

ZWIPE AS – Third Quarter 2021 Operational Update

OSLO, NORWAY – 26 October 2021

During the third quarter, Zwipe has continued to strengthen its foundation for launching pilots and mass-volume roll out of biometric payment cards.

- Mauritius-based ICPS, one of Africa's leading card personalization and processing service providers, partnered with Zwipe to bring biometric payment cards to Africa and Asia.
- A global Tier 1 smartcard manufacturer started the evaluation of the Zwipe Pay ONE platform.
- Zwipe received an MNOK 17 (USD 1.9 million) commercial order from Beautiful Card Corporation (BCC) in Taiwan, which produces around 520 million cards annually, of which around 20 million are EMV payment cards.
- Middle East Payment Services (MEPS), a Jordan-based commercial issuer of payment cards, announced its decision to pilot Zwipe Pay ONE with executives at up to 20 Financial Institutions in the Levant region¹.
- Erik Selin invested MNOK 104 in Zwipe through a private placement to further accelerate development and commercialization of Zwipe.
- A European-based Global Tier 1 Bank, with several millions of payment cards deployed globally, decided to pilot Zwipe Pay ONE-based Biometric Payment Cards in three European countries. The bank plans for a commercial launch in summer 2022, subject to positive pilot results.
- Zwipe received a Commercial Order of MNOK 3 (USD 318,000) from Inkript, one of the largest payment card suppliers in the Middle East and North Africa (MENA) region.
- UAE-based card issuing and processing provider NymCard joined forces with Zwipe to accelerate the deployment of biometric payment cards in the Middle East and Africa.
- Zwipe and India-based Que Processing Services (QPS) announced collaboration to bring Zwipe Pay ONE biometric payment cards in Asia and the Middle East.
- Zwipe and Lebanon-based Credit Card Management (CCM), who delivers payment services to more than 25 banks in Lebanon, announced collaboration to launch biometric payment card pilots in the country.
- Norwegian fintech Retime selected the Zwipe Pay ONE platform to power its biometric payment card offering as part of its global financial services ecosystem, with the aim to launch pilots from Q1 2022.
- Zwipe America Inc. received full forgiveness of the second bank loan of \$248 000 through the Paycheck Protection Program (PPP) which was granted and paid out in the first quarter of 2021.

Significant Events after the period

- IC Payments, a Chile based fintech with offices in Uruguay and Argentina as well as a solid network of partners across Latin America, partnered with Zwipe to offer biometric payment solutions in the Latin American and Caribbean markets.

¹ The Levant region includes Lebanon, Jordan, Palestine, Egypt, Iraq, Libya, Syria, Turkey and Israel

- Credit Libanais, one of the largest banks in Lebanon and a principal member of Visa and Mastercard, has chosen to pilot biometric payment card based on Zwipe Pay ONE.
- Zwipe has hired Claus Hansen as VP Sales and Business Development in APAC. Claus is based in Singapore and has a long career working in the smart card industry with more than 30 years' experience in APAC and a broad network in the region.

Comments from the CEO

The third quarter of 2021 has been momentous for Zwipe in many ways.

On the customer side, we received our first commercial orders for subsequent deployments of Zwipe Pay ONE) from BCC in Taiwan and Inkript in Lebanon with a combined value of MNOK 20 (USD 2.2 million). Both players have strong regional positions in Asia and the MENA region respectively.

We are also pleased that a global Tier 1 Smartcard Manufacturer decided to start a comprehensive evaluation of the Zwipe Pay ONE platform, reflecting the relevance and competitiveness of our technology and offering.

On the issuer side, the innovativeness of Middle East Payment Services (MEPS) to launch a large-scale, multi-bank pilot with Zwipe Pay ONE to bank executives across the Levant region¹ was a great step forward and has inspired us to develop new concepts for accelerated piloting that reduces upfront preparation for the banks.

I was also thrilled that a European-based global Tier-1 bank decided to launch Zwipe Pay ONE pilots in three European countries with intentions to launch commercially during summer 2022 subject to positive pilot results. Attracting global tier-1 players, not only among processors and card manufacturers, but also among banks, is something we are very proud of at Zwipe.

In addition, Reltime decided to pilot and subsequently launch Zwipe Pay ONE enabled cards to bring world-class security in its decentralized financial services ecosystem.

In parallel with all this, we further strengthened our reach, market coverage, and implementation capabilities in Asia, Africa and the Middle East by finalizing key Go-to-market partnerships with ICPS (part of the HPS Group), NymCard, Que Processing Services and Credit Card Management. Partnerships such as these are vital in order to accelerate developments and maximise the Zwipe Pay ONE opportunity. I refer to this as “the Megaphone effect”.

To help quantify the business case for launching biometric payment cards for issuers and further drive the biometric payment card opportunity across the value chain, we have developed a comprehensive ROI (Return on Investment) Calculator. The calculator demonstrates the financial value of Zwipe Pay ONE to issuers and shows that, even without a card fee paid by the cardholder, Zwipe Pay ONE can deliver a \$15m annual net benefit for an average US issuer with a 1 million credit card portfolio. The ROI model has been developed together with recognized external industry experts. We were delighted by the results and the reinforcement of the value that our offering can bring to card issuers. The ROI calculator is now an integral part of our value proposition to issuers to further accelerate the adoption of biometric payment cards.

All in all, I am happy to report that we continue to experience broad-based acknowledgement of Zwipe's competitiveness and value add for the industry from all parts of the payment ecosystem.

Another significant highlight from the third quarter 2021 was the MNOK 104 investment from the prominent Swedish investor Erik Selin through a private placement of 4,000,000 new shares to further accelerate our ongoing development, commercialization and global expansion.

As previously communicated, Zwipe's development efforts for Zwipe Pay ONE has passed almost all critical milestones and major risk points, with piloting and certification left before subsequent full commercialization and mass volumes. Together with development and manufacturing partners, we are progressing towards finalization of Zwipe Pay ONE, which will be followed by the formal certification process by our card manufacturing customers with the payment schemes. When verifying Zwipe Pay ONE, it is clear that we will have a very cost competitive offering and enable our customers to launch biometric payment cards with excellent performance resulting in a compelling user experience for cardholders. Similar to many other companies engaged in multinational development projects, the effects of COVID-19 have added complexity and extended lead times to the overall Zwipe Pay ONE development program, but I am pleased with how our organization continues to tackle and overcome challenges and is well positioned to bring a fully commercially available Zwipe Pay ONE offering to market as soon as we have completed the final steps.

Finally, I am very proud of the Zwipe organization. The passion, competence, agility, collaborativeness, responsiveness and winning culture that they live out every day is what fuels our mission and drives us forward on our path to market success, great customer satisfaction and creation of shareholder value.

Financial Update

- Total revenues in Q3 2021 were 0.4 MNOK (MNOK 0.1).
- Average monthly operational cash flow was MNOK -5.3 in Q3 2021 versus MNOK -4.4 in Q3 2020. The increase is a result of recruitments and higher activity in the company. During 2021, Zwipe has increased its staff in response to the increased number of customer engagements and growing demand for piloting and deployment of our payment solutions and services.
- The closing cash balance at the end of Q3 2021 was MNOK 183.7 (MNOK 117.3). The development in cash balance since end of Q2 2021 (MNOK 94.9) is primarily a result of operational cash flow of MNOK -15.8 and the private placement to Erik Selin of MNOK 104 in August 2021.
- As Zwipe received full forgiveness of the second PPP loan in August, Zwipe is again debt-free.

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About Zwipe

Zwipe is pioneering the next generation contactless payments experience, providing biometric payment cards components and wearables technology that enable consumers to authorize transactions with their fingerprints without compromising their privacy. Together with an ecosystem of partners including global brands within digital security and financial services, Zwipe is "Making Convenience Safe & Secure" for banks, merchants and



consumers. Zwipe's solutions address the hygiene and data theft pitfalls inherent in traditional authentication methods. Headquartered in Oslo, Norway, with a global presence, Zwipe is leading the next great shift in payments from contactless to contact free. To learn more, visit www.zwipe.com

For more information, please contact:

André Løvestam

+47 991 661 35

ir@zwipe.com