



Zwipe first quarter 2021 operational update

OSLO, NORWAY – 28 APRIL 2021 –

Q1 2021 Highlights

During the first quarter 2021, Zwipe continued to strengthen its foundation for mass-volume roll out of biometric payment cards.

- Swedish fintech Vopy, a provider of embedded financial services for telecom and financial institutions globally, selected the Zwipe Pay ONE platform for its biometric payment cards.
- Zwipe announced the finalization of four new partnerships with prominent card manufacturers in Asia-Pacific and Europe. The combined annual card shipment from these new customers is more than 1 billion, of which payment cards constitute more than 150 million.
- Tag Systems, a leading provider of payment cards (and part of AUSTRIACARD Group), decided to strengthen its collaboration with Zwipe to bring the most advanced new biometric payment cards to issuers in Europe and North America. The group delivers 100 million payment cards each year across Europe, the Middle East and the US. Tag Systems also placed a small initial order for Zwipe Pay ONE.

Developments after the period

- KL HI-TECH, the 2nd largest payment card manufacturer in India selected the Zwipe Pay ONE platform to deliver biometric payment cards to its clients in India and key international markets. KL HI-TECH serves some of India's largest banks and delivers approximately 30 million payment cards per year.
- French payment solutions provider be ys Pay selected Zwipe to offer biometric payment cards to the French, Belgian, Luxembourg and Dutch markets. be ys Pay is an integral part of the international be ys ecosystem, present on three continents with more than 3 000 employees.
- To strengthen its strategic engagements in the Middle East and Africa (MEA) and India, Zwipe has appointed Ramzi Saboury as General Manager for the Middle East and North Africa (MENA) Region and Masterline as Strategic Business Partner in India and other selected markets in the MEA region.

CEO Comment

During the first quarter of 2021, Zwipe has seen significant progress on all fronts – operationally, technologically and organizationally.

We continued to grow our ecosystem of smart card manufacturers and go-to-market partners, while cementing our collaboration with key technology partners in the payments value chain. We have taken major steps towards technology readiness with our Zwipe Pay ONE platform, passing critical milestones and risk points and successfully performing fully functional internal test transactions with Zwipe Pay ONE demo cards. Consequently, we are on track to support our partners launch pilots after the summer. We have also onboarded key expert resources onto our team, strengthening the Zwipe organization even further.

The first quarter was characterized by a continued high level of activity and we finalized many key agreements. Swedish fintech Vopy, chose Zwipe Pay ONE for issuing biometric payment cards to their global telecom and financial institutions client network. The four agreements with prominent card manufacturers in Asia-Pacific and Europe, with a combined yearly shipment of more than 150 million payment cards announced during the quarter, was another recognition of the attractiveness of our offering. Subject to positive pilot results, mass-market rollout will follow. The renewal and strengthening of our commercial partnership with TAG Systems, including TAG Nitecrest in the UK, further reinforced our foundation for market success, especially in Europe and North America.

We ended a solid quarter and kick-started the next announcing agreements with KL HI-TECH, India's second-largest card manufacturer (delivering 30 million payment cards annually), and French payment provider be ys Pay, which will bring biometric payment cards based on our platform to banks in France and the Benelux region. KL HI-TECH is now ramping up its industrialization efforts to deliver Zwipe Pay ONE biometric payment cards to leading issuers in India and selected markets in the Middle East and Africa.

In response to strong interest in Zwipe Pay ONE Cards from card manufacturers, card bureaus, issuers and consumers in the Middle East and North Africa (MENA) region and in India, we have established a local presence by appointing a highly experienced General Manager for the MENA region and entering a collaboration with Masterline, a well-connected player in the field of fintech and payment solutions, as a Strategic Business Partner in India and beyond. We have also further strengthened our organization with several top payment industry talents both in the commercial and the R&D team. I am particularly delighted to welcome our new Chief Sales Officer, John Goodale, to my management team. John, who has a long and proven track record from one of the world's largest processors, TSYS, and also from professional services at KPMG and DMR Consulting, is leading Zwipe's engagement and conversion efforts with smart card manufacturers. He is also supporting our engagements with issuers and selected go-to-market partners to further strengthen Zwipe's position in the global biometric payments market.

The growing interest in biometric payment cards has been noted in several independent analyst reports in recent months (notably from UBS, ABI Research, Goode Intelligence). The common theme in all these reports is their increased volume projections for biometric payment cards over the next 3 to 5 years, suggesting a share of 15-20 % of issued payment cards in 2026.

Since the outbreak of the pandemic a number of countries raised the contactless transaction limits in response to safety concerns from consumers when having to touch the payment terminals (most recently the UK treasury increased the contactless limit from 45 to 100 pounds).

While increasing the contactless limit is a very pragmatic solution in the pandemic times, this solution is unfortunately not very sustainable due to the underlying concerns on the lack of security in contactless payments. These concerns were also obvious from consumers' comments in discussion forums when the UK treasure decided to more than double the contactless limits. For us, this is further proof that the natural and sustainable step from contact-less

payments is contact-free payments, facilitated by biometric payment cards.

As we near completion of the development of Zwipe Pay ONE, which has been a journey we embarked on together with IDEMIA and other key partners almost two years ago, I am very excited to enter into the next phase of increased commercial efforts and subsequent roll-out to consumers.

Zwipe has a historically strong pipeline, a highly competent, passionate and agile organization managing a disruptive technology that is in demand in the market, and a robust ecosystem of partners taking an increasingly proactive role in promoting Zwipe. This is all laying a strong foundation for long-term value creation. The journey has just begun.

Financial Update

- Sales revenues in Q1 2021 were MNOK 0.3 (MNOK 0.4).
- Average monthly operational cash flow was MNOK -6.3 in Q1 2021 versus MNOK -5.8 in Q1 2020. The increase is in line with higher activity in the company. During the last quarter of 2020 and first quarter of 2021, Zwipe has increased its staff in response to the increased demand for piloting and deployment of our payment solutions and services.
- Zwipe was granted a second bank loan of MNOK 2.1 in February 2021 through the second draw of the US Paycheck Protection Program (PPP). The loan is payable in five years. Zwipe may be eligible for partial or full loan forgiveness given fulfilment of a set of requirements.
- The closing cash balance at the end of Q1 2021 was MNOK 108.9 (MNOK 54.6). The development in cash balance since Q4 2020 is primarily a result of operational cash flow of MNOK -18.8 and the second PPP bank loan of MNOK 2.1.

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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 Euronext Growth Market Oslo, on Nasdaq First North Growth Market and the EU Market Abuse Regulation. Certified Adviser on Nasdaq First North is FNCA Sweden AB, info@fnca.se, +46 (0) 8528 00 399. The information was submitted for publication, through the agency of the contact person set out below, at 08:00 CET on 28 April 2021.

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

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