

Zwipe Q1 2020 operational update

OSLO, NORWAY – 7 MAY 2020 –

Q1 2020 Highlights

- Zwipe has significantly expanded its efforts towards smart card manufacturers in the last quarter. Zwipe is now in direct dialogue or conducting projects with over 40 of the world's top 50 smart card manufacturers (SCMs), out of which 8 are among world's top 10. This is an increase from 29 during March alone
- Zwipe announced that Masria Digital Payments (MDP), one of the largest smart card manufacturers in the Middle East and Africa, has selected Zwipe to support its drive to roll out biometric payment solutions
- Zwipe listed on Nasdaq First North Growth Market in Sweden under the ticker symbol "ZWIPE", in parallel with its listing on Oslo Børs Merkur Market
- Zwipe quickly adapted to the ongoing global COVID-19 pandemic, implementing remote work and travel bans and expanding the use of digital platforms to strengthen ongoing technical and commercial activities. The pandemic has so far not caused any significant disruptions or delays to Zwipe's current operational, strategic or financial objectives. On the other hand, it has highlighted the hygienic benefits of never-touch biometric payment cards
- The streamlining program announced and implemented in November 2019 is on track and monthly spending is declining during the quarter in accordance with the ambitions set in the program
- Average monthly operational cash outflow of MNOK 5.9 in Q1 2020 versus MNOK 8.8 in Q4 2019 and MNOK 5.3 in Q1 2019. Additionally, for the quarter, a second of four co-investment installments with Idemia of approx. MNOK 9.7 was paid out

Developments after the period

- Zwipe, IDEMIA and IDEX announced the achievement of a key technical milestone towards its next generation card platform Zwipe Pay ONE, emphasizing that the project is on track to meet time and unit cost targets
- Zwipe announced the signing of an agreement that will see Zwipe combining IDEX Biometrics sensor products with the Zwipe Pay ONE platform to enable a complete system solution for biometric payment cards
- Zwipe announced that Toppan Forms, the strongest local SCM in Hong Kong and Macau, partnered with Zwipe to prepare to offer biometric payment cards
- Zwipe announced that Asia Credit Card, a specialist SCM based in Hong Kong, partnered with Zwipe to offer biometric payment products and services
- Zwipe's grant application to SkatteFUNN, a Norwegian government run R&D tax incentive scheme, was approved with an amount of MNOK 5, as in recent years. The payment is expected during Q4 2020.

CEO Comment

André Løvestam, Chief Executive Officer at Zwipe, said:

“Q1 2020 has been an intense quarter for Zwipe.

We started the year by listing on the Nasdaq First North Growth Market on January 28th, and have seen considerable interest in Zwipe across the Swedish investment community.

This quarter has also been marked by unprecedented global uncertainty tied to the ongoing Covid-19 pandemic. With the aim to protect our employees from the ongoing COVID-19 pandemic, Zwipe quickly adapted with various protective measures such as remote work and travel bans. We have been able to continue operating remotely, with little to no impact being seen across our operations. Our commercial team has ramped up activity and been able to engage more frequently and openly as a result of the entire industry transitioning to videoconferencing as opposed to travel-intensive face-to-face meetings.

We observe an extensive focus on and interest in the improved hygiene and safety of biometric payment solutions; the awareness of biometric advantages is significantly higher than pre-Corona. This elevated focus on safety has significantly increased the growth of contactless transactions, and transaction caps have been raised all over the world¹. Hygiene may become an accelerator and game-changer for biometric payments. A biometric payment card effectively eliminates the need to ever touch the payment terminal keypad – regular cards require PIN above the transaction limit, after a set number of transactions, and when the cumulative value of transactions has reached its limit.

We are seeing growing momentum across the payment ecosystem with increasing investment in supporting biometric payment card deployment. Zwipe is now working closely with partners across the value chain in developing a highly competitive offering in terms of energy efficiency and biometric performance at industry-leading manufacturing costs; Zwipe Pay ONE. This next generation contactless technology will achieve a radically lower total manufacturing cost per card, which we believe will be key to accelerate the volume market take-off. Therefore, we are proud and satisfied that the Zwipe Pay ONE project and the collaboration with Idemia and IDEX is on track, as announced in April. The first samples of the new single chip have been manufactured and successfully powered-on. This development is very positive as our customers wish to get access to Zwipe Pay ONE as early as possible to be able to serve card issuers with the market’s most cost-effective biometric payment cards.

Recent certification industry announcements bring further confidence to the trajectory of biometric payment card rollout. Certification of payment products is a rigorous and capital-intensive process for card manufacturers and a strong signal of intent to capitalize on the

¹ Examples:

<https://www.thelocal.de/20200321/cash-loving-germany-switches-to-contact-less-card-payment-due-to-coronavirus-fears>

<https://www.dailysabah.com/business/economy/more-turkish-consumers-go-cashless-as-they-opt-for-card-payments-amidcoronavirusoutbreak>

next natural step for payment cards, following the introduction of dual-interface payment cards in 2007.

I am also satisfied with the very good progress in the wearable project announced with G+D in September, as this project is also on track.

Looking ahead, we are committed to supporting our customers to elevate their product portfolios by making it easy to integrate biometric payment solutions. Key to this work is technical deliverables and sharing the expertise we have built from having the most widely piloted solution to position, educate and market biometric payment cards to banks and issuers. We are doing everything in our power to build and maintain strong relationships with our industry-leading partners that will create sustainable long-term commercial opportunities for themselves and Zwipe going forward.”

Financial Update

- The cost program announced in November 2019 is on track, yielding lower spending in Q1 than in previous quarters. Full effect is planned from Q2 and onwards
- The weakening of the Norwegian Krone has resulted in somewhat higher NOK spending, as Zwipe has most of its costs in foreign currency. However, mitigating measures have been executed to ensure low effect on operations
- During Q1 2020 Zwipe had revenue of MNOK 0.4 from NRE (non-recurring engineering) invoiced for specific development work.
- Average monthly operational cash outflow during Q1 2020 was MNOK 5.9 (5.3), and in line with expectations for the period, compared to MNOK 8.8 in Q4 2019.
- The closing balance at end of Q1 2020 was MNOK 54.6 (85.9 by Q1 2019). The development in cash balance since Q4 2019, which was MNOK 23,3, is a result of a capital raise of net MNOK 58.3, a joint technology investment with Idemia of MNOK -9.7 and the operational cash flow of MNOK -17.7 for the quarter.

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This is information that Zwipe AS is obligated to make public pursuant to the continuing obligations of companies admitted to trading on Oslo Børs Merkur Market, Nasdaq First North Growth Market and the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out below, on May 7, 2020 at 08:30 CEST

About Zwipe

Zwipe is a technology solution provider that enables battery-less, ultra-low-power, self-contained biometric authentication solutions. Together with an ecosystem of partners including global brands within security, financial services and ID applications, Zwipe is “Making Convenience Secure™” for banks, merchants and consumers. Using advanced fingerprint recognition while protecting personal information, Zwipe’s solutions address the data theft pitfalls inherent in traditional authentication methods. Headquartered in Oslo, Norway, Zwipe has spent the last 10 years developing its unique power harvesting technology platform in combination with security solutions based on international infrastructure standards. To learn more, visit www.zwipe.com

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