



# Interim Report

## January to June 2019

### **Second Quarter**

- Second quarter revenues at TNOK 241 (365)<sup>1</sup>
- Second quarter result after tax at TNOK -20 989 (-11 388)
- Result per share for the second quarter of NOK -1.32 (-1,21)
- Cash flow from operations before financing at TNOK -22 554 (-15 241)

### **First Half Year**

- Total revenues for the first half year TNOK 348 (677)
- Result after tax at TNOK -36 329 (-30 712)
- Result per share for the first half year of NOK -2.28 (-3,26)
- New equity TNOK 120 000 was raised in January 2019
- Cash flow from operations before financing and facilitation at TNOK -40 402 (-26 969)
- Cash and cash equivalents amounted to TNOK 73 728 on the day of closing

### **Significant events during the period**

- Zwipe and XH Smart Technology enter into a strategic partnership to launch biometric payment cards
- Zwipe and Infineon extend partnership
- Zwipe enters milestone partnership to launch biometric payment cards with Goldpac
- Inkrypt to launch biometric payment cards with Zwipe
- Zwipe announces JavaCard biometric payment platform
- Thomas Greg & Sons do Brasil to launch biometric payment cards with Zwipe
- TAG Systems and Zwipe partner to launch biometric payment cards
- Zwipe appoints Dr. Robert Mueller as CTO and launches European Tech Hub
- Zwipe selects T-shape sensor for volume roll-out offering, highlighting Zwipe's patent
- Zwipe raises NOK 120 million

### **Significant actions after the period**

- Zwipe appoints Lars Myren as new CFO

<sup>1</sup> Comparative figures in brackets are for Q2 2018 and H1 2018 respectively. Note: Comparative H1 2018 figures are non-audited, here and for the remainder of this report



## Table of content

<b>03 - 04</b>	<b>Message from the CEO</b>
<b>05 - 07</b>	<b>Financials</b>
<b>08 - 11</b>	<b>Operations</b>
<b>12 - 16</b>	<b>Financial Statements</b>
<b>17 - 26</b>	<b>Notes</b>
<b>27</b>	<b>Zwipe in brief</b>
<b>28 - 29</b>	<b>Auditors Report</b>



## Message from the CEO

Zwipe had significant progress during the first half of 2019. During the period we have added five new card manufacturing customers across the world, significantly broadening our customer base. At the same time, multiple pilots with existing customers, banks and payment networks, have provided strong results and given us unique insights as we progress towards commercial adoption of our offerings.

Over the course of this summer, accredited third-party labs used for validation by the major payment networks have confirmed that Zwipe's platform is comfortably surpassing the biometric performance, security and interoperability requirements for certification to be awarded to card manufacturers.

During 2019 we have strengthened our balance sheet and organization substantially. Major players in the market are now investing in preparation for large-scale rollout of biometric payment cards, making the long-term market potential firmer than ever.

Based on recent confirmation of Zwipe's value proposition and long-term prospects, the Board of Directors has concluded an intent to list on Nasdaq Stockholm's First North Growth Market, thereby further accelerating and supporting the company's development.

### **Expanding go-to-market partnerships and customer base**

Zwipe secured several new partnerships in Europe, the Middle East, Asia and Latin America, expanding the reach of our offering with an end-to-end solution made up of both products and services. This combined offering utilizes Zwipe's technology, which has been validated through the majority of the industry's pilots run to date, as well as Zwipe's broad know-how in biometric payment cards. Our offering has proven highly valuable for our customers, the card manufacturers, as well as their customers, the card issuers. As previously announced, Zwipe has supported Thales, the world's largest card manufacturer with 12 pilots employing Zwipe's technology. Additional pilots with both existing and new partners are planned.

The work of addressing the new commercial opportunities with our new customers has already started. The partnerships with Goldpac and XH Smart, two of China's largest secure payment solution providers, are central to meeting expectant demand in the Asia Pacific region. With significant interest being shown by banks across the Middle East and North Africa, the partnership with InKript, one of the region's strongest digital security providers, allows Zwipe to establish market presence in this region. In Latin America, the collaboration with Thomas Greg & Sons do Brasil means Zwipe can service a region expecting to see significant growth in terms of card penetration in the coming years. In Europe, we have diversified our ability to service both traditional and challenger banks by partnering with one of the region's strongest and best positioned card manufacturers, TAG Systems Group.

## Strengthening customer offering

Pilots that have run based on our technology have helped us optimize our offering and know-how in biometric payment systems, and this has attracted interest from key players across the ecosystem to collaborate with Zwipe. The company's biometric payment platform, the most widely live-tested solution in the marketplace, has been progressively updated in terms of performance and cost. As a result, we are now entering into the phase of providing our second-generation inlay technology to our customers, reducing cost and improving performance compared to the previous version.

Importantly, recent tests completed by accredited third-party labs, which directly support card network certification bodies in validating solutions, have confirmed that Zwipe's platform is comfortably surpassing the biometric performance, security and interoperability requirements for certification. These are important achievements as we support the processes towards full card certification which will be obtained by our card manufacturing customers.

## Shorter-term development towards market adoption

During 2019 we have seen increased efforts from industry leaders in the payments ecosystem, supporting a broader network of card manufacturers and card issuers to engage in additional pilots and preparing for commercialization. As a step towards initial commercial launch, some card manufacturers may engage in certifying their offering, whilst others may focus their efforts towards additional pilots and broadened market presence, and thus certify their solutions at a later stage. Whatever position is adopted, we do not expect it to materially impact Zwipe's short-term revenues or long-term prospects as the market prepares for volume take-off.

We are now supporting multiple customers towards volume deployment and there seems to be a broad consensus among industry stakeholders that the biometric payment card that will deploy at scale will be dual-interface<sup>2</sup>, battery-less and supported by secure at-home enrolment, all features pioneered by Zwipe.

## Longer-term, large-scale market firming up

Over the past months, multiple card manufacturers have started the capital-intensive process of launching biometric payment card specific manufacturing lines, semiconductor providers have begun the development of dedicated offerings for this emerging market, and the entire value chain supporting these processes has started moving more aggressively.

This vote of confidence of the future prospects in biometric payment cards and wearables has opened up several new strategic opportunities for Zwipe; opportunities that we are now pursuing at full speed.

Based on this confirmation of Zwipe's value proposition and long-term prospects, the Board of Directors has concluded an intent to list on Nasdaq Stockholm's First North Growth Market, thereby further accelerating and supporting the company's development.

I am confident that Zwipe is well positioned to unlock the exciting opportunities coming our way and I am looking forward to the next phase of our journey.

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André Løvestam, *CEO at Zwipe*

<sup>2</sup> A dual interface chip card is a credit or debit card with an embedded chip that allows the card to be used in both contact and contactless transactions.

# FINANCIALS

## Profit and Loss during First Half of 2019

Zwipe reported a total revenue of TNOK 348 (677) during the first half of 2019. The revenue is related to sale of a limited number of working biometric inlays and demo cards within the payment segment, and the closing of inventory of access control cards.

Total operating expenses in the first half of 2019 were MNOK 36.6 (30.9). This increase of 18% year-on-year was largely driven by acceleration of development programs and increased payroll and consultancy expenses related to R&D activities and commercial programs.

EBIT as of the first half 2019 amounted to MNOK -36.2 (-30.2) and the result after tax to MNOK -36.3 (-30.7). The development reflects planned acceleration of development activities preceding commercial volume revenues.

## Investments, Liquidity and Financial Position

Zwipe has a strong portfolio of patents and in-house biometric technology development. The underlying value of these have to a limited degree been capitalized on the Balance Sheet. Total intangible assets are booked at MNOK 7.0, which is an increase of MNOK 1.0 since the beginning of the year. Production equipment, machinery and fixtures are valued at MNOK 3.3, an increase of MNOK 1.0 during 2019.

A new share issue of MNOK 120 was successfully completed in January, attracting strong interest from institutional

and professional investors in Sweden and Norway. On 28 January 2019, Zwipe was admitted to trading on Oslo Stock Exchange's Merkur Market under the ticker symbol ZWIPE-ME. In April, Zwipe received MNOK 10 out of a total MNOK 23 grant awarded through EU's Horizon 2020 program. Zwipe plans to receive a MNOK 5 grant from the Norwegian government in Q4 2019 as a result of the approval of Zwipe's grant application ("Skattefunn") in the fourth quarter 2018.

At 30 June 2019 cash and cash equivalents were MNOK 73.7. Total equity was MNOK 80.1.

During the first half of 2019, the cash flow from operations and investments, before financing and facilitation, was MNOK -40.4. Net cash flow was MNOK 62.9.

## Risks 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 2018 and prospectus dated 9 January 2019 for a more detailed description of risk factors, these are available at [www.zwipe.com](http://www.zwipe.com).

## Subsequent Events

The former COO, Orlando Martinez, exercised 7 083 stock options resulting in an equity issue of the corresponding shares. The equity issue was registered 26 July. Consequently, the outstanding number of shares at the release of this report is 15 953 288 shares.

Zwipe has engaged a new CFO, Lars Myren, on an interim basis from 5 August 2019.

## Status on Audit

The financial accounts and notes for H1 2019 have been reviewed by the company's auditors BDO. Comparative figures for H1 2018 were not reviewed, while the full-year 2018 accounts were audited by BDO.

## Responsibility Statement

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2019 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 review 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, any major related parties' transactions, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

**The board of directors of Zwipe AS, Oslo, 3 September 2019**

**Jörgen Lantto** (sign.)  
Chairman of the Board

**Kim Humborstad** (sign.)  
Board Member

**Dennis Jones** (sign.)  
Board Member

**André Løvestam**  
(sign.)  
CEO

**Espen Tøndel** (sign.)  
Board Member

**Lars Windfeldt** (sign.)  
Board Member

**Sam Chester** (sign.)  
Board Member

**Johan Biehl** (sign.)  
Board Member

**Francis van den Bosch** (sign.)  
Board Member

**Dorian Barak** (sign.)  
Board Member

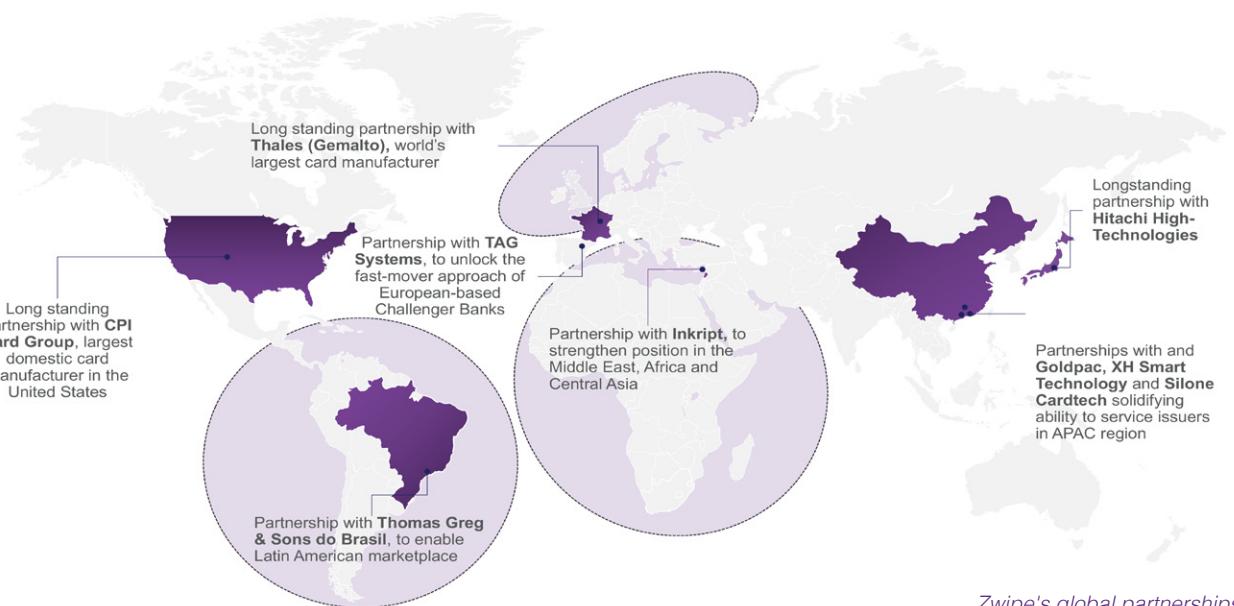
# OPERATIONS



## Market Development

The long-term potential of the emerging marketplace for biometric payment solutions is being confirmed as the market for biometric payment cards materializes. Existing and new players are investing and scaling up their operations in anticipation of large-scale commercialization of biometric payment cards. Short-term commercial offerings are being validated by several card manufacturers, supporting initial launch. Long-term product roadmaps by the lead players in the ecosystem are firmed up. Such products enable faster take-up than previously considered once they are launched. Zwipe believes that the availability of multiple credible suppliers is a prerequisite for mass-market deployment.

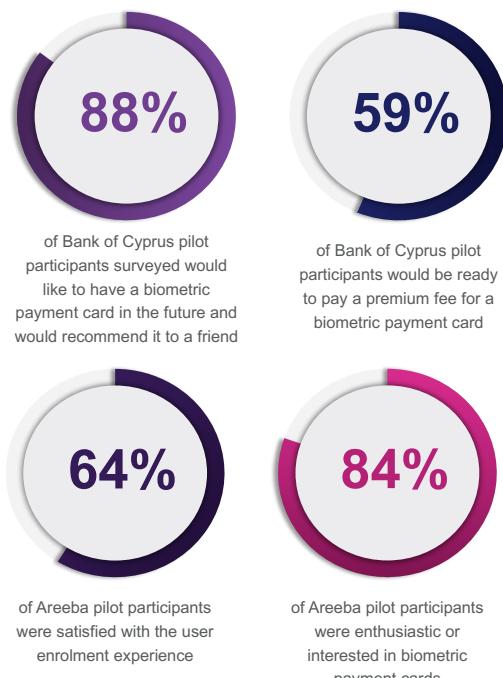
A strong and diverse partner ecosystem will be increasingly important going forward. The company notes a trend that stakeholders across the value chain have actively begun securing multi-sourcing capabilities to support continuity of supply and general risk mitigation.



## Operational Development

### Commercial progress

The five partnership announcements made in this period reflect Zwipe's focus on establishing a robust customer network which will be key to commercializing the company's technology in the lead-up to volume deployments.



### Pilots

Zwipe's technology and go-to-market development has benefited greatly from participation in the majority of biometric payment card pilots to date, in collaboration with partners in Europe and the Middle East. Pilots confirm consumer acceptance. In fact, an overwhelming majority of respondents found biometric payment cards to be more convenient and more secure than regular payment cards. Furthermore, a majority of consumers say they are willing to pay a premium to have a more secure payment card that does not compromise convenience or user privacy.

The qualitative assessment of the pilots run by the Bank of Cyprus and Areeba were positively received and centred around four categories; enrolment, card performance, merchant acceptance and overall user experience. The constructive feedback gathered provided strong guidance for further development of Zwipe's technology platform and business offering.

Prior to launching the pilot with Intesa Sanpaolo, Zwipe and Gemalto (now Thales) made concerted efforts to address and update the overall joint offering of biometric payment cards across the four categories, with emphasis on user experience tailored to specific requests from participating banks and issuers. Zwipe is not at liberty to disclose any details surrounding the Intesa Sanpaolo pilot results at this time, except that the pilot has been positively received.



## Technological progress

Zwipe has made significant progress on updating its offering across multiple biometric payment technology platforms in the period as part of its Generation NxT supply chain readiness and scaling initiative, which enables Zwipe to bring forward its second-generation inlay technology to its customers.

During H1 2019 Zwipe announced the development of a JavaCard-based operating system further broadening the company's scope in meeting various customer preferences and needs in the biometric payment card marketplace.

## Organizational development

During this period, VP Program and Supply Chain Management, Eric Mercer, was appointed CEO of Zwipe America Inc and joined Zwipe's management team.

Additionally, in this period, Zwipe announced the appointment of Dr. Robert Mueller as its Chief Technology Officer. Dr. Mueller joined Zwipe with over 20 years' experience in senior technical development positions focusing on biometrics and smart card technology at leading companies such as Siemens, Giesecke+Devrient and BMW. His most recent role was serving as Chief Technology Officer at Next Biometrics. Dr. Mueller has led the establishment of Zwipe's European tech hub, which complements the company's existing research and development center in Colorado Springs, USA.

Recently, Zwipe also announced that Lars Myren has been appointed CFO of Zwipe for an interim period of minimum 6 months. Mr. Myren is an experienced CFO and strategy advisor with proven international leadership experience within the technology, manufacturing and energy sectors, to name a few. Past experience includes positions as CFO of Broadnet and the Elopak Group, and a series of interim top management roles.

# FINANCIAL STATEMENTS GROUP AND PARENT COMPANY

### Income statement

Zwipe AS				Zwipe Group Consolidated			
H1 2019	H1 2018	2018	(Amounts in 1000 NOK)	Note	H1 2019	H1 2018	2018
348	677	2 276	<b>Operating Income</b>				
0	0	0	Sales revenue	1	348	677	2 276
<b>348</b>	<b>677</b>	<b>2 276</b>	Other operating income		<b>0</b>	<b>0</b>	<b>0</b>
			<b>Operating income</b>		<b>348</b>	<b>677</b>	<b>2 276</b>
990	743	5 088	<b>Operating expenses</b>				
6 999	6 064	16 063	COGS		990	743	5 088
			Payroll expenses	2, 14	13 251	11 242	26 650
879	6 973	8 027	Depreciation and amortization of tangible and intangible fixed assets	3,4	879	6 979	8 033
28 454	18 312	43 443	Other operating expenses	12, 13	21 450	11 910	30 794
<b>37 322</b>	<b>32 092</b>	<b>72 622</b>	<b>Operating expenses</b>		<b>36 570</b>	<b>30 874</b>	<b>70 565</b>
<b>-36 975</b>	<b>-31 415</b>	<b>-70 346</b>	<b>Operating profit/loss</b>		<b>-36 222</b>	<b>-30 197</b>	<b>-68 289</b>
8	0	43	<b>Financial income and expenses</b>				
455	205	405	Other interest income		8	0	43
239	392	2 223	Other financial income		455	205	405
135	329	1 980	Other interest expenses		239	392	2 225
<b>89</b>	<b>-516</b>	<b>-3 755</b>	Other financial expenses		<b>135</b>	<b>329</b>	<b>1 977</b>
			<b>Net financial income and expenses</b>		<b>89</b>	<b>-515</b>	<b>-3 754</b>
<b>-36 886</b>	<b>-31 931</b>	<b>-74 100</b>	<b>Results before tax</b>		<b>-36 133</b>	<b>-30 712</b>	<b>-72 042</b>
<b>-36 886</b>	<b>-31 931</b>	<b>-74 100</b>	Tax expense	9	196		657
			<b>Results after tax</b>		<b>-36 329</b>	<b>-30 712</b>	<b>-72 700</b>
<b>-36 886</b>	<b>-31 931</b>	<b>-74 100</b>	<b>Results for the year</b>		<b>-36 329</b>	<b>-30 712</b>	<b>-72 700</b>
<b>Profit(+) / Loss(-) for the year attributable from:</b>							
			Share premium reserve				
			Uncovered loss				
			<b>TOTAL</b>	8	<b>-36 329</b>	<b>-30 712</b>	<b>-72 700</b>
<b>-36 886</b>	<b>-31 931</b>	<b>-74 100</b>					

**Balance Sheet**

<b>Zwipe AS</b>			<b>Zwipe Group Consolidated</b>		
<b>H1 2019</b>	<b>2018</b>		<b>Note</b>	<b>H1 2019</b>	<b>2018</b>
			<b>(Amounts in 1000 NOK)</b>		
		<b>Assets</b>			
<b>Fixed Assets</b>					
<b>Intangible Fixed Assets</b>					
7 002	6 018	Research and Development	4, 12,13	7 002	6 018
0	0	Licenses and patents	4	0	0
0	0	Deferred tax asset	9	0	0
<b>7 002</b>	<b>6 018</b>	<b>Total Intangible Fixed Assets</b>		<b>7 002</b>	<b>6 018</b>
<b>Tangible Fixed Assets</b>					
3 260	2 335	Equipment, fixtures and fittings	3, 12	3 260	2 335
<b>3 260</b>	<b>2 335</b>	<b>Total Tangible Assets</b>		<b>3 260</b>	<b>2 335</b>
<b>Financial Fixed Assets</b>					
386	386	Investment in subsidiaries	5	0	0
1 165	1 166	Other receivables (long term)	6	1 165	1 166
<b>1 551</b>	<b>1 552</b>	<b>Total Financial Fixed Assets</b>		<b>1 165</b>	<b>1 166</b>
<b>11 813</b>	<b>9 905</b>	<b>Total Fixed Assets</b>		<b>11 427</b>	<b>9 519</b>
<b>Current Assets</b>					
<b>Inventories</b>					
2 766	2 307	Inventories	10	2 766	2 307
<b>2 766</b>	<b>2 307</b>	<b>Total Inventories</b>		<b>2 766</b>	<b>2 307</b>
<b>Receivables</b>					
257	639	Accounts receivables	10	257	639
6 164	6 143	Other receivables	6,12	6 230	6 209
<b>6 421</b>	<b>6 782</b>	<b>Total debtors</b>		<b>6 487</b>	<b>6 848</b>
<b>Cash</b>					
71 700	9 302	Bank deposits, cash	7	73 728	10 797
<b>71 700</b>	<b>9 302</b>	<b>Total cash</b>		<b>73 728</b>	<b>10 797</b>
<b>80 887</b>	<b>18 390</b>	<b>Total Current Assets</b>		<b>82 982</b>	<b>19 951</b>
<b>92 701</b>	<b>28 295</b>	<b>Total Assets</b>		<b>94 409</b>	<b>29 470</b>

**Balance Sheet**

<b>Zwipe AS</b>			<b>Zwipe Group Consolidated</b>		
<b>H1 2019</b>	<b>2018</b>		<b>Note</b>	<b>H1 2019</b>	<b>2018</b>
<b>(Amounts in 1000 NOK)</b>					
		<b>Equity and liabilities</b>			
<b>Equity</b>					
<b>Paid-up Equity</b>					
1 595	943	Share capital	8,11,14	1 595	943
120 785	0	Share premium reserve	8,14	120 785	0
-46 491	-12 737	Uncovered losses	5,8,16	-42 327	-9 042
<b>75 889</b>	<b>-11 795</b>	<b>Total restricted equity</b>		<b>80 053</b>	<b>-8 100</b>
<b>75 889</b>	<b>-11 795</b>	<b>Total equity</b>		<b>80 053</b>	<b>-8 100</b>
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
0	475	Other long term liabilities	10	0	475
<b>0</b>	<b>475</b>	<b>Total of other long term liabilities</b>		<b>0</b>	<b>475</b>
<b>Short-term Liabilities</b>					
5 581	9 471	Accounts Payables	13	4 326	6 902
1 035	1 914	Public duties payable	14	1 035	1 914
0	0	Tax payable	9	193	0
<b>10 195</b>	<b>28 230</b>	Other short term liabilities	10	<b>8 802</b>	<b>28 278</b>
<b>16 812</b>	<b>39 615</b>	<b>Total short-term liabilities</b>		<b>14 356</b>	<b>37 094</b>
<b>16 812</b>	<b>40 090</b>	<b>Total liabilities</b>		<b>14 356</b>	<b>37 569</b>
<b>92 701</b>	<b>28 295</b>	<b>Total equity and liabilities</b>		<b>94 409</b>	<b>29 470</b>

Cash Flow Statement					
Zwipe AS			Zwipe Group Consolidated		
H1 2019	2018	(Amounts in 1000 NOK)	Note	H1 2019	2018
-36 886	-74 100	Net Income / (Loss) before tax		-36 329	-72 042
-	-	Taxes paid	9	-	-657
2 559	5 802	(+) Option cost no cash effect	8	2 559	5 802
-	-	(+/-) Gain/Loss of fix assets		-	30
880	8 027	(+) Depreciation & amortisation	3,4	879	8 033
-459	2 835	(-) Change in Inventory		-459	2 834
382	-532	(-) Change in Accounts Receivable		188	-1 833
-20	-658	(-) Change in Other Current Assets		-22	-650
-3 890	4 318	(+) Change in Accounts Payables		-3 827	4 275
-4 443	3 843	(+) Change in Current Liabilities		-4 295	3 837
<b>-41 876</b>	<b>-50 465</b>	<b>Net Cash use in Operating Activities</b>		<b>-41 306</b>	<b>-50 370</b>
<b>Cash Flows from Investing Activities</b>					
-2 788	-6 384	Intangible Assets and Capital Expenditures	3,4	-2 788	-6 355
<b>-2 788</b>	<b>-6 384</b>	<b>Net Cash Provided by (used in) Investing Activities</b>		<b>-2 788</b>	<b>-6 355</b>
<b>-44 666</b>	<b>-56 849</b>	<b>Operational Cash Flow</b>		<b>-44 094</b>	<b>-56 725</b>
<b>Cash Flows from Financing Activities</b>					
<b>Interest</b>					
-	2 148	Loan Adjustment (PIK interest no cash effect)	11	-	2 148
120 069	20 000	Equity Issue	8	120 066	20 000
-8 002	-	Transaction cost not recognized over P&L	8	-8 002	
10 123	-	Governmental Grant Horizon2020		10 123	
-	8 846	Convertible loan		-	8 846
-225	-413	Repayment of Innovation Norway loan		-225	-413
-14 901	-12 065	Repayment of shareholder loan Kuang Chi		-14 901	-12 065
<b>107 064</b>	<b>18 516</b>	<b>Net Cash Provided by Financing Activities</b>		<b>107 060</b>	<b>18 516</b>
		Effect of Foreign Currency Translation		-35	-257
<b>62 399</b>	<b>-38 333</b>	<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>		<b>62 932</b>	<b>-38 466</b>
9 302	47 635	Cash and Cash Equivalents at Beginning of Period		10 797	49 263
71 700	9 302	Cash and Cash Equivalents at End of Period	7	73 728	10 797
<b>62 399</b>	<b>-38 333</b>	<b>Net cash flow</b>		<b>62 932</b>	<b>-38 466</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Accounting policies

### Consolidated 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. The half year financial statement includes the majority of notes required for the year end financial statement. All notes of importance for substantiation of the accounts are included.

### Consolidation

The Group's accounts include the parent company Zwipe AS and its 100% owned US subsidiary Zwipe America Inc (hereafter referred to as the Group). The parent company has controlling influence as it owns more than 50% of the shares in the subsidiary and the Group is in a position to exercise actual control over the company. Transactions and receivables between companies in the group have been eliminated. The Group accounts have been prepared applying uniform principles, in that the subsidiary follows the same accounting principles as the parent company.

The consolidated financial statements are presented in NOK. Zwipe AS is reporting in NOK and Zwipe America Inc is reporting in USD. The balance sheet has been translated from USD at the exchange rate end of the reporting period. The profit and loss statement has been translated at the average exchange for the first half of 2019. Translation differences are presented as part of the equity.

### Use of estimates

The preparation of financial statements in compliance with the Norwegian Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

### Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Income from sale of goods is recognised in the income statement when both risk and control have passed on to the buyer, the risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Historical data are applied to estimate and make provisions for quantity discount and returns at the date of sales.

### Classification and assessment of balance sheet items

Assets intended for long-term (3 years or more) ownership or use have been classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year of the transaction date. Similar criteria apply to liabilities. First year's instalment on long term liabilities and long term receivables are, however, not classified as short term liabilities and current assets.

### Intangible assets

An intangible asset is capitalized only when the Group can reliably measure the expenditure and a future financial benefit relating to the asset can be identified. Otherwise, such expenditure is expensed as and when incurred. Capitalised costs are amortised linearly over the asset's expected useful life.

### Fixed assets

Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. Maintenance of operating equipment is expensed on an ongoing basis. Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

## **Impairment of fixed assets**

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cash-flows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

## **Investments in other companies**

The cost method is applied to investments in Zwipe America Inc. Investments are written down to fair value if the fair value is lower than the carrying amount.

## **Inventory**

The inventory of purchased goods is valued at the lower of cost according to the FIFO principle and net realisable value. Finished goods of own production and work in progress inventories are valued at variable cost of production.

## **Receivables**

Accounts receivable and other receivables are recorded in the balance sheet at nominal value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.

## **Pensions**

For the Norwegian parent company, a defined contribution plan is implemented where the company pays contributions to an insurance company. The contribution is recognised as payroll expenses in the period to which the contribution relates. No pension contribution is covered for employees in the US.

## **Tax**

The tax charge in the income statement consists of tax payable and changes in deferred tax. Deferred tax is calculated at 22% on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences which are reversed, or may be reversed in the same period, have been offset and netted.

The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised. As a precaution, net deferred tax is not booked in the balance sheet.

## **Currencies**

The consolidated financial statements and Zwipe AS are presented in NOK. Receivables and liabilities in foreign currency are valued at the exchange rate at the end of the reporting period. Exchange gains and losses associated with sales of goods and goods purchases in foreign currency are recorded as other financial income and cost.

## **Comparison with previous accounts**

The equity is presented in net figures where uncovered losses are deducted from the share premium reserve.

## **Cash flow statement**

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

## **Changes in accounting policies**

There has not been any accounting policy change in H1 2019.

**NOTES**

All amounts are presented in TNOK

**Note 1 Revenues****Zwipe AS / Group**

<b>Activity distribution</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>2018</b>
Revenues from sale of goods	348	677	2 276
Revenues from sub lease of offices	-	-	-
<b>Total</b>	<b>348</b>	<b>677</b>	<b>2 276</b>

<b>Geographical distribution</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>2018</b>
Norway	-	5	25
Other countries	348	672	2 251
<b>Total</b>	<b>348</b>	<b>677</b>	<b>2 276</b>

**Note 2 Personnel expenses, number of employees, remuneration, loan to employees**

<b>Payroll expenses</b>	<b>Zwipe AS</b>			<b>Group</b>		
	<b>H1 2019</b>	<b>H1 2018</b>	<b>2018</b>	<b>H1 2019</b>	<b>H1 2018</b>	<b>2018</b>
Salaries/wages	3 173	4 176	7 609	9 425	9 354	18 196
Social security fees	806	565	1 276	806	565	1 276
Pension expenses	76	83	161	76	83	161
Other remuneration	534	-33	35	534	-33	35
Share based remuneration (salary part)	2 560	1 272	5 802	2 560	1 272	5 802
Share based remuneration (employer's tax )	-149		1 180	-149	0	1 180
<b>Total</b>	<b>6 999</b>	<b>6 064</b>	<b>16 063</b>	<b>13 251</b>	<b>11 242</b>	<b>26 650</b>
Average number of employees		8		8	37*	29

\*The Group had a total of 37 employees including contractors at the end of H1 2019.

<b>Remuneration</b>	<b>H1 2019</b>		<b>2018</b>	
	<b>CEO</b>	<b>Board</b>	<b>CEO</b>	<b>Board</b>
Salaries/wages	1 335	-	2 050	-
Pension expenses	11	-	21	-
Other remuneration	18	262	9	288
Share based remuneration	-	125	3 683	733
<b>Sum</b>	<b>1 364</b>	<b>387</b>	<b>5 763</b>	<b>1 021</b>

**Guidelines for determining the remuneration of senior executives**

The Compensation Committee, appointed by the Board of Directors, proposes remuneration for the CEO to the Board of Directors. The CEO proposes and discusses senior executive remuneration with the Compensation Committee. The Compensation Committee develops the share-based incentive program in collaboration with the CEO and CFO. Salaries/wages in H1 2019 for CEO includes bonus payment earned in 2018 and received in 2019.

**OTP (Statutory occupational pension)**

The company is required to have a pension scheme in accordance with the Norwegian law on mandatory occupational pension ("lov om obligatorisk tjenestepensjon").

The company's pension scheme meets the requirement of this law with a contribution of 2% of salary.

**Share based remuneration (number of options and value)**

<b>Management/employees</b>	<b>Granted</b>	<b>Vested</b>	<b>Unvested</b>	<b>Value of options granted (TNOK)</b>
André Løvestam	440 000	345 000	95 000	3 968
Kim Humberstad	92 000	54 500	37 500	589
Lisbeth Breum	60 000	16 667	43 333	673
Adnan Fazlic	20 000	5 694	14 306	218
Marcio Stervid	90 000	10 000	80 000	833
Robert Mueller	90 000	0	90 000	393
Eric Mercer	60 000	3 333	56 667	395
Options granted to other employees	92 083	34 242	57 841	914
<b>Total share based remuneration (Management/employees)</b>	<b>944 083</b>	<b>469 436</b>	<b>474 647</b>	<b>7 983</b>

**Members of the Board**

Francis van den Bosch	42 500	12 500	30 000	51
Espen Tøndel	50 000	20 000	30 000	48
Lars Windfeldt	30 000	10 000	20 000	44
Jørgen Lantto	90 000	30 000	60 000	103
Johan Biehl	40 000	10 000	30 000	51
Dennis Jones	40 000	10 000	30 000	51
Dorian Moshe Barak	20 000	0	20 000	42
Sam Chester	20 000	0	20 000	42
<b>Total share based remuneration (Board)</b>	<b>332 500</b>	<b>92 500</b>	<b>240 000</b>	<b>432</b>
<b>Nomination Committee</b>				
Magnus Berner	35 000	5 000	30 000	141
Paal Raaholt	35 000	5 000	30 000	141
Pål Eivind Vegard	15 000	0	15 000	38
<b>Total share based remuneration (Nomination committee)</b>	<b>85 000</b>	<b>10 000</b>	<b>75 000</b>	<b>320</b>
<b>Total share based remuneration</b>	<b>1 361 583</b>	<b>571 936</b>	<b>789 647</b>	<b>8 735</b>

**Note 3 Fixed assets**

	Zwipe AS			Group				
	Office machinery	Tools	Machinery and plant in progress	Office machinery	Tools	Machinery and plant in progress	Total	
Acquisition cost 01.01.2019	256	4 484	0	4 740	256	4 484	0	4 740
Additions	50	817	670	1 537	50	817	670	1 537
Skattefunn	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
<b>Acquisition cost 30.06.2019</b>	<b>306</b>	<b>5 301</b>	<b>670</b>	<b>6 277</b>	<b>306</b>	<b>5 301</b>	<b>670</b>	<b>6 277</b>
Acc. depreciation/ impairment 30.06.2019	148	2 868	0	3 017	148	2 868	0	3 017
<b>Book value 30.06.2019</b>	<b>158</b>	<b>2 433</b>	<b>670</b>	<b>3 260</b>	<b>158</b>	<b>2 433</b>	<b>670</b>	<b>3 260</b>
<b>Depreciation in the year</b>	<b>38</b>	<b>571</b>	<b>0</b>	<b>609</b>	<b>38</b>	<b>571</b>	<b>0</b>	<b>609</b>
Depreciation plan	Linear	Linear			Linear	Linear		
Economic useful life	3 year	5 year			3 year	5 year		

**Note 4 Intangible assets**

	Zwipe AS				Group			
	Research and development	Concessions, patents etc.	Research and development in progress	Total	Research and development	Concessions, patents etc.	Research and development in progress	Total
Acquisition cost 01.01.2019	10 355	7 581	4 371	22 307	10 355	7 581	4 371	22 307
Adjustment acquisition cost	3 373	-3 473		-100	3 373	-3 473		-100
Additions	0	0	3 182	3 182	0	0	3 182	3 182
Skattefunn/Horizon 2020	0	0	-1 930	-1 930	0	0	-1 930	-1 930
Disposals	0	0	0	0	0	0	0	0
<b>Acquisition cost 30.06.19</b>	<b>13 728</b>	<b>4 108</b>	<b>5 622</b>	<b>23 458</b>	<b>13 728</b>	<b>4 108</b>	<b>5 622</b>	<b>23 458</b>
Acc. depreciation/ impairment 30.06.19	8 976	7 581	0	16 556	8 976	7 581	0	16 556
Adj. acc. depreciation/impairment 30.06.19	3 373	-3 473	0	-100	3 373	-3 473	0	-100
<b>Book value 30.06.19</b>	<b>1 379</b>	<b>0</b>	<b>5 622</b>	<b>7 002</b>	<b>1 379</b>	<b>0</b>	<b>5 622</b>	<b>7 002</b>
<b>Depreciation in the year</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>198</b>	<b>198</b>	<b>0</b>	<b>0</b>	<b>198</b>
<b>Amortization in the year</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>72</b>	<b>72</b>	<b>0</b>	<b>0</b>	<b>72</b>
<b>Total Depreciation and amortization in the year</b>	<b>270</b>	<b>0</b>	<b>0</b>	<b>270</b>	<b>270</b>	<b>0</b>	<b>0</b>	<b>270</b>
Depreciation plan	Linear	Linear			Linear	Linear		
Economic useful life	5 year	5 year			5 year	5 year		

At the end of 2018, Zwipe wrote down the value of its patents by NOK 5,3 million. The charge reflects the uncertainty in estimating the future revenues. Due to uncertainty in estimating future revenues, Zwipe will only capitalize patent costs incurred after a patent has been licensed and will amortize the patents over the potential lifetime of the license. As per 30 June 2019 Zwipe had 33 patent families in its IP portfolio, with 10 patent families that include a granted patent in at least one jurisdiction. The company has pending patent applications spread across 32 patent families. Some of the patents, granted or applied for, are fundamental to Zwipe's technology platform and some are relating to inventions relevant to the production process of the biometric inlay, of certain functionalities of a payment card, the embedding of components to a payment card, etc.

### Note 5 Investment in subsidiaries and associates and joint ventures

The US subsidiary provide various services to the parent company, mainly within technical development and supply-chain activities.

Zwipe AS	Location	Ownership/ voting rights	Investment
Zwipe America Inc.	Colorado Springs	100 %	386 101

### Note 6 Other Receivables

A grant of NOK 5 million for 2018 to fund R&D projects approved by the Research Council of Norway (Governmental grant SkatteFunn), is expected to be received second half of 2019. The grant is subject to final approval by the tax authorities. The corresponding received amount for 2017 was NOK 5 million.

### Note 7 Restricted bank deposits

	Zwipe AS		Group	
	H1 2019	2018	H1 2019	2018
Restricted funds deposited for tax withholdings	732	847	732	847

### Note 8 Equity

#### Zwipe AS

Zwipe AS	Share capital	Share premium reserve	Uncovered loss	Total equity
Equity 01.01.2018	743	35 761		36 504
Proceeds from issue of shares	200	19 800		20 000
Annual net profit/loss		-55 561	-18 539	-74 100
Share based compensation			5 802	5 802
Currency effect				0
<b>Equity 31.12.2018</b>	<b>943</b>	<b>0</b>	<b>-12 737</b>	<b>-11 794</b>
Proceeds from issue of shares	652	128 718		129 370
Unregistered capital increase/decrease		69		69
Reversal of 2018 ssec tax accrual on share based compensation			572	572
Issuance cost		-8 002		-8 002
Annual net profit/loss			-36 886	-36 886
Share based compensation			2 559	2 559
<b>Equity 30.06.2019</b>	<b>1 595</b>	<b>120 785</b>	<b>-46 491</b>	<b>75 889</b>

Group	Share capital	Share premium reserve	Uncovered loss	Total equity
<b>Equity 01.01.2019</b>	<b>943</b>	<b>0</b>	<b>-9 042</b>	<b>-8 099</b>
Proceeds from issue of shares	652	128 718		129 370
Unregistered capital increase/decrease		69		69
Reversal of 2018 ssec tax accrual on share based compensation			572	572
Issuance costs		-8 002		-8 002
Annual net profit/loss			-36 329	-36 329
Share based compensation			2 559	2 559
Currency effect			-88	-88
<b>Equity 30.06.2019</b>	<b>1 595</b>	<b>120 785</b>	<b>-42 327</b>	<b>80 053</b>

### Note 9 Tax

The tax charge in the income statement related to an accrual for tax payable in Zwipe America Inc.

**Note 10 Debtors, liabilities, pledged assets and guarantees etc.**

	Zwipe AS		Group	
	H1 2019	2018	H1 2019	2018
<b>Liabilities secured by mortgage</b>				
Liabilities to credit institution	250	475	250	475
Short term liabilities	-	14 901	-	14 901
<b>Total</b>	<b>250</b>	<b>15 376</b>	<b>250</b>	<b>15 376</b>
<b>Value of assets placed as security</b>	<b>H1 2019</b>	<b>2018</b>	<b>H1 2019</b>	<b>2018</b>
Inventory, Accounts Receivable and IP	3 023	2 946	3 023	2 946

A convertible loan of USD 3.5 million was granted by main shareholder Kuang-Chi in 2015. The loan was secured by patent pledge and pledge in chattels. The loan was subscribed in 2016 for USD 2.8 million (NOK 22.3 million). The loan agreement was amended both in 2017 and in 2018, related to both structure and terms, and is no longer a convertible loan. The loan was repaid in early 2019.

Zwipe has been granted 2 loans by Innovation Norway with a total of NOK 2.5 million. The outstanding payment due is NOK 250 000. Innovation Norway has the first priority pledge in chattels. The loan matures in June 2020.

**Note 11 Share capital and shareholder information**

<b>H1 2019</b>			
<b>Group / Zwipe AS</b>	<b>Number</b>	<b>Nom. value</b>	<b>Book value</b>
<b>Share capital</b>			
<b>Ordinary Shares</b>	15 946 205	0,1	1 594 621

The share capital is owned by the following shareholders as per 30.06.2019

<b>Shareholders:</b>	<b># shares</b>	<b>Stake</b>
Lars Windfeldt (Board Member)*	1 359 195	8,52 %
Photon Future Ltd. (Kuang-Chi)**	915 869	5,74 %
Launch AS (CGO, Founder, Board Member)	849 298	5,32 %
Sundt AS	800 000	5,01 %
Concito AS	535 610	3,36 %
Telecom AS	340 000	2,13 %
Jørgen Lantto (Chairman of the Board)	320 000	2,01 %
Feat Invest AB***	301 500	1,89 %
Advisum AS	264 276	1,66 %
Altitude Capital AS	259 910	1,63 %
Langebru AS	251 696	1,58 %
Union Bancaire Privee, UBP SA	249 246	1,56 %
Prog Seed AS	241 338	1,51 %
Prinwest AS	226 501	1,42 %
Patri Invest & Trading AS	226 500	1,42 %
MP Pensjon PK	208 000	1,30 %
LJM AS	198 666	1,25 %
Johan Biehl (Board Member)***	190 000	1,19 %
Harald Berge	150 000	0,94 %
Energetic AS (CEO)	140 000	0,88 %
Other	7 918 600	49,7 %
<b>Total</b>	<b>15 946 205</b>	<b>100 %</b>

\* Lars Windfeldt owns shares through: Arcanum AS, Arcanum Eiendom AS, Windfeldt Invest AS, Winfeldt Next AS and in person

\*\* Kuang-Chi is represented by two Board Members: Dorian Barak and Sam Chester

\*\*\* Johan Biehl is Board Member at Feat Invest AB, who owns 301 500 shares in Zwipe, and has therefore indirect control of these additional shares

Note: The Zwipe Adjusted Top Shareholder List is prepared based on information the company has access to, i.a. "best effort basis". The list may be subject to change.

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

<b>Shares owned by members of the board and the CEO</b>	<b>H1 2019</b>
André Løvestam (CEO)**	140 000
Kuang Chi (represented by two board members)	915 869
Lars Windfeldt*	1 359 195
Kim Humberstad***	849 298
Johan Biehl	190 000
Dennis Jones	37 500
Jørgen Lantto	320 000
Espen Tøndel	31 352

\* Mr. Windfeldt owns shares through: Arcanum AS, Arcanum Eiendom AS, Windfeldt Invest AS, Winfeldt Next AS and in person

\*\* Mr. Løvestam's shares are held through the company Energetic AS where he owns 50% of the shares

\*\*\* Mr. Humberstad's shares are held through his wholly-owned company Launch AS

#### Convertible Loan

On the company's extraordinary General Meeting held on 19 September 2018, the company as the borrower entered into a convertible loan agreement with a Swedish private investor, with a principal loan amount of SEK 9.1 million and interest rate of 2% per month. The interest is capitalized each calendar month. The entire convertible loan of SEK 9.9 million was converted to 520 542 shares in January 2019.

#### Note 12 Grants

<b>Grants during the year</b>	<b>Zwipe AS and Group</b>	
	<b>H1 2019</b>	<b>2018</b>
SkatteFunn (recognised as cost reduction)	-	4 246
SkatteFunn (capitalized as reduction of acquisition cost)	-	754
<b>Horizon 2020</b>	<b>10 123</b>	
<b>Total SkatteFunn</b>	<b>10 123</b>	<b>5 000</b>

In late 2018, Zwipe was awarded a EUR 2.3 million grant from Horizon 2020, the European Union Research and Innovation program.

The company received NOK 10 million in April 19. Of the grant received in H1 2019, NOK 1.5m is recognized as a cost reduction and NOK 1.9m is capitalized as a reduction of acquisition cost.

SkatteFunn grants for research and development projects are contingent on pre-approved project applications and approved completion reports to the Research Council of Norway, as well as auditor's confirmation of costs. The recognised amount in 2018 represents Zwipe's claim based on the cost of the approved project applications. The 2018 reports have been submitted and approved. The cost basis has been audited in the tax return filing process. The support for 2018 will be paid out in the second half of 2019. The company also received NOK 5 million in Governmental Grant in 2017.

#### Note 13 R&D Expenses

In H1 2019, R&D expenses amount to a total of NOK 16 million, whereof NOK 3.2 million are capitalized. R&D expenses include purchased materials and components as well as external project costs for design, manufacturing (production trials and pilot production runs), testing and other work conducted by various companies and institutions. The major part of the R&D expenses in H1 2019 is related to development of the biometric inlay and continued optimization of Zwipe's technology platform.

#### Note 14 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 30.06.2019, 26 persons are 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 2 559.5 thousand have been expensed in H1 2019.

The options program was modified and expanded in 2018 with the issue of 549 074 new options and modification of 600 426 existing options. The modification is related to changes in the option terms. The option program was expanded in H1 2019 with the issue of 275 000 new options.

Strike price	Options	Weight. Avg. remaining contractual life	Weighted Average Strike Price	30.06.2019	
				Vested options	Weighted Average Strike Price
<i>Outstanding Instruments</i>					
10,00	774 083	3,00	10,00	469 436	10,00
16,20	170 000	4,00	16,20	0	-
25,00	417 500	3,25	25,00	102 500	25,00
	1 361 583			571 936	

Overview of outstanding options	Options	Weighted Average Strike Price	30.06.2019	
			Vested options	Weighted Average Strike Price
Outstanding openin balance (01.01.2019)	1 149 500	14,08		
Granted	275 000	19,56		
Exercised	-	-		
Forfeited	-	62 917	10,00	
Expired	-	-		
<b>Outstanding closing balance (30.06.2019)</b>	<b>1 361 583</b>	<b>15,37</b>		
<b>Vested closing balance</b>	<b>571 936</b>	<b>12,69</b>		

#### Granted instruments 2019 H1

Parameters connected to instruments granted in 2019	
Quantity 30.06.2019	275 000
Contractual life*	4,21
Strike price*	19,56
Share price*	14,56
Expected lifetime*	2,77
Volatility*	50,20 %
Interest rate*	1,26 %
FV per instrument*	3,56
Tranches vest semi annually	

\*Weighted average parameters at grant of instrument

#### The calculations are based on the following assumptions:

##### Share price on the grant date

The share price used in the model is the last available closing price of Zwipe at grant date.

##### The strike price per option

###### For options granted before 2019:

The strike price is set to NOK 25 or NOK 10 depending on the contract.

###### For options granted after 2019:

The Exercise Price of the share options is equal to the average volume-weighted market price of the shares over the ten last trading days prior to the date of grant, plus 10% for grants made to employees.

For grants to board members and nomination committee members the strike is fixed at 25 NOK.

##### Volatility

As the Company have not been listed on a stock exchange long enough to have a sufficient share price history to calculate the shares' volatility with, comparable firms and peer groups have been used to estimate the Company's volatility.

##### The term of the option

###### For options granted before 2019:

It was assumed that 50 % of the employees will exercise the options once they are exercisable for options granted in 2018.

###### For options granted after 2019:

The term of the option is calculated using the shortest period of either 1 year after vesting, or expiry, as estimated lifetime on the options granted in 2019.

##### Risk-free interest rate

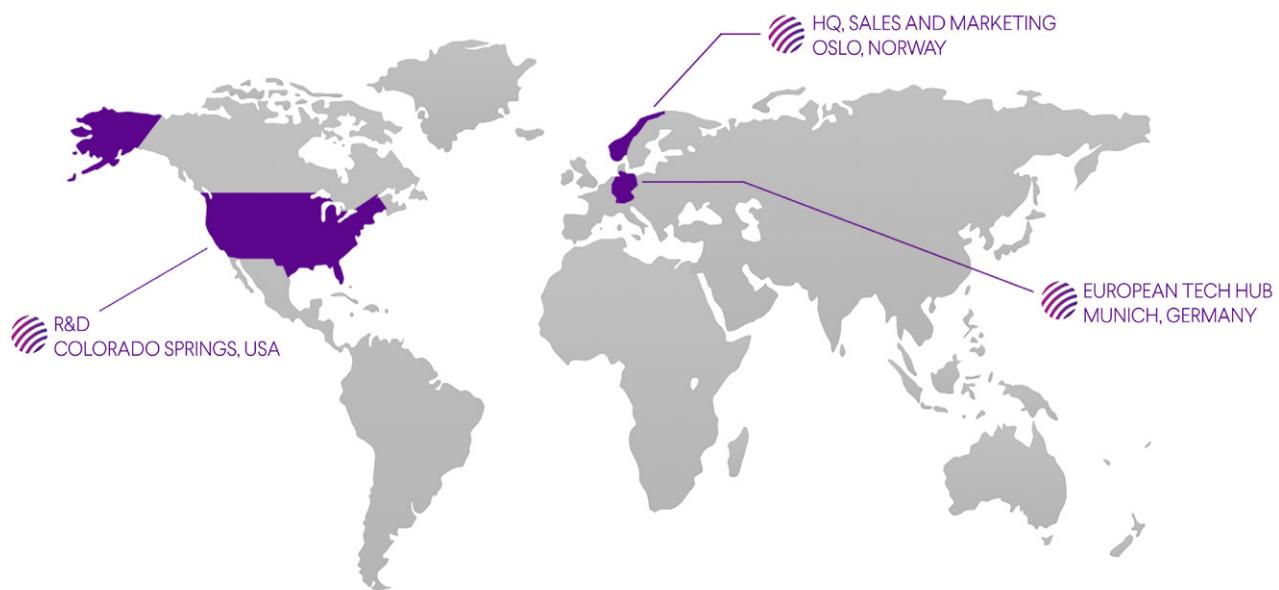
The risk-free interest rate is set equal to the interest rate on government bonds.

#### **Note 15 Going Concern**

The Board of Directors confirms that the going concern assumption is present, and that the financial statements for H1 2019 are prepared under this assumption. Costs are expected to continue to exceed revenue in several more quarters, however, the board considers that the company has access to capital. The company's financial position and financing is in accordance to the Board's expectations and the necessary activities for future financing of the company's growth strategy are progressing according to plan.

#### **Note 16 Subsequent Events**

The Company engaged an interim CFO, Lars Myren, who joined the company 5 August 2019. Former COO, Orlando Martinez, exercised 7083 stock options resulting in an equity issue of the corresponding shares. The equity issue was registered 26 July. The outstanding number of shares at the release of this report is 15 953 288 shares.



## 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 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.

To learn more, visit [zwipe.com](http://zwipe.com)

## Contact information

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*Chief Financial Officer*

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# AUDITORS REPORT



BDO AS  
Munkedamsveien 45  
P.O. Box 1704 Vika  
0121 Oslo

## Report on Review of Interim Financial Information To Zwipe AS

### Introduction

We have reviewed the accompanying balance sheet of Zwipe AS as of June 30, 2019 and the related statements of income and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation of this interim financial information in accordance with the accounting policies described in the notes to the financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material aspects, in accordance with the accounting policies described in the notes to the financial statements.

### Other matter

The corresponding figures for the six-months period ending June 30, 2018 have not been subjected to review.

Oslo, 3 September 2019  
**BDO AS**

  
Kjetil Ardem  
Partner