Interim Report
January to June 2020

zwipe

Second Quarter

- Second quarter revenues at TNOK 486 (241) [1]
- Second quarter result after tax at TNOK -15 842 (-20 989)
- Result per share for the second quarter of NOK -0.62 (-1.32)
- Cash flow from operations before financing at TNOK -14 789 (-22 554)

First Half Year

- Total revenues for the first half year TNOK 880 (348)
- Result after tax at TNOK -31 590 (-36 329)
- Result per share for the first half year of NOK -1.23 (-2.28)
- New equity TNOK 67 004 was raised in January 2020
- Cash flow from operations before financing and facilitation at TNOK -42 016 (-33 971)
- Cash and cash equivalents amounted to TNOK 43 168 on the day of closing, 30 June 2020

Significant events during the period

- 28 Jan : Zwipe lists on Nasdaq First North Growth Market in Stockholm, Sweden
- 25 Mar : Masria Digital Payments selects Zwipe for biometric payments
- 08 Apr : IDEMIA, Zwipe and IDEX achieve key milestone towards next generation biometric card platform
- 20 Apr : Zwipe and IDEX collaborate on Zwipe Pay ONE platform
- 22 Apr : Zwipe partners with Toppan Forms Card Technologies (TFCT) on biometric payment cards
- 23 Apr : Zwipe nominates industry leaders as new board members
- 28 Apr : Zwipe partners with Asia Credit Card to roll out biometric payment card products and services
- 02 Jun : Zwipe appoints new Executive Vice President Strategy & Channels
- 08 Jun : Zwipe steps up collaboration with TFCT, with TFCT placing an order
- 18 Jun : Zwipe and Watchdata partner to launch next generation contactless payments
- 29 Jun : Zwipe and Thomas Greg and Sons do Brasil renew and extend exclusive partnership

Significant events after the period

- 01 Jul : Zwipe and Publicenter collaborate on biometric payment solutions
- 28 Jul : Zwipe and Liveo Research partner to enhance biometric payment card offering
- 18 Aug : Zwipe and Smart Technology Services ramp up collaboration to industrialize Zwipe Pay ONE
- 20 Aug : Zwipe and Wisecard join forces to drive the mass market adoption of biometric payment card

1. Comparative figures in brackets are for Q2 2019 and H1 2019 respectively

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Message from the CEO

The first half of 2020 has been very productive, and a period marked by progress and major achievements for Zwipe. At a time when the public is particularly attuned to the benefits of social distancing, the payment ecosystem has increasingly embraced the need for secure, contactless payment technologies. COVID-19 has been a game-changer for market acceptance of the need for truly touchless payment solutions such as those offered by Zwipe.

The year began with Zwipe successfully listing on Nasdaq's First North Growth Market in Sweden, boosting liquidity and investor awareness through access to a broader investor community.

We continued building our end-to-end ecosystem, expanding our customer network globally, forging several new strategic technical partnerships, securing important orders and extending exclusive partnerships. All of this while continuing to make progress on our previously announced key projects, Zwipe Pay ONE with IDEMIA and IDEX, and the wearables project with Giesecke+Devrient (G+D).

The ongoing COVID-19 pandemic has elevated the focus on safety and significantly increased the growth of contactless transactions. This, in turn has led to raised contactless transaction limits all over the world and has served to highlight the improved hygiene and safety benefits of biometric payments. During 2020, the first announcements of upcoming small-scale commercial launches of biometric payment cards to consumers have been made, proving that the industry is ready to start serving a mass market.

We believe we hold the key to the next step of broad-scale, high-volume adoption of biometric payment cards through our cooperation with IDEMIA on Zwipe Pay ONE, which will reduce manufacturing cost for biometric payment cards to a level that enables card issuers to start mass-volume deployment.

Consequently, we are doubling down our efforts to serve the market, with immediate results. As previously announced, we have an ongoing dialogue with more than 40 out of the world's top 50 smart card manufacturers. During H1 2020 we have seen very good progress in our sales pipeline. We have announced that five new smart card manufacturers have decided to adopt Zwipe Pay ONE once it is available for early sampling, planned for later in 2020, and our prospect list and pipeline are continuously increasing. These are the clearest indications of demand for our solutions.

During the period we also began to engage directly with issuers and banks. Early insights suggest that a sizable number of consumers are willing to pay a meaningful monthly fee for biometric payment cards. We have been able to initiate fruitful engagements with multiple banks on how to profitably deploy biometric payment cards to consumers in large scale. This has strongly resonated across the payments and cards ecosystem, creating a wave of interest in what we uniquely offer to the marketplace.

Zwipe builds its competitive position on combining cost and performance leadership with our value-adding trusted advisor/systems integrator role. This combination is the cornerstone in Zwipe's ambitions towards mass market deployments of Biometric Payment Cards and wearables.

In the second half of 2019 we streamlined costs and lasered in on core processes to achieve mass-volume market readiness for Zwipe. Our progress in recent months is proof that we are on the right path. Our technology partnership with IDEMIA has secured Zwipe world-wide, exclusive ownership to a disruptive technology platform with superior energy efficiency and excellent biometric performance, positioning Zwipe for cost- and technology leadership.

Leveraging the deep systems know-how of our organization, we are also teaming up with other component suppliers and manufacturing partners to further simplify adoption and reduce the total cost of Zwipe Pay ONE. I am excited by the results of these efforts, which secure our ability to meet the aggressive cost targets we have set for Zwipe Pay ONE. We remain on track with regards to the development of Zwipe Pay ONE, having met all significant milestones during the period. We are confident that our cost leadership strategy is enabling us to bring a very compelling offering to our customers, while laying the foundation for a sound long-term business and value creation for Zwipe as the market matures.

Thanks to the experience gained from being fully dedicated to Biometric Payment Cards from the outset, we are a trusted advisor to smart card manufacturers and card issuers, advising them on what is needed to launch Biometric Payment Cards including user experience and customer onboarding.

This comprehensive approach makes Zwipe stand-out in the crowd. Zwipe's uniqueness is in the combination of our know-how, network, patents and technology. We make the entire process of evaluating, building, integrating, and deploying a biometric payment solution simple. We provide the components and build the inlays necessary for the smart card manufacturers. We are building an ecosystem of partners to enable card manufacturers and issuers a frictionless route to launching Biometric Payment Cards.

This cooperative approach is central to supporting the growth of the overall Biometric Payment Card market, but also key to cementing Zwipe's position and role. By giving banks and issuers, alongside our smart card manufacturing partners, a one-stop shop for the most cost effective and compelling route to launching an innovative, rapidly deployable contactless payment solution, we are building a commercial path that creates sustainable long-term value for our customers.

Cardholders and consumers around the world are demanding greater safety and security when paying for goods, and they want convenience too, which is the background for our mission of **"making convenience safe and secure"**. I am confident that we are on track to deliver on our mission and fulfill our pivotal role in supporting our many communities tackle the risks posed by COVID-19 at the point of sale.

André Løvestam **CEO**

Financials

January to June 2020

Profit and Loss during First Half of 2020

Zwipe reported a total revenue of TNOK 880 (348) during the first half of 2020. The revenue is related to sale of functional biometric inlays, demo cards and wearables, as well as charges for non-recurring expenses (NREs), all within the payment segment. Payment related sales in the first half of 2019 was TNOK 179.

After successfully executing on our streamlining program communicated in November 2019, we have, despite a negative currency effect of 8 % compared to 2019 currency rates, managed to decrease our underlying operating expenses by 40% to MNOK 21.8 (36.6), excluding one-off costs related to the third of four stages in our joint technology investments with Idemia (MNOK 10.6). Average monthly operational cash outflow was MNOK 4.9 in second quarter 2020 versus MNOK 7.6 in second quarter 2019.

During the first half of 2020, cash flow from operations and investments, before financing and facilitation, was MNOK -42.0 (-34.0). Adjusting for one-off payments related to the joint technology investment with Idemia (MNOK 9.7) and the restructuring program (MNOK 2.3), the operating cash flow was MNOK -30.0, a decrease of MNOK 4 from first half 2019. The difference between recognized operating expenses of MNOK 21.8 in first half of 2020 and operating cash flow of MNOK -30.0 in the same period is mainly due to expenses accounted for in 2019, but paid in 2020, and other accounting effects.

EBIT as of the first half 2020 amounted to MNOK -31.5 (-36.2). The results after tax was MNOK -31.6 (-36.3).

Investments, Liquidity and Financial Position

Zwipe has a strong portfolio of patents and in-house biometric technology development. The underlying value of these has to a limited degree been capitalized on the Balance Sheet. Total intangible assets are booked at MNOK 7.2. Production equipment, machinery and fixtures are valued at MNOK 2.5.

At 30 June 2020 cash and cash equivalents were MNOK 43.2. The closing balance at end of Q1 2020 was MNOK 54.6 and 23.3 at year-end 2019. The development in cash balance since year-end 2019 is a result of a capital raise of net MNOK 58.6, Zwipe's contribution to the joint technology investment with Idemia of MNOK -9.7 and the operational cash flow (excluding payment to Idemia and payments related to restructuring program) of MNOK -30 for the first half year of 2020. In addition, Zwipe America Inc. was in Q2 granted a bank loan of $248 000 (MNOK 2.4) through the Paycheck Protection Program (PPP). The loan is at 1% interest rate, payable in two years. Zwipe may be eligible for partial or full loan forgiveness given fulfilment of a set of requirements.

After the period, Zwipe received additional MNOK 10 (on top of the MNOK 10 received previously) out of a total MNOK 23.7 grant awarded through EU's Horizon 2020 program. The remaining MNOK 3.7 of the grant is due in 2021. Zwipe will receive a MNOK 5 grant from the Norwegian government in Q4 2020 as a result of the approval of Zwipe's grant application ("Skattefunn") in first half of 2020. Total equity was as of 30 June 2020 MNOK 49.8.

In January 2020, Zwipe was admitted to trading on Nasdaq First North Growth Market under the ticker symbol ZWIPE. The trading on Nasdaq First North Growth Market has proven to be significantly more liquid than on the Merkur Market. Zwipe has evaluated the benefits of being dual listed versus being listed only on Nasdaq First North Growth Market in Stockholm to have all trading liquidity in one market and reduce administration and expenses. Taking all aspects into consideration, Zwipe will for the time being remain listed on both markets.

Risk and Uncertainties

Zwipe is exposed to various types of market-, operational- and financial risks. Zwipe continuously monitors risk factors at a corporate and subsidiary level and takes appropriate action when needed to eliminate or mitigate any potential negative impact on operational and financial performance. Please refer to the Annual Report 2019 and prospectus dated 4 December 2019 for a more detailed description of risk factors. These are available at **www.zwipe.com**

Assurance by the board of directors

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2020 has been prepared in accordance with the Norwegian Accounting Act and accounting standards generally accepted in Norway (NGAAP) and gives a true and fair view of the Zwipe Group's assets, liabilities, financial position and results for the period.

We also confirm, to the best of our knowledge, that the financial report includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the financial statements, and any major related party transactions, and a description of the remaining six months of the financial year.

The Board of Directors of Zwipe AS,
Oslo, 26 August 2020

Jörgen Lantto (sign.)
Chairman of the Board

Johan Biehl (sign)
Board Member

Diderik Schonheyder (sign.)
Board Member

André Løvestam (sign.)
CEO

Dorian Barak (sign.)
Board Member

Dennis Jones (sign.)
Board Member

Pål Eivind Vegard (sign.)
Board Member

Market and Operational Update

January to June 2020

Market Development

The biometric payment card marketplace continues to evolve positively. Several 1st generation biometric payment card platforms are now making their way towards the first small-scale commercial launches. This development is good news, as it is a clear indication that the market is progressing towards volume take-off.

Recent market observations

- Stakeholders across the ecosystem have continued to adapt and tune production processes to accommodate biometric payment card production at scale. Several of Zwipe's smart card manufacturing partners have completed thorough testing processes and have begun small scale manufacturing trials.

- A wave of certifications on multiple 1st and 2nd generation platforms from multiple smart card manufacturers, supported by different constellations of semiconductor, fingerprint sensor and other core component providers, is expected to increase market visibility and maturity within the greater payment ecosystem.

- Various research on consumers' in-store payment preferences, most recently from Visa[2] (Aug 2020), have confirmed the strong preference for contactless payment cards at point of sale by the majority of consumers in most payment markets. As a consequence, mobile phone manufacturers such as Apple, Samsung and Huawei, in addition to other ecosystem players that are not considered traditional issuers such as Amazon, Uber, Klarna and Google, have begun issuing payment cards.

COVID-19 has provided an even greater push for innovation in payments

The COVID-19 pandemic has raised concerns over the cleanliness of physical payments causing an unprecedented rise in contactless payment usage.

- Contactless payment growth has accelerated. In Norway, contactless has risen from 12% of transactions in June 2019, to 50% in March 2020 and 72% in July 2020,[3] and in the Asia-Pacific region 46% of consumers are reported to be using cash less often.[4]

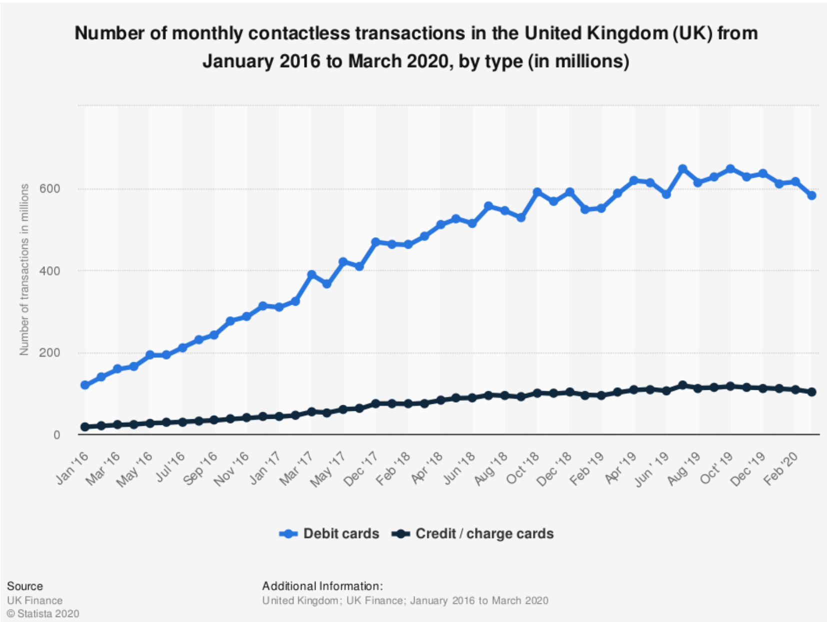
- Contactless transaction limits have been raised in more than 40 countries worldwide to avoid unnecessary PIN entry.

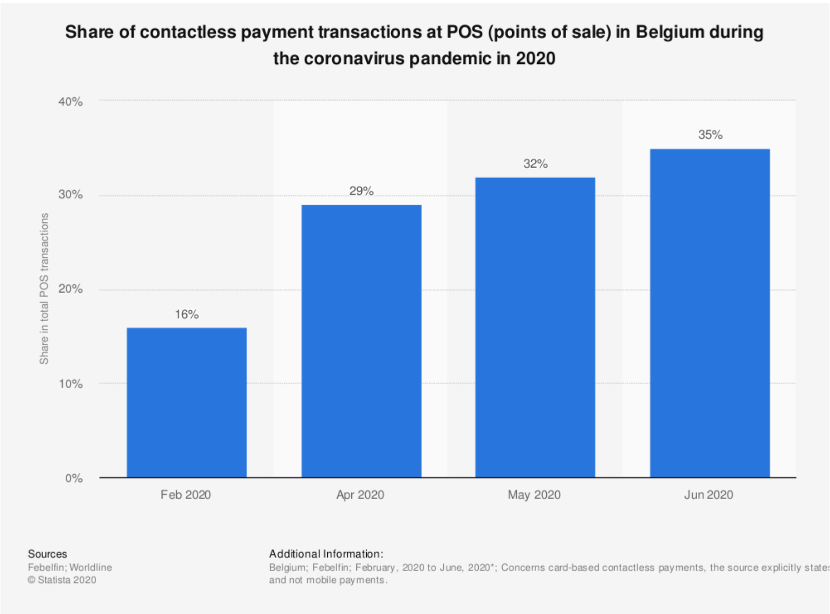
- COVID-19 has changed the way we shop, with Mastercard research showing that 70% of consumers will make their shift to digital payment modes permanent.

- According to VISA, usage of contactless payments in the US rose by 150% in March 2020 compared to the previous year.[5]

- A recent study published by Dentsu Aegis Network in June 2020 confirmed 82% of global consumers are ready to replace their PIN code with a fingerprint to authenticate a card payment.[6]

2. Source: https://www.nfcw.com/2020/08/19/367471/visa-one-in-two-consumers-are-no-longer-willing-to-shop-at-stores-that-dont-offer-a-fully-contactless-payments-process/
3. Source:https://kommunikasjon.ntb.no/pressemelding/nordmenns-staycation-forer-til-rekord-i-bruk-av-betalingskort-mens-kontantene-droppes?publisherId=13135833&releaseId=17889924
4. Source https://www.pscp.tv/w/1kvKpewdXdgGE
5. Source: https://www.worldfootwear.com/news/visa-digital-acceleration-in-covid19-era/5000.html
6. Source: Global study independently led by "Data 2 decisions" (Dentsu Aegis Network), encompassing 2,800 people in 11 countries





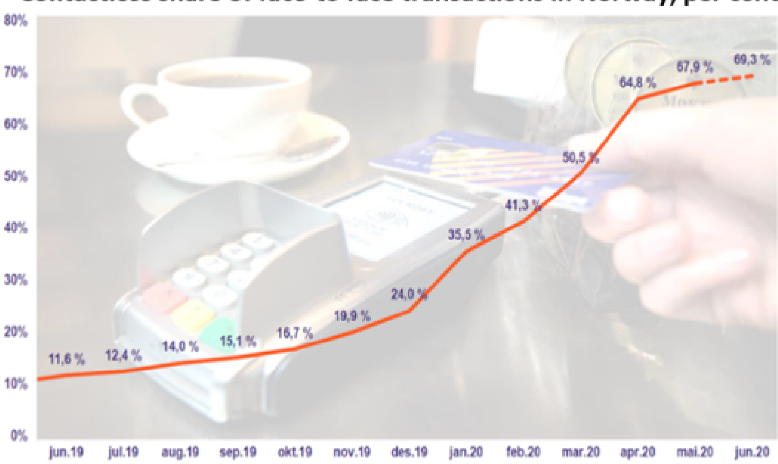
Even prior to the pandemic, consumers had started shifting to contactless payments, driven principally by demand for convenience. Transaction limits on contactless payments have been raised in multiple countries where contactless payment options are prevalent.[7] As the chart to the left shows, the UK, one of the world's most developed contactless payments markets, had seen a strong uptick in contactless payment usage even prior to the start of the COVID-19 pandemic.

Globally, contactless adoption has increased by 6 to 8% when compared with pre-COVID-19 expectations, with the issuance levels forecast to grow by 14% year on year, accounting for more than 65% of all cards in 2020, according to research from global tech market advisory firm, ABI research.[8]

A good example of the effect of COVID-19 on contactless payments is to consider the Belgian market. Belgian consumers increasingly adopted contactless payments during the pandemic in 2020, with the contactless market share more than doubling within two months.

The rise in contactless payment usage, combined with increased transaction limits, has further raised concerns over security and fraud associated with such payment methods. Consequently, a steady build-up of banks and issuers around the world demand innovative, quick-turn solutions that enhance security while continuing to support contactless payment and address safety concerns. Biometric payment cards are very well positioned to support this trend by offering a next-generation contactless payment experience which radically reduces the need for transaction limits and PIN-codes, while cardholders do not need to ever touch payment terminals.

Contactless share of face-to face transactions in Norway, per cent



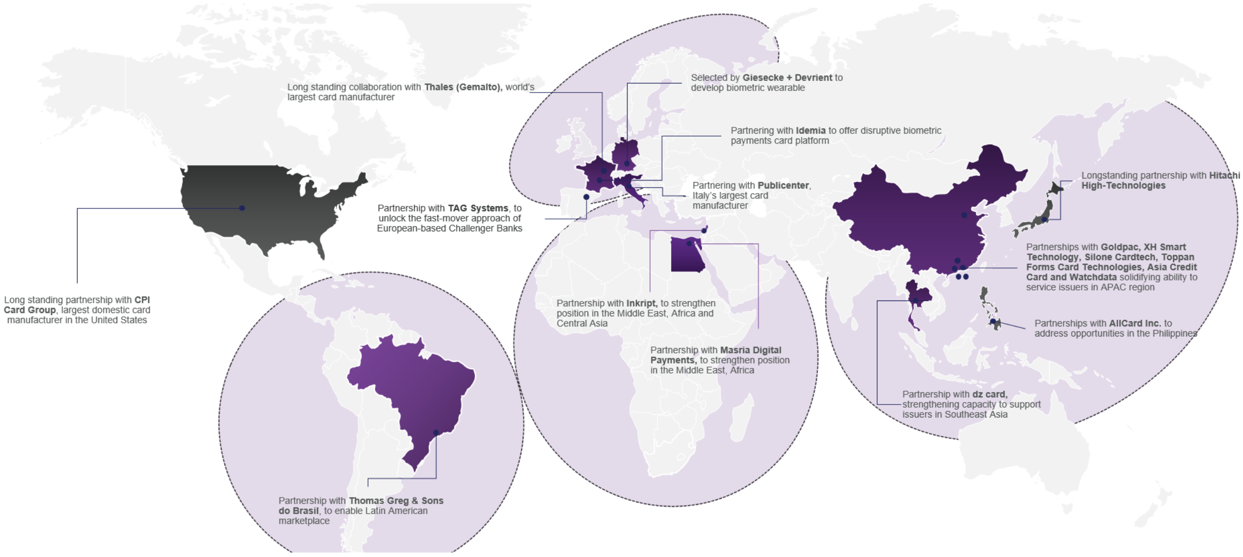
Source: BankAxept

7. Source: https://www.cityam.com/does-covid-19-mark-the-beginning-of-the-end-for-cash/

8. Source: https://www.abiresearch.com/press/covid-19-will-drive-global-contactless-payment-card-issuance-above-2-billion-mark-2020/

Operational Development

Commercial Progress



During the period Zwipe expanded its network of smart card manufacturing customers while also strengthening existing partnerships.

- Partnered with Egypt-based Masria Digital Payments, one of the Middle East's and Africa's largest and most well-established card manufacturers, to prepare to roll-out of Zwipe Pay ONE.
- Launched a partnership with Toppan Forms Card Technologies, the strongest local card manufacturer in the Hong Kong and Macau region, and subsequently secured an order to bring the collaboration to begin small scale manufacturing of biometric payment cards, including Zwipe Pay ONE.
- Partnered with Asia Credit Card, a specialist smart card manufacturer, also based in Hong Kong, to support the roll-out out biometric payment specific products and services, including Zwipe Pay ONE.
- Partnered with Beijing-based Watchdata Technologies, a pioneer in digital authentication and transaction security, to integrate Zwipe Pay ONE into their smart card program.
- Renewed and extended our exclusive partnership with Thomas Greg and Sons do Brasil, one of the leading smart card manufacturers in Latin America, with TGS commencing small scale manufacturing of biometric payment cards based on Zwipe's platform, embracing the road to Zwipe Pay ONE with the aim of gradually ramping up production to address ongoing market demand for safer and more secure contactless payments.

After the period:

- Zwipe partnered with Publicenter, the largest local domestic card manufacturer in Italy led in part by the positive market reception of biometric payment card trials run in Italy based on Zwipe's biometric payment platform. This partnership will support Publicenter's aim of supplying banks across Europe with biometric payment offerings based on Zwipe Pay ONE.
- Zwipe partnered with Liveo Research a major supplier of PVC materials to some of the world's largest card manufacturers, to offer a highly optimized route to efficient and scalable manufacturing of biometric payment cards.
- Zwipe and Smart Technology Services, one of the world's first equipment manufacturers to develop a biometric payment card milling and embedding enabled system, ramped up collaboration to industrialize Zwipe Pay ONE.
- In addition, Zwipe and Wisecard joined forces to drive the mass market adoption of biometric payments cards. Wisecard Technology is a leading supplier of EMV personalization and payment solutions and have partnered with Zwipe to support the industrialization of biometric payments solutions.

Technical Progress

The Zwipe R&D team is focused on the key development projects Zwipe Pay ONE and the wearables project with G+D, announced in September 2019. We have achieved significant progress during the period.

Zwipe Pay ONE development is progressing as planned and on schedule. The company finished designs for an ISO plate module package, incorporating the secure element developed in partnership with Idemia, and our own passive inlay. Zwipe engaged in a partnership with IDEX as the sensor supplier for Zwipe Pay ONE. We are targeting to have the first functional biometric cards based on Zwipe Pay ONE available in Q4 2020, ready for pilots in the same quarter and certification and mass production in 2021.

Zwipe and partners completed successful lamination trials on the former technology platform, Zwipe Pay Gen3, which may be used for pilots and market education. Hong-Kong-based Toppan Forms Card Technology signed up for small scale biometric payment card production using this platform. This is considered a stepping-stone before moving to Zwipe Pay ONE for certification volume deployment.
The wearables project together with Giesecke+Devrient (G+D) has overcome several logistic challenges due to travel restrictions resulting from COVID-19 and is progressing according to plan. The biometric wearables are planned to be piloted by a leading European bank.

Beyond the core development projects, Zwipe has taken steps to expand its product portfolio and offering, most notably in areas such as enrolment.

Organizational development

Bishwajit Choudhary, a former Group SVP of Strategy at NETS, who, over the course of 20 years led many of NETS's new business initiatives within Digital-ID, electronic signature and mobile authentication, was appointed Executive Vice President of Strategy and Channels in June. He will lead the company's engagement efforts towards banks and neo-banks, global and domestic card schemes, selected retailers and other important payments ecosystem stakeholders.


In order from left to right, Zwipe CTO Robert Mueller, CEO André Løvestam and EVP Strategy & Channels Bishwajit Choudhary

Additionally, the company has begun expanding operational and technical departments as a result of an increasing need to support a number of commercial engagements with smart card manufacturers. Singapore-based Alvin Soo, with experience from companies such as Linxens, Amkor, Cabot Microelectronics, has been onboarded as Group Quality Manager.

In addition to strengthening the operational capacity of the company, Zwipe has also added significant industry expertise to the Board of Directors with the appointments of Mr. Diderik Schonheyder and Mr. Pål Eivind Vegard. Mr. Schonheyder is a recognized authority on payment products, services and systems development with more than 35 years' experience as an executive, advisor and investor in the information technology and telecommunications industry. He previously served in global roles at VISA International and MasterCard. Mr. Vegard is a seasoned entrepreneur, investor, and board member who has been active for over three decades in the telecommunications and software industries in Europe. He established Tele1 Europe in Norway in 1998 before going on to fund several companies. Through his investment company, Concito AS, he was one of the early backers of Zwipe and has served on Zwipe's board from 2011 to 2016. He was also an early investor in and chairman of the board in OneCall, today a successful mobile brand owned by Telia.

Consolidated Financial Statements and Notes

Parent and Group Company

Income Statement

(Amounts in 1000 NOK)

Zwipe Group					Zwipe AS		
H1 2020	H1 2019	2 019	Note		H1 2020	H1 2019	2 019
				Operating Income			
862	348	1 517	1	Sales revenue	862	348	1 517
18	0	4		Other operating income	0	0	0
880	**348**	**1 522**		**Operating income**	**862**	**348**	**1 517**
				Operating expenses			
212	990	5 882		COGS	212	990	5 882
6 900	13 251	26 591	6	Payroll expenses	3 241	6 999	14 072
766	879	3 304	2,3	Depreciation, amortization & impairment	766	879	3 304
24 511	21 450	60 999		Other operating expenses	28 365	28 454	74 328
32 389	**36 570**	**96 776**		**Operating expenses**	**32 584**	**37 322**	**97 587**
-31 510	**-36 222**	**-95 255**		**Operating profit/loss**	**-31 722**	**-36 975**	**-96 069**
				Financial income and expenses			
26	8	295		Other interest income	26	8	293
987	455	1 719		Other financial income	987	455	1 715
2	239	246		Other interest expenses	2	239	246
1 032	135	1 458		Other financial expenses	1 032	135	1 458
-21	**89**	**310**		**Net financial income and expenses**	**-22**	**89**	**305**
-31 531	**-36 133**	**-94 944**		**Results before tax**	**-31 744**	**-36 886**	**-95 764**
59	196	210		Tax expense	0		0
-31 590	**-36 329**	**-95 154**		**Results for the year**	**-31 744**	**-36 886**	**-95 764**
				Profit(+)/Loss(-) for the year attributable from:			
-31 590	0	-95 154		Share premium reserve	-31 744	0	-95 764
0	-36 329	0		Uncovered loss	0	-36 886	0
-31 590	**-36 329**	**-95 154**		**TOTAL**	**-31 744**	**-36 886**	**-95 764**
25 525 261	15 946 205	15 953 288		Number of shares end of period	25 525 261	15 946 205	15 953 288
25 259 373	15 076 799	14 886 174		Average number of shares in the period before dilution	25 259 373	15 076 799	14 886 174
25 259 373	15 076 799	14 886 174		Average number of shares in the period after dilution	25 259 373	15 076 799	14 886 174
-1,25	**-2,41**	**-6,39**		**Profit pr. share before dilution**	**-1,26**	**-2,45**	**-6,43**
-1,25	**-2,41**	**-6,39**		**Profit pr. share after dilution**	**-1,26**	**-2,45**	**-6,43**

Balance Sheet

(Amounts in 1000 NOK)

Zwipe Group					Zwipe AS		
H1 2020	H1 2019	2 019	Note		H1 2020	H1 2019	2 019
				Assets			
				Long-term Assets			
				Intangible Assets			
7 271	7 002	7 147	3	Research and Development	7 271	7 002	7 147
0	0	0	3	Licenses and patents	0	0	0
7 271	**7 002**	**7 147**		**Total Intangible Assets**	**7 271**	**7 002**	**7 147**
				Fixed Assets			
2 538	3 260	2 536	2	Equipment, fixtures and fittings	2 538	3 260	2 536
2 538	**3 260**	**2 536**		**Total Fixed Assets**	**2 538**	**3 260**	**2 536**
				Financial Assets			
0	0	0		Investment in subsidiaries	386	386	386
493	1 165	439		Other financial receivables	493	1 165	439
493	**1 165**	**439**		**Total Financial Assets**	**879**	**1 551**	**825**
10 302	**11 427**	**10 122**		**Total Long-term Assets**	**10 688**	**11 813**	**10 508**
				Current Assets			
				Inventories			
4 012	2 766	3 104		Inventories	4 012	2 766	3 104
4 012	**2 766**	**3 104**		**Total Inventories**	**4 012**	**2 766**	**3 104**
				Receivables			
455	257	375		Accounts receivables	455	257	375
9 162	6 230	74 003		Other receivables	8 775	6 164	73 554
9 617	**6 487**	**74 378**		**Total debtors**	**9 230**	**6 421**	**73 929**
				Cash			
43 168	73 728	23 236		Bank deposits, cash	36 064	71 700	19 554
43 168	**73 728**	**23 236**		**Total cash**	**36 064**	**71 700**	**19 554**
56 797	**82 982**	**100 718**		**Total Current Assets**	**49 306**	**80 887**	**96 587**
67 099	**94 409**	**110 840**		**Total Assets**	**59 994**	**92 701**	**107 095**

Balance Sheet
(Amounts in 1000 NOK)

Zwipe Group					Zwipe AS		
H1 2020	H1 2019	2 019	Note		H1 2020	H1 2019	2 019
				Equity and liabilities			
				Equity			
				Paid-up Equity			
2 553	1 595	1 595	5	Share capital	2 553	1 595	1 595
47 251	120 785	78 830		Share premium reserve	42 099	120 785	74 366
0	-42 327	0		Uncovered losses	0	-46 491	0
49 803	**80 053**	**80 426**		**Total restricted equity**	**44 652**	**75 889**	**75 961**
49 803	**80 053**	**80 426**		**Total equity**	**44 652**	**75 889**	**75 961**
				Liabilities			
				Long-term liabilities			
2 419	0	0	4	Other long term liabilities	0	0	0
2 419	**0**	**0**		**Total of other long term liabilities**	**0**	**0**	**0**
				Short-term Liabilities			
11 375	4 326	12 398		Accounts Payables	11 369	5 581	12 318
744	1 035	702		Public duties payable	744	1 035	702
58	193	0		Tax payable	0	0	0
2 699	8 802	17 315		Other short term liabilities	3 228	10 195	18 114
14 876	**14 356**	**30 415**		**Total short-term liabilities**	**15 342**	**16 812**	**31 134**
17 296	**14 356**	**30 415**		**Total liabilities**	**15 342**	**16 812**	**31 134**
67 099	**94 409**	**110 840**		**Total equity and liabilities**	**59 994**	**92 701**	**107 095**

Cash Flow Statement

(Amounts in 1000 NOK)

Zwipe Group					Zwipe AS		
H1 2020	**H1 2019**	**2 019**	**Note**		**H1 2020**	**H1 2019**	**2 019**
-31 590	-36 329	-95 154		Net Income / (Loss) before tax	-31 744	-36 886	-95 764
0	0	94		Taxes paid	0	0	0
763	2 559	3 881	6	(+) Option cost no cash effect	763	2 559	3 839
0	0	0		(+/-) Gain/Loss of fix assets	0	0	0
766	879	3 304	2,3	(+) Depreciation, amortisation & impairment	766	879	3 304
-908	-459	-797		(-) Change in Inventory	-908	-459	-797
155	188	1 915		(-) Change in Accounts Receivable	-80	382	264
-2 857	-22	-64		(-) Change in Other Current Assets	-2 969	-20	320
-1 032	-3 827	2 864		(+) Change in Accounts Payables	-948	-3 890	2 847
-6 422	5 828	3 595		(+) Change in Current Liabilities	-6 604	5 680	3 449
-41 124	**-31 183**	**-80 361**		**Net Cash use in Operating Activities**	**-41 723**	**-31 754**	**-82 538**
				Cash Flows from Investing Activities			
-891	-2 788	-4 636	2,3	Intangible Assets and Capital Expenditures	-891	-2 788	-4 636
-891	**-2 788**	**-4 636**		**Net Cash Provided by (used in) Investing Activities**	**-891**	**-2 788**	**-4 636**
-42 016	**-33 971**	**-84 997**		**Operational Cash Flow**	**-42 615**	**-34 542**	**-87 174**
				Cash Flows from Financing Activities			
67 004	120 066	120 071		Equity Issue	67 004	120 069	120 071
0	0	67 004		Unregistered capital increase	0	0	67 004
0	0	-67 004		Financial receivable from capital increase	0	0	-67 004
-8 443	-8 002	-16 763		Transaction cost not recognized over P&L	-8 443	-8 002	-16 763
2 422	0	0	4	PPP Loan		0	0
0	0	9 370		Convertible loan	0	0	9 370
564	-15 126	-15 251		Repayment of loan	564	-15 126	-15 251
61 546	**96 938**	**97 426**		**Net Cash Provided by Financing Activities**	**59 125**	**96 941**	**97 426**
402	-35	10		Effect of Foreign Currency Translation			
19 932	**62 932**	**12 439**		**Net Increase / (Decrease) in Cash and Cash Equivalents**	**16 510**	**62 399**	**10 252**
23 236	10 797	10 797		Cash and Cash Equivalents at Beginning of Period	19 554	9 302	9 302
43 168	73 728	23 236		Cash and Cash Equivalents at End of Period	36 064	71 700	19 554
19 932	**62 932**	**12 439**		**Net cash flow**	**16 510**	**62 399**	**10 252**

Statement of changes in equity

(Amounts in 1000 NOK)

Zwipe Group

	Share capital	Share premium reserve	Uncovered loss	Total equity
January 1st 2019	**943**	**0**	**-9 042**	**-8 100**
Proceeds from issue of shares	653	128 788		129 441
Unregistered capital increase/decrease		67 004		67 004
Issue costs		-16 764		-16 764
Uncovered loss		-9 042	9 042	0
Annual net profit/loss		-95 154		-95 154
Share based compensation		3 267		3 267
Other changes in equity*		657		657
Currency effect		74		74
December 31st 2019	**1 595**	**78 830**	**0**	**80 426**
Proceeds from issue of shares	957	-957		0
Transaction cost		-329		-329
Share based compensation		763		763
Net profit/loss		-31 590		-31 590
Currency effect		533		533
June 30th 2020	**2 553**	**47 251**	**0**	**49 803**

Zwipe AS

	Share capital	Share premium reserve	Uncovered loss	Total equity
January 1st 2019	**943**	**0**	**-12 737**	**-11 794**
Proceeds from issue of shares	653	128 788		129 441
Unregistered capital increase/decrease		67 004		67 004
Issuance cost		-16 764		-16 764
Uncovered loss		-12 737	12 737	0
Annual net profit/loss		-95 764		-95 764
Share based compensation		3 267		3 267
Other changes in equity*		572		572
December 31st 2019	**1 595**	**74 366**	**0**	**75 961**
Proceeds from issue of shares	**957**	-957		0
Transaction cost		-329		-329
Share based compensation		763		763
Net profot/loss		-31 744		-31 744
June 30th 2020	**2 553**	**42 099**	**0**	**44 652**

* Other changes in equity of NOK 572k is related to a reversal of 2018 social security tax accrual on shared based compensation.

Accounting policies

Zwipe Group and Zwipe AS

The financial statements have been prepared in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway. All notes of importance for substantiation of the accounts are included.

Changes in accounting policies

There has not been any accounting policy change in H1 2020.

NOTES

All amounts are presented in 1000 NOK

Note 1 Revenues

	Zwipe AS & Group		
Revenues from sale of goods and services	**H1 2020**	**H1 2019**	**2019**
Payment	862	169	1 338
Access control	0	179	179
Total	862	348	1 517

	Zwipe AS & Group		
Geographical distribution	**H1 2020**	**H1 2019**	**2019**
Norway	0	0	0
Other countries	862	348	1 517
Total	862	348	1 517

Note 2 Fixed assets

	Zwipe AS & Group			
	Office machinery	**Tools**	**Machinery and plant in progress**	**Total**
Acquisition cost 01.01.2020	387	5 284	561	**6 232**
Adjustment acquisition cost	0	0	0	**0**
Additions	0	449	257	**706**
Transfers	0	818	-818	**0**
Skattefunn/Horizon 2020	0	0	0	**0**
Disposals	0	0	0	**0**
Acquisition cost 30.06.2020	387	6 552	0	**6 938**
Accumulated depreciation/ impairment 30.06.2020	334	4 066	0	**4 400**
Adjustment acc. depreciation/impairment 30.06.2020	0	0	0	**0**
Book value 30.06.2020	52	2 486	0	**2 538**
Depreciation in the year	37	668	0	**704**
Impairment in the year	0	0	0	**0**
Total Depreciation/impairment in the year	37	668	0	**704**
Depreciation plan	Linear	Linear		
Economic useful life	3 year	5 year		

Note 3 Intangible assets

	Zwipe AS & Group			
	Research and development	Concessions, patents etc.	Research and development in progress	Total
Acquisition cost 01.01.2020	14 180	4 108	7 062	**25 351**
Adjustment acquisition cost	0	0	0	**0**
Additions	0	0	617	**617**
Skattefunn/Horizon 2020	0	0	-432	**-432**
Disposals	0	0	0	**0**
Acquisition cost 30.06.2020	14 180	4 108	7 247	**25 535**
Accumulated depreciation/ impairment 30.06.2020	14 120	4 108	38	**18 266**
Adjustment acc. depreciation/impairment 30.06.2020	-2	0	0	**-2**
Book value 30.06.2020	62	0	7 209	**7 271**
Depreciation in the year	62	0	0	**62**
Impairment in the year	0	0	0	**0**
Total Depreciation/impairment in the year	62	0	0	**62**
Depreciation plan	Linear	Linear		
Economic useful life	5 year	5 year		

Note 4 Long Term Debt

Zwipe America Inc. was granted a bank loan of $248 000 in Q2 2020 through the Paycheck Protection Program (PPP). The loan is at 1% interest rate, payable in two years. Zwipe may be eligible for partial or full loan forgiveness given fulfilment of a set of requirements.

Note 5 Share capital and shareholder information

Zwipe AS & Group

Share capital	**Holding**	**Nominal value**	**Book value**
Ordinary Shares	25 525 261	0,1	2 552 526

The company has one class of shares and all shares come with full voting rights.

The share capital is owned by the following shareholders as per 30.06.2020

Shareholders	**Holding**	**Stake**	
Coeli Wealth Management AB	2 124 206	8,32 %	Nominee account
Försäkringsaktiebolaget, Avanza Pension	1 481 324	5,80 %	
Lars Windfeldt	1 379 195	5,40 %	
Nordnet Bank AB	898 277	3,52 %	Nominee account
Avanza Bank AB	768 837	3,01 %	Nominee account
Norden Pensionsföfrsöakring AB	699 597	2,74 %	
Skandinaviska Enskilda Banken AB	586 214	2,30 %	Nominee account
Concito AS*	535 610	2,10 %	
Jörgen Lantto**	533 333	2,09 %	
Skandinaviska Enskilda Banken AB	516 987	2,03 %	Nominee account
Energetic AS***	480 000	1,88 %	
Telecom AS	340 000	1,33 %	
Feat Invest AB****	301 500	1,18 %	
Danske Bank A/S	287 527	1,13 %	Nominee account
Launch AS	279 706	1,10 %	
Union Bancaire Privee, UBP SA	255 346	1,00 %	Nominee account
Prog Seed AS	241 338	0,95 %	
Prinvest AS	226 501	0,89 %	
Patri Invest & Trading AS	226 500	0,89 %	
Svenska Handelsbanken AB	210 859	0,83 %	Nominee account
Other shares	13 152 404	51,53 %	
Sum	**25 525 261**	**100,00 %**	

*Concito AS is owned by Pål Eivind Vegard, Zwipe board member
**Zwipe chairman of the board
*** Energetic AS is owned by André Løvestam, CEO of Zwipe
****Johan Biehl, Zwipe board memeber, is a board member of Feat Invest

Management and board holdings	**Holding**	**Stake**
André Løvestam (CEO)	480 000	1,88 %
Lars Kristian Solheim (CFO)	70 000	0,27 %
Dr. Robert Müller (CTO)	28 572	0,11 %
Jörgen Lantto (Chair)	533 333	2,09 %
Johan Biehl	200 714	0,79 %
Dennis Jones	62 500	0,24 %
Pål Eivind Vegard	535 610	2,10 %
Sum	**1 910 729**	**7,49 %**

Note 6 Share based payments

The company has a share-based option programme covering certain employees in senior positions, members of the board and nomination committee members. Each option gives the holder the right to acquire one share from the company at a strike price defined in the individual share option agreement. All options are conditional that the grantee remains employed. All vested options may be exercised in any period prior to the expiry date. The options vest every 6 months from grant date and may be exercised at vesting. As of 30.06.2020, 21 persons were included in the option programme.

The fair value of the options is set on the grant date and expensed over the vesting period. The fair value of options awarded is estimated using the Black-Scholes option pricing model. NOK 0.8 million have been expensed per H1 2020.

Strike price	Options	Weighted Average remaining contractual life	Weighted Average Strike Price	Vested options 30.06.2020	Weighted Average Strike Price
		Outstanding Instruments		*Vested Instruments*	
6,54	205 000	4,00	6,54	34 166	6,54
7,85	470 000	4,00	7,85	0	0,00
10,00	637 000	1,81	10,00	576 246	10,00
16,20	170 000	3,00	16,20	56 666	16,20
25,00	260 000	2,20	25,00	185 000	25,00
	1 742 000			**852 078**	

Overview of outstanding options	**Options**	**Weighted Average Strike Price**
Outstanding opening balance (01.01.2020)	1 385 450	14,15
Granted	470 000	7,85
Exercised	0	0,00
Forfeited	-100 000	25,00
Expired	-13 450	10,00
Outstanding closing balance (30.06.2020)	**1 742 000**	**11,86**
Vested closing balance	**852 078**	**13,53**

The calculations are based on the following assumptions:
There is no change in assumptions as used per Annual Report 2019.

Note 7 Subsequent events

In July, Zwipe received additional MNOK 10 out of a total MNOK 23 grant awarded from the European Union Research and Innovation Program through EU's Horizon 2020 program.

Note 8 Reporting

Upcoming reporting days

Financial Year 2020 Annual Report February 25, 2021.

This report has not been reviewed by Zwipe's auditors.

Zwipe in brief

Zwipe is a technology company enabling battery-less, ultra-low-power, self-contained biometric authentication solutions for payment cards and wearable devices. Together with an ecosystem of partners including global brands within digital security and financial services, Zwipe is **"making convenience safe and secure"** for banks, merchants and consumers.

Zwipe's unique intellectual property portfolio enables the heightened security offered by biometrics, enhancing the convenience of contactless all the while protecting the user's personal information and right to privacy, directly addressing the data theft pitfalls inherent in traditional authentication methods.

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