



Third
Quarter 2022
Operational
Update

OSLO, NORWAY – 25 October 2022 – During the third quarter, Zwipe continued to strengthen its platform and market position to help its customers deliver biometric payment and access control cards to the market.

Significant events during the quarter

- Mastercard certifies Zwipe Pay Biometric Payment Card (“BPC”) Platform.
- Tag Systems, a major Zwipe Smart Card Manufacturer (“SCM”) customer obtains Mastercard Letter of Approval (“LoA”) for cards built on the Zwipe Pay platform.
- Fraport announces that the project on biometric access control at Frankfurt Airport (The Digital Factory Project) was successfully completed, with Zwipe passing all required tests in order to successfully complete the pilot project.
- Zwipe's SCM customers have expanded the issuer pipeline significantly – engagements started with ten new large issuers globally.
- Zwipe formally creates Customer Success department to accelerate pilot execution and prepare SCMs for production readiness. Names Jens Hansen to head the unit.

Significant events after the period

- On 11 October 2022, Zwipe announced a significant commercial order for Zwipe Pay totaling \$225,000 from a large European SCM, making it the single largest commercial order in a quarter to date for Zwipe. Delivery is targeted for the fourth quarter.
- On 14 October 2022, Civix announced a partnership with Zwipe to bring biometric access control cards to airports in the USA and elsewhere in the Americas.



Message from the CEO

The third quarter of 2022 has seen significant positive commercial momentum and progress on platform developments.

In August 2022, Zwipe received the Component Conformity Statement (CCS) certificate from Mastercard, a significant milestone for the Zwipe Pay platform, the most advanced and integrated biometric card solution available to SCMs in the market today. With this certification, Zwipe became the first biometric payment card platform available to SCMs to achieve scheme approvals from both VISA and Mastercard. This was a major achievement for Zwipe and is expected to further accelerate issuer pilots and planned launches based on Mastercard's network.

This CCS certificate enables Zwipe's customers, the SCMs, to leverage Zwipe's certification results to more rapidly obtain a Letter of Approval ("LoA") from Mastercard for their own biometric payment cards built on the Zwipe Pay platform. Tag Systems, a leading provider of payment cards (part of the AUSTRIACARD Group), was the first of our SCMs

customers to receive approval by Mastercard to produce and deploy their biometric card products using the Zwipe Pay platform. We congratulate Tag Systems for having obtained approvals from both card schemes, and we will continue supporting other SCMs in attaining certification and scaling up production capabilities.

Zwipe continues to focus on executing our signed issuers' pilots. In total, seven issuer pilot projects are progressing according to issuer plans. In the first major announced pilot, user testing has continued during the quarter and the internal pilot is reaching its final stages before the street pilot stage. The global Tier-1 bank pilot project is on track, and Zwipe Pay cards are now being tested by key bank personnel. The MEPS pilot project, which delivers cards to top bankers in the Middle East, continues to make good progress and the pilot is expected to commence soon. On the remaining bank pilot projects, stakeholders and issuers remain committed to bringing BPCs to market with Zwipe. Additional pilot launches are expected in the coming quarters, with start dates to be defined by issuers.

Zwipe's SCM customers also saw a significant expansion in their issuer pipelines during the quarter,



beginning engagements with ten new large and medium sized banks - primarily in the Latin America ("Latam") and Asia Pacific ("APAC") regions.

In the third quarter, Zwipe made small shipments to SCM customers, including to a large customer in Asia. This will help the SCM begin production of BPCs to support initial market trials and bank pilots from Q4 2022 in the APAC region. After the period, we announced an order of USD 225,000 for deliveries of Zwipe Pay to one of our largest SCM customers. This is our largest single order in a quarter to date and the SCM plans to place additional volume orders in 2023. It is encouraging that Zwipe is ending the year with strong momentum.

We continued to make significant progress for Zwipe Access during the quarter. Most notably, in July, Fraport AG announced the conclusion of The Digital Factory – Biometric Security Controls project at Frankfurt Airport. This project aimed to identify an innovative, automated solution for employee access control to security-sensitive airport zones. Zwipe Access cards were tested by Fraport employees in real-time and passed all requirements of the projects successfully. Zwipe is now shortlisted as a suitable contender to provide next generation access control when Fraport moves forward.

Just after the end of the quarter, Civix, one of America's leading providers of security solutions and services to over 100 airports in North and Latin America, selected Zwipe's access control technology to augment their security propositions for airport operations - further enhancing Zwipe's position in the airport vertical. In their announcement, Civix highlighted the following features of Zwipe Access cards as being especially important: biometric cards are contactless, contain advanced security features and can be easily integrated with existing infrastructure meaning that airports save costs and avoid complex implementations.

Catering to the strong demand for access control solutions in the market, Zwipe is now engaging with a number of system integrators and distributors to accelerate the deployment of biometric access cards in key verticals and markets. Zwipe plans to begin selling its biometric access control solution for commercial deployments from H1 2023.

On the technology side, beyond the Mastercard CCS milestone being achieved, the R&D team has continued to make good progress on finalizing the mobile enrollment solution for both Android and iOS, ensuring value added enhancements that will



enable consumers to have a seamless enrollment experience. Zwipe's mobile enrollment solution will be demonstrated by a major SCM customer at Money 20/20 in Las Vegas. For Zwipe Access, we successfully built functional biometric access cards for the Legic platform, meaning that Zwipe now has demo cards available for both HID and Legic platforms.

Following up on our first half report, Zwipe took an important step by establishing a dedicated Customer Success unit. Creation of this unit is expected to accelerate commercial pilots and projects and ensure excellent end-to-end deliveries across the value chain for both Zwipe Pay and Zwipe Access. Jens Hansen was recruited to lead this department and becomes a member of the Zwipe Leadership Team, while several employees were transferred to the Customer Success unit. Mr. Hansen joins Zwipe from his position as the Head of Commercial, Technology & Data at eBay, where he worked for over six years in different leadership positions. Prior to that, Mr. Hansen worked for over seven years at Ericsson Mobile Platforms and ST-Ericsson leading the deployment of mobile platform products to tier-1 smartphone manufacturers.

In total, Zwipe added eight new employees to the company in the third quarter, filling key roles and fully in line with plans. Zwipe will continue to invest in technology and hire at critical functions, primarily in R&D and the new Commercial Success department.

I would like to conclude by stating that I am very proud of the Zwipe organization. As we evolve from a start-up to a scale-up environment, I am delighted to see the passion, dedication and commitment for growth shared by the whole team.

Sincerely,
Robert Puskaric



Financial Review

Zwipe reported total revenues of 0.8 mNOK during Q3 2022 mostly related to the sale of payment products and services, versus revenue of 0.4 mNOK in Q3 2021. Net cash flow from operations was -24.2 mNOK versus -15.8 mNOK in Q3 2021, equating to an underlying average monthly operating cash flow in the third quarter of 2022 of -8.0 mNOK versus -5.2 mNOK in the same period last year.

Cash and cash equivalents stood at 85.8 mNOK at the end Q3 2022 compared to 183.7 mNOK at the end of Q3 2021.