

## SECUREMETRIC BERHAD

Type	:	Announcement
Subject	:	TRANSACTIONS (CHAPTER 10 OF LISTING REQUIREMENTS) : NON RELATED PARTY TRANSACTIONS
Description	:	INVESTMENT IN PT PRIVY IDENTITAS DIGITAL

### 1.0 Introduction

The Board of Directors of Securemetric Berhad (“**Securemetric**” or “**Company**”) wishes to announce that the Company had on 15 January 2020 entered into the following agreements: -

- i. A conditional Shares Subscription Agreement (“**SSA**”) with PT Privy Identitas Digital (“**PrivyID**”) for the subscription of 3,639 Class B Preferred Shares in PrivyID representing 5% of the total enlarged issued shares for a total cash consideration of IDR20,250,000,000 (“**Subscription Price**”), equivalent to approximately RM6,034,500 (“**Investment**”) (based on Bank Negara Malaysia’s foreign exchange rate of RM1: IDR3,355.7046 as at 15 January 2020); and
- ii. Shareholders Agreement (“**SHA**”) with PrivyID in its capacity both as a company and shareholder, Marshall Pribadi (an Indonesian citizen), Guritno Adi Saputro (an Indonesian citizen), Ira Anggraini (an Indonesian citizen), Muhammad Ajisatria Suleiman (an Indonesian citizen), PT Mandiri Capital Indonesia (an Indonesian company), PT Metra Digital Investama (an Indonesian company), PT Kencana Investasi Indonesia (an Indonesian company), PT Mahanusa Capital (an Indonesian company) and TMI Master Fund 1 Pte Ltd (a Singaporean company).

(each of the parties mentioned above, other than PrivyID in its capacity as a company, is referred to as a “**Shareholder**” and collectively as the “**Shareholders**”)

(SSA and SHA are collectively referred to as “**Agreements**”)

### 2.0 Information on PrivyID

PrivyID is a limited liability company duly established on 20 October 2016, legally incorporated as limited liability company as of 21 October 2016 pursuant to Decree from the Minister of Law and Human Rights of the Republic of Indonesia No. AHU-0046948.AH.01.01.Tahun 2016 dated 21 October 2016, and existing under the laws of Indonesia, domiciled at Jl. Kemang Raya No. 15C, 4<sup>th</sup> Floor, Kelurahan Bangka, Kecamatan Mampang Prapatan, South Jakarta, Indonesia. As at 14 January 2020, PrivyID has an issued and paid up share capital of:

- i. IDR370,000,000 represented by 37,000 Class A Ordinary Shares;
- ii. IDR143,000,000 represented by 14,300 Class B Preferred Shares; and
- iii. IDR37,000,000 represented by 3,700 Class C (ESOP) Shares.

PrivyID's core business is providing services such as information technology and internet content, data management services, computer installation and maintenance services as well as trading in products such as engineering, mechanical and electrical tools, machinery and spare parts, information technology equipment, telecommunication equipment, computer equipment and spare parts of informatics and multimedia equipment, soft and hard prints. A range of products are offered such as Identity Verification, Address Verification and Insights, Email Verification, Internet Protocol Address Verification, Phone Verification, Social Media Intelligence and PrivyID – Digital Signature Solution.

PrivyID has established a portfolio of more than 215 Indonesian companies, including the nation's largest banks and telco companies, prominent fintech startups, as well as several small-medium enterprises. As at 14 January 2020, there are over 4.5 million individuals registered as PrivyID users.

Based on the latest audited financial statements of PrivyID for the financial year ended 31 December 2018, PrivyID recorded a revenue of IDR8,748,377,408 (equivalent to approximately RM2,510,784 based on Bank Negara Malaysia's foreign exchange rate of RM1: IDR3,484.3205 as at 31 December 2018), net loss of IDR16,014,281,042 (equivalent to approximately RM4,596,099) and shareholders' deficit of IDR11,682,251,830 (equivalent to approximately RM3,352,806). The management of PrivyID believes that PrivyID has adequate resources to continue in operational existence for the foreseeable future.

For the 4<sup>th</sup> quarter ended 31 December 2019, PrivyID experienced significant revenue growth after it secured the certification as a public certification authority in Indonesia, at IDR7,651,201,570 (unaudited) (equivalent to approximately RM2,257,104 based on Bank Negara Malaysia's foreign exchange rate of RM1: IDR3,389.8305 as at 31 December 2019). Securemetric is of the view that there is promising potential for it to leverage on PrivyID's strong brand name and over 200 enterprise customers to cross sell Centagate Cloud and other upcoming Security As A Service products.

As at 14 January 2020, the shareholders of PrivyID are as follows:

Name	Class of Shares	Number of Shares	Nominal Value (Rp)	%
Marshall Pribadi	A	18,500	185,000,000	33.63
Guritno Adi Saputro		7,500	75,000,000	13.64
Ira Anggraini		7,000	70,000,000	12.73
Muhammad Ajisatria Suleiman		4,000	40,000,000	7.27
PT Mandiri Capital Indonesia	B	5,500	55,000,000	10.00
PT Metra Digital Investama		6,417	64,170,000	11.67
PT Kencana Investasi Indonesia		1,833	18,330,000	3.33
PT Mahanusa Capital		550	5,500,000	1.00
Company (ESOP)	C	3,700	37,000,000	6.73
<b>Total:</b>		<b>55,000</b>	<b>550,000,000</b>	<b>100.00</b>

As at 14 January 2020, the board of directors of PrivyID are as follows:

Name	Title
<b>Board of Directors</b>	
Marshall Pribadi	President Director
Guritno Adi Saputro	Director
Krishna Chandra	Director

### 3.0 Salient terms of the SSA and SHA (“Agreements”)

#### SSA

i. Subscription Price

The Subscription Price is IDR20,250,000,000.

ii. The closing date of the subscription of the Subscription Shares (the “**Closing**”) is on 15 January 2020, or at such other date as may be mutually agreed by Securemetric and PrivyID in writing (the “**Closing Date**”).

iii. Upon the Closing, Securemetric shall have the following rights:

- The rights conferred upon it by Law of Indonesia No. 40 Year 2007 concerning Limited Liability Company (as may be amended from time to time); and
- In the event of liquidation of the PrivyID, Securemetric as the holder of Class B Preferred Shares shall have preference upon liquidation proceeds over holders of any other class of shares which have been issued by PrivyID until the date of Closing, for an amount up to the total subscription amount paid-up by Securemetric. If the liquidation proceeds are insufficient to cover all subscription amounts paid-up by all holders of Class B Preferred Shares, the liquidation proceeds shall be distributed to each holder of Class B Preferred Shares proportionally according to their respective shareholding percentage in PrivyID.

iv. The Agreements shall terminate if the Closing does not take place by 25 January 2020 or such later date as may be agreed by the parties.

v. Undertaking of PrivyID

- (a) If Securemetric identifies a mutually beneficial business opportunity in relation to Securemetric’s products and PrivyID’s security products or solutions (the “**Project**”), PrivyID shall consider such business opportunity and based on its sole discretion choose whether or not to carry out such Project. If at any time Securemetric is competing with other party intending to cooperate or work with PrivyID in relation to products similar to Securemetric’s and PrivyID’s security products or solutions as mentioned above, PrivyID will also give Securemetric the opportunity to propose a cooperation with PrivyID, provided that the terms offered by Securemetric are similar to or not less favorable than the terms offered by the other competing parties.

- (b) On or no later than 30 business days after the Closing, PrivyID will renew the Support and Maintenance Agreement EJBCA between PrivyID and PT Securemetric Technology (a wholly-owned subsidiary of Securemetric) dated 22 December 2018 and Support and Maintenance Agreement between PrivyID and PT Securemetric Technology dated 5 October 2018 (“**Support Level Agreement**”) with period covered from year 2018 to year 2023.
- (c) Any change of PrivyID’s Articles of Association, shareholding structure, capital structure, board of directors and/or board of commissioners would be conducted in accordance with the requirements under the prevailing laws.
- (d) In the event of any increase of capital or issuance of new shares, except for any issuance of new shares in relation to employee stock option plan, all additional shares which will be issued shall first be offered to each shareholder(s), including Securemetric’ proportionate to their respective shareholding percentage in PrivyID in accordance with the prevailing laws. In the event Securemetric does not exercise its preemptive right over such shares, PrivyID will not offer such shares to other party at a lower price compared to the price offered to Securemetric at the time of such increase of capital or issuance of new shares.

## **SHA**

### i. Capital increase of PrivyID

- (a) In the case of PrivyID issuing new securities, PrivyID is required to firstly offer all of the new securities to the existing shareholders of PrivyID (excluding ESOP shareholders) in proportion to their respective shareholding, in accordance with the procedure stipulated in the Articles of Association and applicable legal provisions.
- (b) If there are new securities offered but are not subscribed by the shareholders within a class of shares in (a) above (“**Unsubscribed Securities**”) in a period of 5 business days from the date of receipt of the written offer by the relevant shareholders, PrivyID is obliged to offer the Unsubscribed Securities to the other shareholders (excluding the ESOP shareholders).
- (c) The Unsubscribed Securities that have been offered by PrivyID but not subscribed by the relevant shareholders (excluding the ESOP shareholders) as stipulated in (b) above within a period of 5 business days from the date of receipt of the written offer by the relevant shareholders, may be offered to third parties at a subscription price per share at least the same with the price offered to the relevant shareholders at the time such issuance of new securities.
- (d) The provisions of (a) to (c) above do not apply in the case of shares issuance that are (i) addressed to the Company’s employees/management/person/entity in connection with the exercise of ESOP, (ii) addressed to the holders of securities or other instruments that can be converted into or exchanged for shares of PrivyID, which securities or instruments have been issued with the approval of PrivyID’s shareholders, or (iii) is carried out for the

reorganization and/or restructuring that has been approved by PrivyID's shareholders.

#### **4.0 Basis of Arriving at the Subscription Price**

The Subscription Price was arrived at based on PrivyID's valuation through comparisons with the valuations of similar competitors (based on traction and funding history).

According to Indonesia Statistics (BPS)'s latest census in year 2015, Indonesia has 183 million adults. This number represents PrivyID's total addressable market as a PrivyID account can be created for any Indonesian adult with a valid electronic national ID or e-KTP. Additionally, as many as 83.9 million Indonesian people are smartphone users which make them eligible to be categorized as PrivyID's serviceable attainable market.

A digital signature service provider, Signaturit, announced the closing of €7 million round of series A, valuing the company between €28 million and €42 million. Separately, a digital signature company headquartered in France, Attestation Légale, has raised funding in total of US\$6.5 million with a valuation of around €20 million to €30 million.

Aside from providing legally-binding digital signature service, PrivyID also offers digital identity service. While PrivyID has yet to have a local direct competitor, a UK-based startup that offers similar service called YOTI has successfully raised £8 million in funding in August 2019, valuing the company at £82 million. YOTI had over 3.7 million users as of May 2019 and has exceeded 4.7 million app downloads.

By comparing similar businesses' funding rounds and their valuations against PrivyID, PrivyID has estimated its valuation to be US\$ 30.0 million (approximately RM122,199,592 based on Bank Negara Malaysia's foreign exchange rate of on RM1: USD0.2455 as at 15 January 2020).

#### **5.0 Details of the Subscription Price and source of funding**

The Subscription Price of IDR20,250,000,000 is fully funded in cash through the proceeds raised from Securemetric's Initial Public Offering completed on 13 November 2018 and/or internally-generated funds.

#### **6.0 Rationale for the Investment**

The Investment is expected to create synergies between PrivyID and Securemetric as Securemetric would be able to cross-sell its products and solutions to the Indonesian market by leveraging on PrivyID's existing and future client base in Indonesia.

In addition, PT Securemetric Technology has an on-going Support Level Agreement with PrivyID. Pursuant to the SSA, PrivyID will renew the Support Level Agreement up to year 2023 in which the renewal is expected to contribute positively to Securemetric's financial performance.

The Investment may also enable Securemetric to receive dividend income and potentially capital gains arising from the Investment.

## **7.0 Risk Factors and liabilities to be assumed**

Save for the normal market and global economic risk, the Board of Securemetric is not aware of any other risk factors which may arise as a result of the Investment. The Company will not assume any liabilities, including contingent liabilities and guarantees, pursuant to the Investment.

## **8.0 Effects of the Investment**

The Investment will not have any effect on the share capital of Securemetric and substantial shareholders' shareholdings in Securemetric. The Investment is not expected to have any material effect on the earnings per share, net assets per share and gearing of Securemetric for the financial year ending 31 December 2020.

## **9.0 Approval Required**

The Investment is not subject to the approval of the shareholders of the Company or any regulatory authorities.

## **10.0 Highest Percentage Ratio**

The highest percentage ratio applicable to the Investment pursuant to Rule 10.02(g) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad is 16.53%, based on the audited financial statements of Securemetric for the financial year ended 31 December 2018.

## **11.0 Directors and Major Shareholders' Interest**

None of the directors or substantial shareholders of Securemetric and/or persons connected with them has any interest, direct or indirect, in the Investment.

## **12.0 Directors' Statement**

Having considered all aspects of the Investment, the Board of Directors of Securemetric is of the opinion that the Investment is in the best interest of the Company.

## **13.0 Documents available for inspection**

The Agreements are available for inspection at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur during normal office hours from Monday to Friday (except public holidays) for a period of three (3) months from the date of this announcement.

This announcement is dated 15 January 2020.