ZWIPE AS – Publication of Annual Report 2021

OSLO, NORWAY – 23 February 2022 – Zwipe AS today publishes its annual report 2021.

Highlights for 2021 include:

Financials

- Revenues increased to MNOK 2.5 (MNOK 1.8).
- Operating expenditures increased to MNOK 85.5 (MNOK 63.7).
- EBITDA decreased to MNOK -74.6 (MNOK -59.9).
- Earnings per share of NOK -2.26 NOK (-1.89).
- Net cash used in operating activities was MNOK -76.7 (MNOK -59.8).
- Cash and short-term investments as at the end of the period amounted to MNOK 152 (MNOK 125).
- The Board of Directors proposes that no dividend be paid for 2021.

Significant events 2021

- Zwipe announced engagements with nine new smart card manufacturers and card personalization bureaus, representing an annual volume of more than 250 million payment cards.
- Zwipe received commercial orders for complete Zwipe Pay deliveries worth more than MNOK 20, to be delivered primarily in 2022.
- Zwipe announced commitments for pilots with eleven new issuers, including a global Tier-1 bank that will pilot Zwipe Pay in three European markets.
- Zwipe entered go-to-market and implementation partnerships with leading payment processors.
- Zwipe launched "Zwipe Access" to deliver next-generation access control based on biometrics.
- Zwipe raised MNOK 104 in a private placement directed towards one of the Nordic's most respected investors.

Significant events after the period

- Danielle Glenn has been appointed as the new CFO and Head of IR effective from 1 May 2022.
- Zwipe announced a partnership with Modularsoft, a leading full-service smart card company in Malaysia, to deploy biometric payment cards.
- sKarn RoboticS selects Zwipe to strengthen its WeCript Ecosystem for India and global markets with Biometric Cards.
- A share capital increase of 384,000 new shares in Zwipe AS was registered 22nd of February 2022. The new share capital is NOK 3,736,668.50 and the new number of shares and votes is 37,366,685.

CEO comments

"2021 was a transformative year for Zwipe, preparing the ground for commercial success in 2022.

Our technology platform was upgraded to a cutting-edge, third-generation single silicon platform that provides best-in-class biometric performance at highly competitive cost levels. We prepared for submission of reference cards based on Zwipe Pay components to accredited laboratories for certification by both Visa and Mastercard. The submission has been made and, together with our biometric card manufacturing partners, the certification tests are proceeding according to plan. Based on this, and the core components in our Zwipe Pay platform being validated through Idemia's certifications obtained in November 2021, we are confident we are closing in on certification as planned.

During 2021 we have also continued to build commercial momentum. We announced engagements with nine new smart card manufacturers and card personalization bureaus during the year, representing an annual volume above 250m payment cards. We also extended and expanded our partnership with TAG Systems, which delivers an additional 100+ million payment cards per annum. Each new partner and customer in our ecosystem contribute to increasing the value creation potential and reducing the risk for Zwipe and its stakeholders.

A great milestone for Zwipe in 2021 was the receipt of commercial orders from BCC, Inkript, and yet another card manufacturing customer for complete Zwipe Pay deliveries worth more than NOK 20m, to be delivered primarily in 2022.

As a complement to our "push" approach, targeting smart card manufacturers as our direct customers, we continued to broaden our go-to-market strategy with the "pull" approach. That means we are marketing the benefits of biometric cards to partners and indirect clients, such as financial institutions – our customers' customers. This move has allowed us to accelerate awareness, create strong demand for our biometric payment option, take more control of our destiny, and significantly strengthen our strategic position and brand equity.

The results of these efforts started coming to fruition in 2021, when Zwipe announced commitments for 14 pilots with 11 new issuers, including a global Tier-1 bank that will pilot Zwipe Pay in three European markets. We also entered go-to-market and implementation partnerships with many payment processors and, most recently, a major US company that is one of the world's largest payment services providers. Such partners enable us to leverage their long-term, trust-based relationships with hundreds of banks worldwide to further accelerate the deployment of biometric payment cards built on our platform. I often refer to this as "the Megaphone Effect", which is fundamental to our pull strategy.

We have upgraded our sales-enabling services and tools to support these processes and our customers. For example, this has resulted in the launch of new services such as "Zwipe Experience" (pilot and launch program services) and Zwipe Insights (consumer research to gauge demand for biometric payments), to name a few. The ROI calculator for issuers, created together with industry experts, is another example. It demonstrated that, even without an additional card fee from consumers, Zwipe Pay could deliver a $22.4m annual net benefit for an average US issuer converting a portfolio of 1 million credit cards, 1 million debit cards, and 100,000 commercial cards to biometric cards.

As part of our end-to-end offering, ranging from leading technology to professional sales enablement, these kinds of services and initiatives make Zwipe stand out from the crowd, adding considerable value to customers.

In addition, Zwipe announced its first entry into adjacent sectors, starting with the launch of “Zwipe Access”, building on years of investments into our advanced biometric authentication technology platform designed to fulfil the highest criteria for security, scalability, and mass-volume implementation. At the same time, we announced collaborations with several leading companies in the security industry; notably HID Global, LeGrand, and Southco. This coalition will bring a highly advanced, cost-effective biometric authentication solution to market, fully capable of working with existing access control infrastructure.

We also raised NOK 104 million in a private placement directed towards one of the Nordic’s most respected investors, Erik Selin. This means that our shareholder base and finances have been significantly strengthened in 2021.

Adding to our confidence in our future outlook is the consistent evidence from numerous consumer surveys covering more than 2,500 cardholders from diverse markets around the world that cardholders want the touch-less and PIN-free experience with world-class security that is made possible by biometric payment cards. 56% said they were willing to pay to get a biometric card and 57% said they were willing to switch banks to get a biometric card. These findings, which are consistent with survey findings of industry peers and other analyst reports, suggest that launches of biometric cards will offer valuable differentiation to first-moving banks and trigger competitive reactions from others.

Like most other companies engaged in multinational development projects, Zwipe has, as mentioned before, been impacted by COVID-19 through added complexity and extended lead times. However, I have been impressed by the grit and determination of my team and technology partners, systematically overcoming hurdles and setbacks along the way.

I want to express my deep gratitude to the exceptional team of Zwipers for their unfailing efforts through this challenging pandemic which has taken its toll on everyone.

My sincere thanks also go out to all our customers, partners, and shareholders for supporting our journey and sharing our mission - Making Convenience Safe and Secure.

I am looking forward to 2022 with a lot of excitement due to the prospects ahead.”

Please find the annual report here

André Løvestam
CEO of Zwipe

About Zwipe

Zwipe believes the inherent uniqueness of every person is the key to a safer future. We work with great passion across networks of international organizations, industries and cultures to make convenience safe and secure. We are pioneering next-generation biometric card and wearables technology for payment and physical & logical access control and identification solutions. We promise our customers and partners deep insight and frictionless solutions, ensuring a seamless user experience with our innovative biometric products and services. Zwipe is headquartered in Oslo, Norway, with a global presence.
To learn more, visit zwipe.com

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