription rights on 21 June 2022 and the first day for trading excluding the right to receive subscription rights on 22 June 2022.
- The subscription period for the Rights Issue is expected to begin on 28 June 2022 and to end on 12 July 2022.
- The Over-allotment Option that the Board of Directors may resolve on consists of up to 5,714,285 new shares and may provide ZignSec with additional proceeds of up to approximately SEK 20 million, conditional upon the Rights Issue being oversubscribed. The reason for deviating from the shareholders' preferential rights is to meet an increased demand. The subscription price in the Over-allotment Option will correspond to the subscription price in the Rights Issue.

CEO Alex Noton, comments

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Background and reasons

In 2021, ZignSec entered into an agreement to acquire 100 percent of the shares in Web Shield Ltd, a leading RegTech company within real-time onboarding, compliance and monitoring. The purchase price amounted to SEK 282.1 million, of which approximately SEK 40 million is a deferred payment in the form of cash. The cash payment is to be made during the second half of 2022, and part of the issue proceeds is intended to be used to finance the cash payment. ZignSec also intends to carry out further product development and expand the Company's sales organization.

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 extraordinary general meeting on 28 June 2021, in accordance with the following principal terms:

- Rights issue of a maximum of 16,915,622 shares corresponding to, upon full subscription, total proceeds of approximately SEK 59.2 million before issue costs.
- Subscription commitments of approximately SEK 43.9 million in total have been received from the Board of Directors and senior management, as well as the strategic shareholders Wyzer Ltd and Web Shield Ltd and several existing and external investors. The Rights Issue is thus guaranteed to approximately 74 percent through subscription 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 3.50 per share.
- The record date for the Rights Issue is 23 June 2022 with the last day for trading including the right to receive subscription rights on 21 June 2022 and the first day for trading excluding the right to receive subscription rights on 22 June 2022.
- The subscription period for the Rights Issue is expected to begin on 28 June 2022 and end on 12 July 2022.
- Trading in subscription rights will take place on the Nasdaq First North Growth Market between 28 June 2022 and 7 July 2022.
- Through the Rights Issue, the share capital may increase by a maximum of SEK 670,367,585 from SEK 1,340,735,170 to SEK 2,011,102,755 and the number of shares may increase by a maximum of 16,915,622 shares from 33,831,244 shares to 50,746,866 shares, corresponding to a dilution of approximately 33 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.

Over-allotment Option

Conditional upon the Rights Issue being oversubscribed, the Board of Directors may, in whole or in part, resolve on the Over-allotment Option of up to approximately SEK 20 million. The Over-allotment Option consist of up to 5,714,285 new shares and the subscription price is SEK 3.50 per share. The reason for the Over-allotment Option, and the deviation from the shareholders' preferential rights, is to meet an increased demand. The right to subscribe for shares in the Over-allotment Option shall vest in those who subscribe for shares in the Rights Issue without receiving full allotment.

Shares and dilution

Through the Rights Issue, the share capital may increase by a maximum of SEK 670,367,585 from SEK 1,340,735,170 to SEK 2,011,102,755 and the number of shares may increase by a maximum of 16,915,622 shares from 33,831,244 shares to 50,746,866 shares, corresponding to a dilution of approximately 33 percent of the total number of shares in the Company.

If the Over-allotment Option is exercised in full, there will be an additional increase in the total number of shares of up to 5,714,285 new shares.

In case the Rights Issue and the Over-allotment Option are both exercised in full, the total number of shares in the Company will increase by 22,629,907 shares to 56,461,151 shares. The dilution effect will amount to up to approximately 40 percent based on the number of shares after the Rights Issue and the Over-allotment Option.

Subscription commitments

Subscription commitments of approximately SEK 43.9 million in total have been received from the Board of Directors and senior management, as well as the strategic shareholders Wyzer Ltd and Web Shield Ltd and a number of existing and external and investors. The rights issue is thus secured to approximately 74 percent through subscription commitments. No compensation is paid for the subscription commitments. The subscription commitments have not been secured by bank guarantee, blocked funds, pledges or similar arrangements.

Lock-up undertakings

In connection with the Rights Issue, all members of the Company's Board of Directors and senior management with shareholdings in ZignSec, as well as the strategic shareholders in the Company, including Wyzer Ltd and Web Shield Ltd, have undertaken towards Vator Securities AB, subject to customary exceptions, not to sell or otherwise transfer their shares without first, in each separate case, ascertain a written approval from Vator Securities AB. The decision to leave such written approval is decided by Vator Securities AB and the decision is made in each separate case. Agreed approval can depend on both individual and business-related situations. The lock-up period lasts for a period of 180 days from and including the date of expiration of the subscription period in the Rights Issue.

Prospectus

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 prospectus which will be published by the Company prior to the commencement of the subscription period.

Preliminary timetable regarding the Rights Issue

23 June 2022	Estimated date for publication of the prospectus
21 June 2022	Last day of trading in shares of the company including the right to receive subscription rights
22 June 2022	First trading day in the share excluding the right to receive subscription rights
23 June 2022	Record date regarding the Rights Issue
28 June 2022 – 7 July 2022	Trading in subscription rights
28 June 2022 – 12 July 2022	Subscription period for the Rights Issue
14 July 2022	Estimated date for publication of the Rights Issue results

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

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

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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.

Press Release
25 May 2022 07:00:00 CEST



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 2022-05-25 07:00 CEST.

Attachments

[ZignSec AB \(publ\) resolves on a rights issue of approximately 59.2 MSEK guaranteed up to approximately 74 percent](#)