



Annual Report 2020





Simplifying everyday life

From Contactless *most* of the time
to Contactless *all* of the time

For more than a decade, Zwipe has pushed the boundaries of biometrics in payments to enable a touch-less and PIN-less payment experience for consumers. We are now seeing the results of our labors coming to fruition. Over the years we have worked hard to develop and test our biometric payment technology in collaboration with industry partners, card manufacturers, payment schemes and card issuers. Our vision to combine the convenience of contactless with the safety and security of strong biometric authentication is now being realized as more and more card issuers are preparing to pilot and rollout their biometric payment solutions.

The desire from consumers for more seamless and secure payment solutions is stronger and more timely than ever. Consumers want to see a significant uplift in today's contactless experience, where currently a PIN-code is required on a frequent basis, typically every 5th transaction and after passing a pre-determined cumulative transaction total. Zwipe's biometric payment platform removes all of these obstacles and enables contactless payments all of the time, delivering 100% touch-less and PIN-less transactions. With strong and secure fingerprint-authentication performed only on the card to authorize all contact-

less payments, consumers and issuers no longer need to sacrifice strong cardholder authentication and high fraud risk for a contactless and convenient experience.

Independent market research done by Zwipe and other industry players in many markets (UK, USA, Middle East, Australia, Canada, Nordics) confirms strong consumer interest in biometric payment cards, including a willingness to pay for these cards. For issuers this provides the potential for new revenue streams, increased transaction volume, reduced fraud, an opportunity to attract new customers and an uplift in customer loyalty. For retailers, this means faster payment at checkout and a much better in-store experience.

Introducing new and advanced technology that will finally enable contactless biometric payment cards at cost-levels that support global mass market deployment, Zwipe is pioneering the next generation contactless payment experience. The Zwipe solution is making in-person payments convenient, safe, and secure, bringing value to consumers, retailers, issuers and the public. As the world fights the COVID-19 pandemic, delivering touch-less and secure payments will also add peace of mind to the consumer shopping experience.

Biometric payment card technology does not require upgrades to the retailer terminal estate or change the point of sale technology in the same way that chip, PIN and contactless did. Instead, the biometric card experience puts those previous investments to good use to enhance the point of sale experience for all.



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2020 in Brief

Financials

- Revenues increased to MNOK 1.8 (MNOK 1.5).
- Operating expenditures were reduced to MNOK 63.7 (MNOK 96.8). In constant currency, this represents a 38% reduction. The savings resulted from the streamlining program as announced in November 2019.
- EBITDA improved to MNOK -59.9 (MNOK -92.0), mainly due to the implementation of the streamlining program.
- Earnings per share improved to NOK -1.89 (-5.98).
- Cash flow from operations before financing improved to MNOK -62.1 (-85.0). The cash flow in 2020 included co-investments with Idemia of MNOK 19.7, compared to MNOK 9.3 in 2019. Adjusted for these elements, the operating cash flow was improved by 39% compared to 2019.

Significant Events

- Zwipe listed on Nasdaq First North Growth Market in Stockholm, Sweden.
- Zwipe expanded its growing network of industry partnerships covering Europe, Asia, the Middle East and Africa during 2020 including the 5 new customer partnerships announced; Masria Digital Payments, Watchdata Technologies, Toppan Forms Card Technologies, Asia Credit Card and Publicenter.
- Zwipe also partnered with Liveo Research, Smart Technology Services, Wisecard and CardMatix, expanding our ecosystem to enable cost-efficient mass-volume manufacturing of biometric payment cards based on Zwipe Pay ONE.
- Zwipe and Idex entered a collaboration framework for Zwipe Pay ONE. Idemia, Zwipe and Idex achieved several key milestones towards the next generation biometric card platform.
- Zwipe and TietoEVERY joined forces with a landmark agreement to deliver biometric payment solutions based on the Zwipe Pay ONE solution to banks in the Nordic and Baltic regions. The agreement significantly increases our market reach as TietoEVERY is the leading provider of payment cards to issuers in these regions.
- Zwipe secured a strong foothold in the Middle East through go-to-market partnerships with three leading players in card payments: areeba, Inkript and VeriTech.
- Zwipe successfully completed a private placement, followed by a subsequent repair offering, issuing 7,381,315 new shares in total, and raising approximately NOK 111 million in gross proceeds in total.
- Zwipe placed an order for 300,000 units of Idex's next generation fingerprint sensors to support the roll out of Zwipe Pay ONE.
- Zwipe conducted several cardholder insight studies including some with our partners. Insights from the Nordics, UK and the United States show strong consumer interest for safer and more secure payments.

- In partnership with TietoEVERY, Zwipe secured the first pilot program with Zwipe Pay ONE with OP Financial Group, the largest Financial Services Group in Finland.
- Zwipe's next-generation chip for biometric payment cards, in which Zwipe has co-invested with Idemia, obtained the ICCN security certification from EMVCo.

Significant Events after the period

- Swedish fintech Vopy chose Zwipe's biometric payment platform, Zwipe Pay ONE, for its biometric payment cards. Vopy's partner network consists of telecom providers and financial institutions that reach millions of consumers.
- Announced agreements with 4 new smart card manufacturers.



Message from the CEO

Well positioned to accelerate market deployments from 2021

In 2020 we positioned the company for growth through significant expansion in our customer engagements, advances in our technology leadership, and by strengthening our organization. The pandemic affected us all in most aspects of life. For Zwipe, due to travel restrictions, the pandemic has brought additional challenges to our execution carried out together with our industry partners, but the organization has handled this in a very impressive way. For the long-term outlook for the company, the short term negative effects from the pandemic were more than offset by the strong and increasing interest in Zwipe's products and services throughout the year as we have seen increased public awareness of the importance of contactless payment and a sharp rise in demand for safe and secure payment solutions.

By bringing together leading suppliers of technology, payment cards, personalization, fulfilment services, and processing services, as well as issuers with a strong end-user focus, we have created an end-to-end ecosystem to deliver Biometric Payment Cards (BPCs) in key markets.

Strong Commercial progress

Our partnership with TietoEVRY, a recognized leader in payment services, proved effective in accelerating Zwipe Pay ONE's commercialisation. Within a few weeks of this partnership, we secured our first win when OP, the largest Financial Services Group in Finland, decided to pilot our platform after summer 2021.

In the Middle East and North Africa region, we have kicked-off strategic engagements towards banks with our growing network of partners – areeba, Masria Digital

Payments, Inkript, and Veritech, who all have strong positions in the region.

We are also seeing good commercial activity in Asia and the Americas.

Many leading regional smart card manufacturers in different parts of the world have selected our Zwipe Pay ONE platform, e.g., Toppan Forms Card Technologies, Asia Credit Card and Watchdata in Asia, TGS do Brasil in Latin America, Inkript in the Middle East, and Tag Systems in Europe. We have also signed agreements with four other smart card manufacturers in Europe and Asia Pacific region as announced in February 2021. In total, the card manufacturers we signed in 2020 ship around 1.8 billion cards each year, of which 200 million are payment cards. A number of these card manufacturers have already placed orders to start low-volume manufacturing of Zwipe Pay ONE cards in support of initial trials by issuers.

ICCN Certification from EMVCo

At the end of 2020, our next generation biometric chip, in which we have co-invested with Idemia, obtained the ICCN security certification from EMVCo. Zwipe has exclusive global distribution rights to this disruptive single-silicon biometric secure element. Thanks to the combination of our comprehensive Biometric System-on-Card offering and our deep technical and ecosystem expertise, Zwipe is the natural "One Stop Shop" for smart card manufacturers. This is particularly the case for regional smart card manufacturers for whom Zwipe's complete systems offering covering all new elements of a biometric payment card has proven very compelling, because it offers them a quick and cost-effective route to market.

A new revenue source for issuers

Our market research in the UK, USA and Nordics, and similar studies from other market players, has confirmed a strong interest from consumers for biometric payment cards, including the willingness to pay a fee for the product and even to switch banks to obtain it. Consequently, the data points to mass market potential for biometric payment cards. We concur with the latest ABI Research report from December 2020, which describes a long-term scenario where biometric payment cards will eventually take over from today's contactless chip and PIN cards. We believe it is inevitable that biometrics will become as ubiquitous in payment cards as it is in mobile phones today.

Strengthened organization

Having successfully implemented a streamlining process in November 2019, we have managed to strengthen our organization considerably in 2020 through selective key recruitments. Several industry veterans joined our commercial teams and, at the same time, we onboarded experts in quality management, certification, card production, as well as supply chain and project management. These recruits have uplifted our organization and enable us to address the increasing demand for the Zwipe Pay ONE solution.

What Zwipe does goes far beyond technology; it is about helping key stakeholders to maximize the value that biometric payment can bring. During the year, we established a Channels team which proactively complements our collaboration with our direct customers, the smart card manufacturers. The team is stepping up our engagements with banks and neo-banks, as well as other players that want to issue a card as part of their program, such as retailers and tech companies. This initiative has broadened our scope, increased our ecosystem insights, raised market awareness, and accelerated our route to success.

Looking ahead

2020 was a landmark year for Zwipe. The unfortunate global pandemic that so seriously impacted our lives in 2020 also impacted development projects and supply chain, both internally and externally, due to travel restrictions, working from home and other constraints. As we look ahead, the next phase in our advancement is to help our customers, the smart card manufacturers, to develop and manufacture cards while engaging with issuers, to prepare for pilots, certification, and subsequent commercial rollouts.

Our offering here includes our full Zwipe Pay ONE platform complemented by Zwipe's home enrolment solutions.

The Zwipe Pay ONE development project has now passed its most critical milestones and the first pilots incorporating Zwipe Pay ONE have already been announced. The next steps, in addition to full completion of our internal development, are to prepare our smart card manufacturers and issuers for pilots, certification and volume production, after which fully certified biometric payment cards will be available from our customers to issuers for full commercial launch. Despite the obstacles caused by the pandemic, we feel confident that we are well timed to meet the demands from the market although activities may be impacted by continued strain on our multinational development projects due to COVID-19. We are carefully taking steps to minimize such risks.

While COVID-19 has created and continues to create challenges to project execution, the elevated focus on safety following the pandemic has dramatically increased the growth of contactless transactions and transaction caps have been raised all over the world. Hygiene and safety are likely to become accelerators and game-changers for biometric payments for years to come. We experienced an unprecedented acceleration in our engagements with issuers and card manufacturers throughout 2020. We are engaging with more than 250 banks and over 40 of the world's top 50 smart card manufacturers and our pipeline in both these segments has never been stronger. We are confident that our strategic partnerships, global technology excellence, focused engagements with issuers, as well as our end-to-end trusted advisor approach and unique one-stop-shop offering, are laying the foundation for many commercial wins ahead. The private placement that we completed in September 2020 has allowed us to execute on the opportunity with increased confidence in our ability to successfully serve our customers. We are well prepared to address a global market of biometric payment cards with strong long-term growth and value creation potential.

I want to take the opportunity to thank each valued member of my outstanding team at Zwipe for their relentless efforts. Sincere thanks to our customers, partners, and shareholders for their immense faith in Zwipe.

Oslo, February 24th 2021
André Løvestam, CEO

MARKET OUTLOOK



Figure 1 Effects from COVID-19 on payment habits. Zwipe slide, March 2020

Introduction

Over the past decades, technology advancements have brought significant changes in the way we transact, from a shift away from cash to plastic cards, through EMV smart-cards (chip & PIN or signature) to dual-interface contactless payment cards. Globally, 4 billion payment cards are shipped annually. This volume is increasing every year even though an array of alternative payment solutions are entering the market.

Zwipe is leading the way toward a new evolution for payment cards, providing consumers with a highly secure, PIN-less, hygienic, and convenient means of in-store payments.

The belief in the future of biometric authentication embedded in payment cards has been Zwipe's vision from its start in 2009. We are confident that the final hurdles for widespread adoption are about to be passed, enabling market take-off based on scalable technology at competitive cost levels.

With both the supply and the demand sides primed for adoption, Zwipe is positioned to take an important cost and technology leadership position in payment ecosystem.

We believe the market will be characterized by relatively long commercial undertakings and relationships that usually spans over several years, not dissimilar to other relations in the payment industry. That is why we consider it to be significant that we are first to offer a platform integrating a single-silicon solution, allowing us to enter into the market with a competitive cost structure from the outset. This combination offers Zwipe and our customers cost leadership and early access to the market, providing opportunity to win market share from the outset.

Strong and growing interest in Biometric Payment Cards

The historic growth of contactless payments worldwide indicates that consumers today look for payment solutions that improve their experience. Regardless of form factor, contactless payments via cards, mobile wallets or wearables allow cardholders to pay more quickly and seamlessly. COVID-19 has added a significant new dimension to this demand – hygiene, health and safety.

A biometric payment card could virtually eliminate the need to ever touch the payment terminal keypad. In most parts of the world, cards configured to be contactless require PIN entry above a transaction limit (now, e.g. SEK 400 in Sweden or NOK 500 in Norway), and after a set number of transactions (~ 5). The cardholder is also required to enter a PIN on the terminal when the cumulative value of the last few transactions has reached its limit (e.g. NOK 1,500 is the maximum in Norway before the PIN is required).

COVID-19 has caused a substantial acceleration in the global proliferation of contactless payments, principally for reasons of hygiene. In parallel, we have witnessed an increase in the limits for contactless payments without cardholder verification in more than 50 countries to reduce PIN entry via the keypad at point-of-sale terminals.

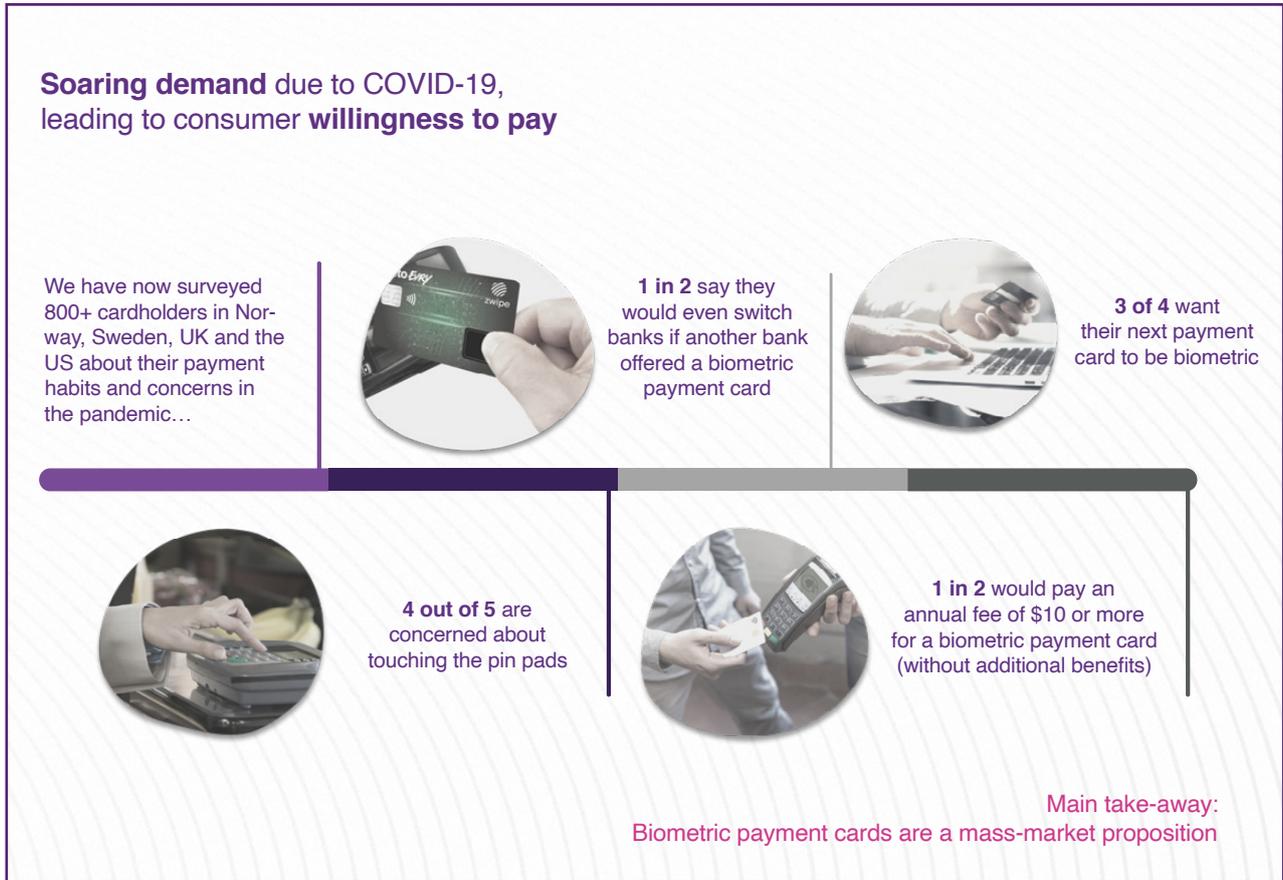


Figure 2 Strong interest from consumers in Biometric Payment Cards, including willingness to pay. Source: Zwipe Insight Research

In a MasterCard global study from March 2020, 79% of consumers confirmed they are now using contactless payments. Worldwide, contactless transactions grew two times more than contact-based transactions in grocery and drug stores (February-March 2020). In the USA, growth was three times higher. 46% of consumers have moved contactless cards to top-of-wallet, and 82% of consumers view contactless as the cleaner way to pay.

A study from Dentsu Aegis Network published in June 2020 confirmed 82% of consumers globally are ready to replace their PIN code with a fingerprint to authenticate a card payment. Today's small value contactless transactions without any cardholder authentication – tap and go transactions - are convenient, but also raise security concerns.

Since August 2020, more than 800 respondents in Scandinavia, UK and the USA have revealed their pay-

ment habits and preferences in our Zwipe Insight Research. The findings clearly show that most consumers want a biometric payment card and that half of them are willing to pay a meaningful amount for it. Half of the respondents say they would even switch to another bank that provides this product.

These are powerful consumer statements that issuers can use to their advantage in a fragmented and multifaceted landscape with myriads of payment services. Unsurprisingly, we experience an increasing number of issuers acknowledging that biometric payment cards are new "value-added/ premium products" that can increase brand and reputation and drive revenues. This is especially interesting for card issuers in markets that have declining interchange fees. In a payment webinar hosted by TietoEVERY, 72% of the card issuers expressed interest in piloting biometric payment cards in 2021. More importantly 31% said they would seriously consider launching it as well.



Figure 3 Perception of level of security within authentication solutions, Group Futurista Payments Webinar, June 2020

Limited adoption of mobile payment

Mobile payment solutions such as Apple Pay and Android Pay were introduced in 2014 and 2015 respectively (Android Pay was renamed Google Pay in 2018). These solutions are generally accepted at contactless terminals by merchants that collectively generate nearly two-thirds of all retail sales in the United States.

According to a Pymnts¹ report on mobile wallet adoption from April 2020, the total value of Apple Pay-enabled sales in the USA has risen notably since the wallet's launch in 2014. However, Apple Pay's slice of the total retail sales in the States, excluding online and vehicle sales, remains at just 0.9 per cent.

Apple issued its first physical credit card in 2019 in collaboration with Goldman Sachs and MasterCard. In April 2020, Google announced the development of a physical and virtual debit card that will give consumers more flexibility. Also, Klarna, Stripe, Square, PayPal, eBay, and Uber have started or announced the launch of physical credit cards.

A survey from the Group Futurista webinar in June 2020 (ref. Infographics shared in Figure 7, Perception of the security level within authentication solutions) concluded that **97% of respondents still found payment cards the most convenient way to pay.**

With heightened public health concerns this year and the desire to avoid inserting cards or using keypads one might think that more consumers wanted to use contactless mobile wallets. But this is not the case. Pymnt's data shows instead that mobile wallet usage rates were lower in 2020 than they were in 2019, and also among a key group of consumers: millennials. PYMNTS' historical research confirms that millennials are among the most devoted mobile wallet users. But the decline in mobile wallet use was just as noticeable for them as it was for other generations, with only 19.3 percent of millennials using mobile wallet in 2020, compared to the 22.3 percent who did so in 2019.

Zwipe expects cards will continue to remain a very important part of banks' omni-channel payments mix for many years to come, co-existing with new solutions such as mobile payments.

¹ <https://www.pymnts.com/study/mobile-wallet-adoption-april-2020/>

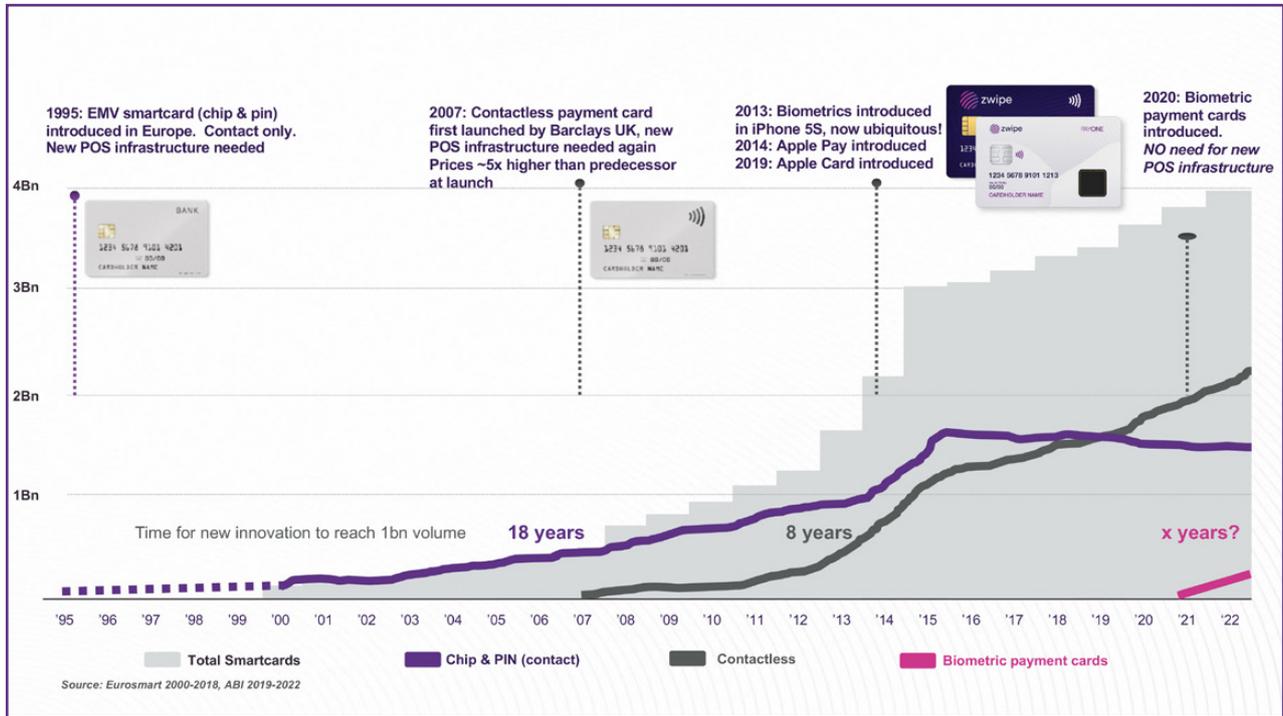


Figure 4 Accelerating smart payment card technology adoption

The 4-billion-unit per year market

The smart card market within payments has been growing fast, driven by innovation. The rising grey columns in the background in figure 4 show that smart payment cards are soon reaching 4 billion cards issued each year.

Already in 1995, EMV (Europay, MasterCard, VISA) launched smartcards enabled by chip and PIN. These contact-only cards needed new infrastructure to work and all payment terminals had to be changed. It took 18 years to reach an annual volume of 1 billion cards.

Dual-interface cards or contactless cards were launched late 2007, again requiring new Point-of-Sale terminals for the new function to be used. The price of a contactless card was then five times higher than the chip-and-PIN card. However, the contactless cards offered superior convenience and quickly became a market success. This time it only took eight years to reach a volume of 1bn cards per annum. In total volume, contactless cards overtook the old-

er chip-and-PIN cards in 2019. And even though the card price is still about twice that of its predecessor, it is on track to completely take over the market within the next few years.

For biometric payment cards, no incremental infrastructure investments are needed to enable usage of the cards, as biometric card solutions are compatible with existing infrastructure at NFC enabled point-of-sale locations around the world.

The massive and fast increase in smartphones with fingerprint sensors and consumers' willingness to embrace new and superior technology pave the way for biometrics in payment cards and wearables. We believe in strong mass-market take-up for biometric payment cards with a larger long-term market potential than previously anticipated. At present, there are various forecasts predicting volumes ranging anywhere from 20 to 200 million biometric cards by 2024, and with strong growth after that.

ZWIPE IS
POSITIONED
FOR COST AND
TECHNOLOGY
LEADERSHIP

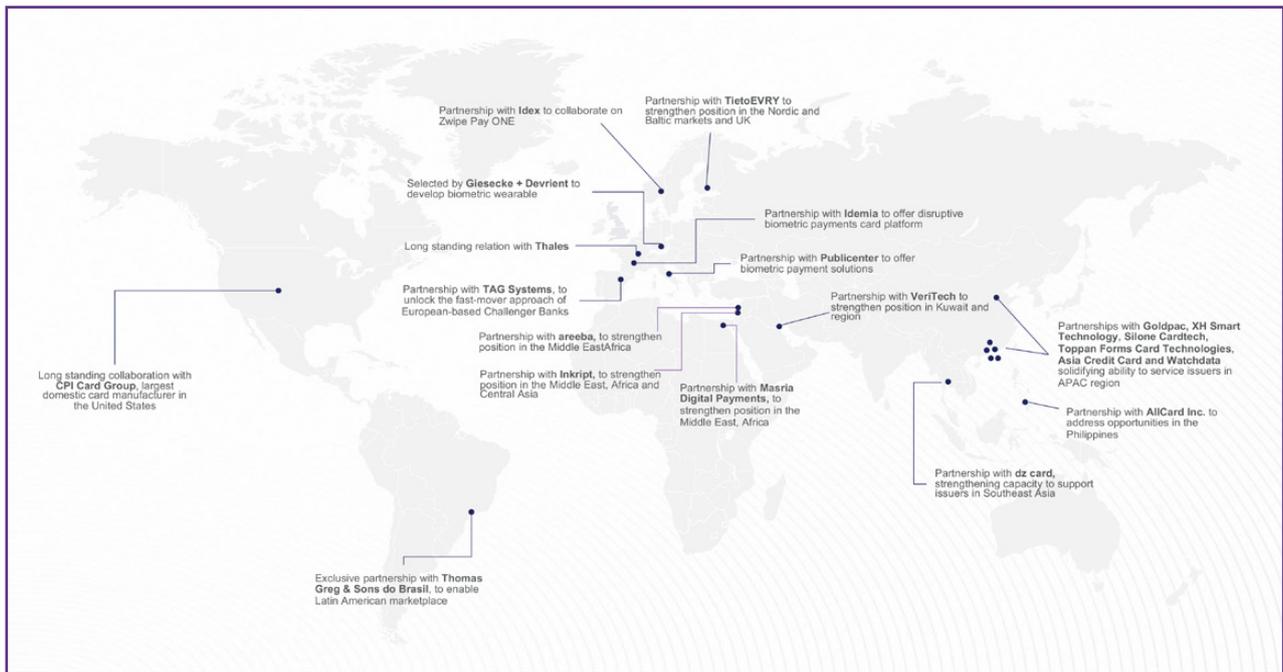


Figure 5 Global go-to-market partner and customer network

Attractive, disruptive platform with one-stop-shopping advantage

Using modern semi-conductor technology, cost reduction in electronics is driven through integration and consolidation. Thanks to a very aggressive level of integration coming out of our development together with Idemia, our new disruptive payment platform, Zwipe Pay ONE, represents a major technological leap for the payment card industry.

The new biometric payment card platform resulting from our co-investment with Idemia merges the functionality of a secure element, an MCU (Micro-controller Unit) and more than thirty other components into a single chip. Without the need for discrete electronics on an active smart card inlay, we greatly reduce component and lamination cost while also improving manufacturing yield. At the same time, the reliability and durability of the card are improved. The platform is the first announced single silicon solution for biometric payment cards available to smart card manufacturers. The platform is easily adaptable and is compliant with existing mass volume card production processes.

Zwipe Pay ONE will satisfy all requirements for increased performance at extremely low energy levels and create new levels of cost efficiency.

Zwipe will offer smart card manufacturers a packaged ISO contact plate module (including the single silicon biometric secure element and Java Card OS), reference designs for the inlay and finished card plus integration support. As options available from Zwipe, customers may also buy the passive inlay and prelaminated sheets made to custom layout, biometric-aware applets for VISA, MasterCard and others, and enrolment solutions. If the customer wants a turn-

key, one-stop-shop solution, even the IDEX sensor can be sourced through us. This means that Zwipe offers an end-to-end solution, as well as offering professional services, consumer insights and advice on marketing presentation and pilot execution to banks.

Zwipe totally bundled technical solution, combined with Zwipe's trusted advisor role and services, means that the company stands out from the crowd, offering a unique and attractive total package to our customers, which is very compelling for our customers, as proven by the announcements we have made about customers who have chosen Zwipe Pay ONE.

This approach is the cornerstone of Zwipe's competitive advantage. Zwipe has in total announced 21 agreements with smart card manufacturers (SCMs) worldwide, covering the Middle East, Asia Pacific, the Americas, and Europe. Zwipe has also partnered with several personalization bureaus and processors, as well as leading technology providers.

The indirect customers of Zwipe, which are the ultimate decision makers, are the companies issuing payment cards to their clients, the cardholders.

In addition to biometric payment cards, Zwipe's technology platform is also well suited for biometrics-enabled wearable payments solutions and applications in access control and identification. Zwipe has an ongoing collaboration with G+D to develop a biometric payment device with a view to pilot this technology with a leading European bank. Shipments of wrist-worn wearables, including smartwatches, basic watches, and wrist bands, reached 34.2 million units, up 28.2% year over year during the second quarter of 2019². Manufacturers are looking to leverage recent technological advancements to offer similar functionality to analogue watches in addition to smart devices and in turn creating an opportunity to offer wearable payment functionality to a much larger product range.

² <https://www.idc.com/getdoc.jsp?containerId=prUS45521319>



Employees and Locations

The Group had an average number of 22 employees, including contractors, during 2020. The employees were spread across Zwipe's three main locations as well as individual working locations in Europe and Asia.

BOARD OF DIRECTORS AND MANAGEMENT

Zwipe's Board of Directors and senior management represent substantial experience from biometrics and payment industries, as well as related and complementing skill sets.

Board of Directors



Jörgen Lantto,
Chairman of the board

Previously CEO of Fingerprint Cards AB, Mr. Lantto held the position during a period of unprecedented global growth. Prior to being appointed CEO, he was Executive Vice President, CTO and Head of Strategy and Product Development. Before his time at Fingerprint Cards he held a wide range of senior executive positions at the ICT Company Ericsson.

Board assignments: Board member Bromma tech Consulting AB, Cambridge Mechatronics Ltd, Dirac Research AB, Wirepas Oy and Tobii AB.

Mr. Lantto joined Zwipe's Board of Directors in 2016 and holds 866,666 shares and 90,000 options. He is an independent director in relation to the company and its main shareholders.



Dennis Jones

Mr. Jones recently retired as the Chief Operating Officer of TSYS Issuer Solutions, a USA-based global payment processing company, and until December 2017, the Chairman of Paysafe PLC, a UK-based FTSE 250 global payments company.

He has extensive experience in the fintech, payments and payment processing sectors, having held Executive/Board roles in the UK as Chairman of MasterCard UK Ltd and various Executive roles with RBS and NatWest; and in the USA as a Director, President and Chief Executive Officer of RBS National Bank, as a Non-Executive Director of Argus Information Services Inc, and as a Non-Executive Director of Kroger Personal Finance. Also worked in China as an Executive Director of the RBS/Bank of China Credit Card JV.

Mr. Jones joined Zwipe's Board of Directors in 2018 and holds 65,228 shares and 40 000 options. He is an independent director in relation to the company and its main shareholders.



Johan Biehl

Mr. Biehl is a private investor; the last eight years he has devoted to managing his personal investments. He is a board member and Investment manager at Feat Invest AB since 2016. Mr. Biehl is focused on small and micro caps and today has some ten investments in listed and unlisted companies in a variety of industries with a predominance in tech companies.

Before going into the financial industry, he held several positions in B2B sales and sales management. He has studied economics and business and holds a degree in finance from Stockholm University.

Board assignments: Chairman of Nitro Games Oy, board member Feat Invest AB, Biehl Invest AB

Mr. Biehl joined the Board of Directors in 2018 and hold 212,883 shares and 40,000 options. He is an independent director in relation to the company and its main shareholders.



Dorian Barak

Mr. Barak is a private equity investor and fund manager. Mr. Barak is CEO of Indigo Global, a capital advisory firm, and serves on the boards of directors of companies active in the technology, natural resources and aviation sectors. He was formerly MD and Head of M&A at Israel's largest financial group, Hapoalim; Attorney with Skadden, Arps in New York; and Consultant with The Boston Consulting Group (BCG) in the USA.

Mr. Barak holds a J.D. from Yale Law School, an M.A. from Oxford University and B.A. from UCLA.

Board assignments: CEO of Indigo Global; Board member of Eyesight Technologies Ltd, Alufer Mining Limited, Agent Video Intelligence Ltd.

Mr. Barak joined the Board of Directors in 2019 and holds 20,000 options. He is an independent director in relation to the company and its main shareholders.



Diderik Schonheyder

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, where he was instrumental in the development of a multi-currency clearing and settlement system, the creation of a seven-year international debit card product roadmap and an EMV purse application.

After graduating from San Francisco State University, Mr. Schonheyder a Norwegian citizen, worked in the Bay Area for six years, then in London, Brussels and Lisbon, where he is presently based. He currently operates as a consultancy company focused on payment ecosystems.

Mr. Schonheyder joined the Board of Directors in 2020 and hold 5,302 shares.



Pål Eivind Vegard

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, he was one of the early backers of Zwipe and he served on Zwipe's board from 2011 to 2016. He was also an early investor and chair of the board in Onecall, today a successful mobile brand owned by Telia.

Former Board assignments: Song Networks AS, Port IT AS, CellCura ASA and Arctic Silver Innovation AS. Existing board assignments: Concito AS and JensenSoftware AS.

Mr. Vegard joined the Board of Directors in 2020 and hold 568,260 shares through the company Concito AS which he holds 90% of the shares, and his children hold 10%.

Zwipe Management



André Løvestam,
CEO

Leading Zwipe on its mission to make convenience safe and secure, Mr. Løvestam joined Zwipe as CEO in March 2018 and has led the company through a milestone period, including successful funding rounds and public listing on the Oslo Stock Exchange, Merkur Market (now Euronext Growth Market), and Nasdaq First North Growth Market in Stockholm, as well as forging the partnership with Idemia to position Zwipe for cost leadership and growth.

Prior to Zwipe his career features several chief executive officer positions in prominent Nordic ICT and FMCG companies, including Orkla, Tomra, TeleComputing (now Visolite), Umoe IKT and Atea.

Board assignments: Chairman, Share Your Business Sweden AB and Energetic AS

Mr Løvestam joined Zwipe in March 2018 and holds 500,000 shares and 640,000 options.



Dr. Robert Müller,
CTO

Dr. Müller has a track record over 25 years 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 before joining Zwipe was serving as Chief Technology Officer at Next Biometrics.

He is leading the company's development of technology, products and IP, overseeing the US-based Research and Development Centre and the European Tech Hub where he sits in Munich, Germany.

Board assignments: None

Dr. Müller joined Zwipe in April 2019 and holds 48,572 shares and 120,000 options.



Lars Kristian Solheim,
CFO

Mr. Solheim has a solid track record of CFO and top management positions within the auditing, telecom and financial sectors. After serving with the audit firm EY, he joined the main Norwegian mobile telecom challenger company NetCom/TeliaSonera and quickly graduated through positions as Controller, Financial Manager, CFO and head of strategic projects. Mr Solheim has extensive experience in the areas of M&A, financial governance and business planning. Prior to joining Zwipe, he served as Director with responsibility for the business support functions for IT and operations at the major Scandinavian bank DNB.

Board assignments: None

Mr. Solheim joined Zwipe in March 2020 and holds 90,000 shares and 150,000 options.



Eric Mercer,
CEO Zwipe America

Leading Zwipe's Research and Development Center in Colorado Springs, CO, USA Mr. Mercer is a senior business executive with a focused background in supply chain management and advanced product development. Bringing a wealth of experience across both technical and administrative disciplines Mr. Mercer joined Zwipe in April 2018 to support its supply chain readiness and scaling initiatives. In addition to being head of Zwipe America, Inc, he is also leading our Supply Chain and Program Management functions.

Prior to Zwipe he has held multiple management positions, notably at Cobham Semiconductor Solutions (formerly Aeroflex) and Intel Corporation.

Board assignments: None

Mr. Mercer joined Zwipe: April 2018 and holds 5,500 shares and 100,000 options.



Bishwajit Choudhary,
EVP Strategy & Channels

Based in Oslo, Mr. Choudhary brings two decades of experience from Nets where he led many new business initiatives within Digital-ID, electronic signatures and mobile authentication for international clients. As the Group Senior Vice President (Strategy) he led Nets' market intelligence and strategy execution and played a key role in many commercial initiatives, notably open-banking data analytics, customer advisory, strategic alliances and FinTech partnerships. Prior to joining Zwipe, he was Chief Commercial Officer at UserTribe, a global leader in delivering deep customer insights in 100+ countries based on live experience data.

Mr. Choudhary joined Zwipe in June 2020 and holds 25,500 shares and 90,000 options.



John Goodale,
Chief Sales Officer

Mr Goodale brings over 25 years of experience in sales within the payments industry. After spending nearly two decades at TSYS and, prior to that, at KPMG and DMR Consulting, Mr Goodale is recognized for thought leadership across many payment concepts in multiple European markets and a strong understanding of the global financial market. His business acumen and sales leadership have enabled him to develop compelling sales propositions that have won new business across a broad portfolio of financial products across the globe.

Mr Goodale leads Zwipe's engagement and conversion efforts with smart card manufacturers globally, while also supporting engagement with issuers and selected go-to-market partners to strengthen Zwipe's position.

Mr. Goodale joined Zwipe in January 2021 and holds 80,000 options.

STATUTORY BOARD OF DIRECTORS' REPORT

The Board of Directors' report for Zwipe in 2020 is based on Zwipe's consolidated financial accounts for 2020 and 2019, prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP).

All figures are presented on a consolidated basis for the Group, unless explicitly attributed to the parent company Zwipe AS. The main impact of the consolidation of financial statements for Zwipe AS and Zwipe America, Inc. is the reclassification of other operating expenses in Zwipe AS to payroll expense. Tax paid by Zwipe America, Inc. impacts the consolidated statements, as Zwipe AS has not yet paid taxes. Other balance sheet effects include adjustments to financial fixed assets, total cash balance, equity, accounts payable and long-and short-term liabilities.

Revenues

Total reported revenues for Zwipe in 2020 was MNOK 1.8. This is up from MNOK 1.5 in the previous year and reflects an underlying increase in payment-related revenues. The revenues relate to sale of biometric inlays in limited volumes and NREs (non-recurring engineering revenues). Sales revenues are marginal at this time, as the regular commercial deployment of Zwipe's products is not yet initiated.

Operating expenses

Zwipe's operating expenses mainly consist of people cost (employees and contractors) and professional services from third parties contributing to Zwipe's development projects and supply chain preparations.

After successfully executing on our streamlining program communicated in November 2019, the operating expenses were reduced by 34% (38% decrease in constant currency terms) to MNOK 63.7 (96.8).

Total expenses related to employee payroll were reduced by 29% from 2019 to 2020, at MNOK 19.0 (MNOK 26.6) despite the negative currency effects. The number of employees decreased in the last month of 2019, as Zwipe implemented a streamlining program. During the last quarter in 2020, Zwipe has increased the staff in preparation for piloting and deployment of our card payment solutions and services.

Several of Zwipe's employees hold stock options as part of their overall compensation package. The cost of the stock options compensation is somewhat volatile as it will vary over time due to grants, cancellations and vesting periods of each grant. In 2020, the cost of

this remuneration program was MNOK 1.9, down from MNOK 3.9 in 2019.

Cost of Goods Sold (COGS) were MNOK 4.8 (MNOK 5.9), which is disproportionately high relative to sales revenues. This is partly because the COGS include elements of a semi-fixed nature (manufacturing fee, logistics costs). Consequently, the contribution margin is not representative of volume manufacturing. Following the acceleration of Zwipe's technology roadmap, inventory related to bypassed versions of the payment inlay were written off by MNOK 2.9. The same reason caused an impairment-driven write-down of fixed assets of MNOK 0.6.

Other Operating Expenses were MNOK 37.9 (MNOK 61.0), and comprise expenditures related to R&D, office equipment, leasing of office space, IT infrastructure, consultants, travel, marketing and others. Expenses related to the management of Zwipe's IP are also included in operating expenses and comprise external costs of obtaining and maintaining patents. A major cost component in 2020 is MNOK 10.4 related to the jointly funded development collaboration with Idemia. This represents the third of four instalments on the committed co-investment with Idemia. The final instalment is planned to be paid during summer 2021.

Results

Consolidated EBITDA for 2020 was MNOK -59.9 (MNOK -92.0). The improved EBITDA largely reflects the streamlining program implemented in November 2019. Zwipe has repaid the majority of its loan commitments. At the end of 2020, Zwipe's loan commitment consists of a bank loan granted to Zwipe America, Inc. of \$248 000 through the Paycheck Protection Program (PPP), at 1% interest rate. Total financial costs are correspondingly reduced by MNOK 0.3 from 2019. Total result for the year was MNOK -62.1 (MNOK -95.2).

Research and Development

R&D spending amounted to a total of MNOK 21.4 in 2020 (MNOK 38.8), whereof MNOK 0.3 (MNOK 3.1) was capitalized as intangible assets and the remainder expensed over the Income Statement. 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. MNOK 10.4 of the R&D cost in 2020 relates to the co-investment agreement for the development of the single-chip platform with Idemia.

Financial position

In July, Zwipe received an additional MNOK 9.8 out of a total MNOK 23 grant awarded through EU's Horizon 2020 program. In October, Zwipe received a MNOK 5 grant from the Norwegian government in Q4 2020 as a result of the approval of Zwipe's grant application ("Skattefunn").

During 2020 Zwipe raised net MNOK 103 through a private placement in September and a subsequent offering in October, further strengthening the balance sheet. At the end of 2020, bank deposits and cash were MNOK 125.3 (23.2).

The operating outgoing cash flow in 2020 was on average below MNOK 5 per month, which represents a reduction of 39% from 2019.

Total equity was MNOK 122.6 (MNOK 80.4), corresponding to an equity ratio of 89% (73%). Total liabilities were MNOK 14.7, whereof MNOK 0.9 are long term liabilities related to the PPP loan of \$248 000 that was granted to Zwipe America, Inc. 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. If the loan is not forgiven, down payment starts in August 2021. The loan matures in April 2022. The short-term part of the loan is classified as other short-term liabilities.

Parent company

Revenue in the parent company, Zwipe AS, was MNOK 1.7 in 2020, compared with 1.5 in 2019. All sales revenues are invoiced from the parent company. Operating expenses were MNOK 64.1 (MNOK 97.6), and the net result for Zwipe AS was a loss of MNOK 62.4 compared to a loss of MNOK 95.8 in 2019.

Total assets were MNOK 131.3 and cash and cash equivalents were MNOK 119.1. Zwipe AS had no interest-bearing debt at the end of 2019.

Share capital and shares

During 2020, the share capital was increased on four separate occasions. At the end of 2019, Zwipe conducted a preferential rights issue with gross proceeds of MNOK 67. On 31 December 2019 the shares had been subscribed and settled in escrow but were not yet registered. The final registration of the new shares took place on 6 January 2020.

On 7 September Zwipe conducted a private placement of gross MNOK 96, divided in a main tranche registered on 14 September and a second tranche on 9 October. The subsequent repair offering of gross MNOK 15 was registered on 19 November. Total shares issued in the three capital increases were 7,381,315, at a subscription price of NOK 15.

The number of outstanding shares at the end of 2020 was 32,906,576 and the share capital of Zwipe was NOK 3,290,657.60.

Zwipe's shares were listed on Nasdaq First North Growth Market in Stockholm on 28 January 2020. Zwipe has since then been dual-listed, as the shares are also listed at Euronext Growth in Oslo. No additional shares were issued in connection with the listing in Stockholm.

The share price development has been strong in 2020, rising by 261 percent to NOK19.08 at the last trading day of 2020. Due to new shares issued in 2020, the market capitalization of Zwipe increased to MNOK 628 at year-end 2020 (MNOK 85).

Dividend

Zwipe's dividend policy is that no dividend shall be paid until the company is in an established cash positive position with predictable positive business results. Consequently, the Board of Directors proposes that no dividend be paid for 2020.

Subsequent events

Zwipe America, Inc. was granted a second bank loan of \$248 285 in February 2021 through the second draw of the Paycheck Protection Program (PPP). The loan is at 1% interest rate, payable in five years. Zwipe may be eligible for partial or full loan forgiveness given fulfilment of a set of requirements.

A share capital increase of 21 832 new shares in Zwipe AS was registered 18 February 2021. The new share capital is NOK 3 292 840,80, and the new number of shares and votes is 32 928 408.

Risks and Uncertainty Factors

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 prospectus dated 19 October 2020 for a comprehensive discussion of risk factors. The prospectus is available at www.zwipe.com.

Zwipe is operating within the unpredictable and rapidly evolving contactless payment and biometric authentication market and value chain together with market leading manufacturers and payment networks. Consequently, it is difficult to predict important market trends, including how large this market will be or when and which products will be adopted, as well as timing of significant market events such as commercial launch of biometric payment cards to consumers. Zwipe's operational and financial performance will depend on the timely and successful commercialisation of existing and new technologies and enhancements to such technologies. Certification, customer roll-out and/or market adoption might take longer, or the market penetration may not be as strong as Zwipe plans for. Continued spread of COVID-19 may lead to additional or prolonged challenges to execute our and our customers' and partners' projects.

The markets in which the company operates are highly competitive, fragmented and rapidly changing and the Group expects to continue to experience competition from new and incumbent market players. The introduction of new technologies could cause existing products to be less attractive and Zwipe must therefore be able to successfully anticipate or adapt to changing technologies or customer requirements on a timely basis.

Going Concern

The Board of Directors confirms that Zwipe will continue to operate under the assumption of going concern, and that the financial statements for 2020 are prepared under this assumption. While costs are expected to continue to exceed revenue for several more quarters, the board considers that the company has sufficient access to capital while preparing for cash-generating commercial business.

External Environment

Zwipe's operations has limited impact on the environment. The company operates in compliance with all applicable environmental legislation, without any requirement for waivers or exemptions.

Organization and working environment

Founded and headquartered in Oslo, Norway, our growing team of competent and highly dedicated experts is represented by 14 different nationalities in nine countries across five time zones - from Colorado Springs in the west to Singapore in the east.

Following the streamlining announced in November 2019, the business was organized in a simplified department structure with clarified accountabilities. During the last quarter in 2020, Zwipe has increased its staff in preparation for the increased demand for our payment solutions and services. In January 2021, the number of employees is 27.

Zwipe strives to be an equal opportunity workplace and the working environment is considered good. Out of its 27 people, two employees are female. There are no women in Zwipe's Board of Directors. Zwipe considers the gender balance unsatisfactory and seeks to increase the share of women in its workforce and board.

Excluding consultants, the number of employees in the Norwegian parent company was six at the end of 2020. The total sick leave in the parent company was 0.7% in 2020. This level is considered satisfactory and no targeted measures are implemented to further address the sick leave level. There have been no material injuries or work-related accidents in 2020.

Other

The Board of Directors is not aware of any matters of importance for the assessment of the company's position and performance, which is not reflected by the financial statement and balance sheet with notes. Subsequent to 31 December 2020, there has not, in the Board of Directors' view, occurred any matter which will affect the annual accounts.

Outlook

Zwipe observes that card issuers and consumers are getting ready to embrace the global shift towards more secure and convenient contactless payments, and the key players and surrounding ecosystem have prepared for the introduction of biometric authentication as one of the next developments of payment cards.

Zwipe's ambition is to play an important role in the commercial market deployment and to secure a strong market position both in the medium and long term.

Thanks to recent streamlining and funding activities, Zwipe has the capability to continue to develop its offering and prepare for commercial high-volume market deployment of biometric authentication solutions for payment and beyond.

Zwipe's revenue growth going forward is dependent on the market development of biometric payment cards, as well as Zwipe's ability to capture a sufficient share of the market. Zwipe believes that the timing and speed of market adoption will be closely linked to the availability of technology that enables significant cost reductions of biometric payment cards relative to current levels. There is widespread consensus that the long-term market potential for biometric payment is substantial.

In addition to revenues from payment applications, Zwipe sees additional long-term upside potential from product offerings within access control and ID.

Assurance by the Board of Directors

We confirm, to the best of our knowledge, that the annual report and financial statements for the period of 1 January to 31 December 2020 have been prepared in accordance with the Norwegian Accounting Act and accounting standards generally accepted in Norway (NGAAP) and give 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 Board of Directors' report includes a fair review of important events that have occurred during 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 operations.

The Board of Directors of Zwipe AS, Oslo 24 February 2021

JÖRGEN LANTTO (sign.)
CHAIRMAN OF THE BOARD

PÅL EIVIND VEGARD (sign.)
BOARD MEMBER

DIDERIK SCHONHEYDER (sign.)
BOARD MEMBER

DENNIS JONES (sign.)
BOARD MEMBER

JOHAN BIEHL (sign.)
BOARD MEMBER

DORIAN BARAK (sign.)
BOARD MEMBER

ANDRÉ LØVESTAM (sign.)
CEO

STATEMENTS OF FINANCIAL POSITION

Income Statement

(Amounts in 1000 NOK)

Zwipe Group				Zwipe AS	
2020	2019	Note		2 020	2019
			Operating Income		
1 655	1 517	1	Sales revenue	1 655	1 517
182	4	1	Other operating income	0	0
1 837	1 522		Operating income	1 655	1 517
			Operating expenses		
4 808	5 882	7	COGS	4 808	5 882
18 973	26 591	2,3,15	Payroll expenses	11 894	14 072
2 008	3 304	4,5	Depreciation, amortization & impairment	1 990	3 304
37 947	60 999	2,17	Other operating expenses	45 368	74 328
63 736	96 776		Operating expenses	64 061	97 587
-61 899	-95 255		Operating profit/loss	-62 405	-96 069
			Financial income and expenses		
148	295		Other interest income	148	293
441	1 719	19	Other financial income	441	1 715
3	246		Other interest expenses	3	246
569	1 458	19	Other financial expenses	569	1 458
17	310		Net financial income and expenses	17	305
-61 882	-94 944		Results before tax	-62 388	-95 764
191	210	10	Tax expense	0	0
-62 073	-95 154		Results for the year	-62 388	-95 764
			Profit(+)/Loss(-) for the year attributable from:		
-62 073	-95 154		Share premium reserve	-62 388	-95 764
0	0		Uncovered loss	0	0
-62 073	-95 154		TOTAL	-62 388	-95 764
32 906 576	15 953 288		Number of shares end of period		
27 367 556	15 514 552		Average number of shares in the period before dilution		
28 186 644	16 045 042		Average number of shares in the period after dilution		
- 2.27	- 6.13		Profit pr. share before dilution		
- 2.20	- 5.93		Profit pr. share after dilution		

Balance Sheet

(Amounts in 1000 NOK)

Zwipe Group			Zwipe AS	
2020	2019	Note	2 020	2019
Assets				
Long-term Assets				
Intangible Assets				
7 359	7 147	5	7 359	7 147
<u>7 359</u>	<u>7 147</u>		<u>7 359</u>	<u>7 147</u>
Fixed Assets				
2 568	2 536	4	2 487	2 536
<u>2 568</u>	<u>2 536</u>		<u>2 487</u>	<u>2 536</u>
Financial Assets				
0	0	6	386	386
436	439		436	439
<u>436</u>	<u>439</u>		<u>822</u>	<u>825</u>
<u>10 362</u>	<u>10 122</u>		<u>10 668</u>	<u>10 508</u>
Total Long-term Assets				
Current Assets				
Inventories				
313	3 104	7,11	313	3 104
<u>313</u>	<u>3 104</u>		<u>313</u>	<u>3 104</u>
Receivables				
72	375	11	72	375
1 361	74 003	8,16	1 189	73 554
<u>1 433</u>	<u>74 378</u>		<u>1 261</u>	<u>73 929</u>
Cash				
125 255	23 236	9	119 067	19 554
<u>125 255</u>	<u>23 236</u>		<u>119 067</u>	<u>19 554</u>
<u>127 001</u>	<u>100 718</u>		<u>120 640</u>	<u>96 587</u>
Total Current Assets				
<u>137 363</u>	<u>110 840</u>		<u>131 308</u>	<u>107 095</u>
Total Assets				

Balance Sheet

(Amounts in 1000 NOK)

Zwipe Group			Zwipe AS	
2020	2019	Note	2 020	2019
Equity and liabilities				
Equity				
Paid-up Equity				
3 291	1 595	13	3 291	1 595
119 309	78 830		114 691	74 366
<u>0</u>	<u>0</u>		<u>0</u>	<u>0</u>
122 599	80 426		117 981	75 961
122 599	80 426		117 981	75 961
Liabilities				
Long-term liabilities				
<u>942</u>	<u>0</u>	12	<u>0</u>	<u>0</u>
942	0		0	0
Short-term Liabilities				
3 119	12 398		3 701	12 318
2 464	702	15	2 464	702
0	0	10	0	0
<u>8 239</u>	<u>17 315</u>	11,14,18,12	<u>7 161</u>	<u>18 114</u>
13 822	30 415		13 326	31 134
14 764	30 415		13 326	31 134
137 363	110 840		131 308	107 095

Oslo, 24.02.2021

Jörgen Lantto (sign.)
Chairman of the Board

Diderik Schonheyder (sign.)
Board Member

Dennis Jones (sign.)
Board Member

Pål Eivind Vegard (sign.)
Board Member

Johan Biehl (sign.)
Board Member

Dorian Barak (sign.)
Board Member

André Løvestam (sign.)
CEO

Cash Flow Statement

(Amounts in 1000 NOK)

Zwipe Group				Zwipe AS	
2020	2019	Note		2020	2019
-62 073	-95 154		Net Income / (Loss) before tax	-62 389	-95 764
0	94	10	Taxes paid	0	0
1 888	3 881	2	(+) Option cost no cash effect	1 888	3 839
2 008	3 304	4,5	(+) Depreciation, amortisation & impairment	1 990	3 304
2 791	-797		(-) Change in Inventory	2 791	-797
255	1 915		(-) Change in Accounts Receivable	303	264
4 967	-64		(-) Change in Other Current Assets	4 676	320
-7 549	2 864		(+) Change in Accounts Payables	-6 882	2 847
-2 118	3 595		(+) Change in Current Liabilities	-2 686	3 449
-59 831	-80 361		Net Cash use in Operating Activities	-60 309	-82 538
			Cash Flows from Investing Activities		
-2 259	-4 636	4,5	Intangible Assets and Capital Expenditures	-2 152	-4 636
-2 259	-4 636		Net Cash Provided by (used in) Investing Activities	-2 152	-4 636
-62 090	-84 997		Operational Cash Flow	-62 461	-87 174
			Cash Flows from Financing Activities		
177 724	120 071		Equity Issue	177 724	120 071
0	67 004		Unregistered capital increase	0	67 004
0	-67 004		Financial receivable from capital increase	0	-67 004
-16 313	-16 763		Transaction cost not recognized over P&L	-16 313	-16 763
2 334	0	12	PPP Loan	0	0
0	9 370		Convertible loan	0	9 370
730	-15 251		Repayment of loan	564	-15 251
164 475	97 426		Net Cash Provided by Financing Activities	161 974	97 426
-365	10		Effect of Foreign Currency Translation		
102 020	12 439		Net Increase / (Decrease) in Cash and Cash Equivalents	99 513	10 252
23 236	10 797		Cash and Cash Equivalents at Beginning of Period	19 554	9 302
125 255	23 236		Cash and Cash Equivalents at End of Period	119 067	19 554
102 020	12 439		Net cash flow	99 513	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
January 1st 2020	1 595	78 830	0	80 426
Proceeds from issue of shares	1 695	109 024		110 720
Issue costs		-8 199		-8 199
Uncovered loss				0
Annual net profit/loss		-62 073		-62 073
Share based compensation		1 888		1 888
Other changes in equity				0
Currency effect		-163		-163
December 31st 2020	3 291	119 309	0	122 599

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
Issue costs		-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
January 1st 2020	1 595	74 366	0	75 961
Proceeds from issue of shares	1 695	109 024		110 720
Unregistered capital increase/decrease		0		0
Issuance cost		-8 199		-8 199
Uncovered loss		0		0
Annual net profit/loss		-62 389		-62 389
Share based compensation		1 888		1 888
Other changes in equity				0
December 31st 2020	3 291	114 691	0	117 981

NOTES

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.

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 at the end of the reporting period. The profit and loss statement has been translated at the average exchange rate for 2020. 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 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 cashflows 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. In Zwipe America, Inc. a 401(k) plan is implemented. A 401(k) plan is a tax-advantaged, defined-contribution retirement account offered by employers to their employees. Workers can make contributions to their 401(k) accounts through automatic payroll withholding and their employers can match some or all of those contributions. Zwipe America, Inc. provides a contribution to the employees' accounts.

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.

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 2020.

NOTES

All amounts are presented in 1000 NOK

Note 1 Revenues

	Zwipe AS		Group	
	2020	2019	2020	2019
Activity distribution				
Revenues from sale of goods and services	1 655	1 517	1 655	1 517
Revenues from sub lease of offices	0	0	141	0
Gain on sales of fixed assets	0	0	40	4
Total	1 655	1 517	1 837	1 522

	Zwipe AS & Group	
	2020	2019
Revenues from sale of goods and services		
Payment	1 655	1 338
Access control	0	179
Total	1 655	1 517

	Zwipe AS & Group	
	2020	2019
Geographical distribution		
Norway	81	0
Other countries	1 574	1 517
Total	1 655	1 517

Note 2 Personnel expenses, number of employees, remuneration

	Zwipe AS		Group	
	2020	2019	2020	2019
Personnel expenses				
Salaries/wages	6 461	8 538	13 283	21 057
Social security fees	1 152	1 829	1 152	1 829
Pension expenses	127	164	342	164
Other remuneration	998	882	1 040	882
Share based remuneration (salary part)	1 888	3 267	1 888	3 267
Share based remuneration (social security tax)	1 267	-608	1 267	-608
Total personnel expenses	11 894	14 072	18 973	26 591

Average number of employees	5	7	22*	29
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*The Group had on average 22 employees including contractors in 2020.

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 matches the minimum requirement of this law with a contribution of 2% of salary.

	Zwipe AS & Group	
	2020	2019
Expensed audit fee	2 020	2 019
Statutory Audit	317	282
Other audit assistance	89	224
Other services	58	354
Total audit fees	465	860

Note 3 Management and Board remuneration

Remuneration	CEO		Board	
	2020	2019	2020	2019
Salaries/wages	2 647	2 585	0	0
Pension expenses	22	23	0	0
Other remuneration	5	9	753	538
Share based remuneration	1 076	0	0	125
Total remuneration	3 750	2 616	753	662

Management and Board remuneration in 2020 and 2019 presented above gives information about remuneration accounted for in the period.

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.

Share based remuneration

Management/employees	Granted	Vested	Unvested	Value of granted options at grant date
André Løvestam	640 000	473 333	166 667	5 044
Lars Kristian Solheim	150 000	50 000	100 000	246
Robert Müller	120 000	50 000	70 000	554
Eric Mercer	100 000	40 000	60 000	610
Bishwajit Choudhary	90 000	15 000	75 000	484
John Goodale	80 000	0	80 000	756
Total value of options granted to other employees	360 943	143 655	217 288	3 639
Total share based remuneration	1 540 943	771 988	768 955	11 334
Members of the Board				
Jörgen Lantto	90 000	90 000	0	103
Johan Biehl	40 000	40 000	0	51
Dennis Jones	40 000	40 000	0	51
Dorian Moshe Barak	20 000	15 000	5 000	42
Pål Eivind Vegard	0	0	0	0
Diderik Schonheyder	0	0	0	0
Total share based remuneration	190 000	185 000	5 000	246
Nomination Committee				
Magnus Berner	35 000	31 250	3 750	141
Paal Raaholt	35 000	31 250	3 750	141
Total share based remuneration	70 000	62 500	7 500	282
Total share based remuneration	1 800 943	1 019 488	781 455	11 862

Note 4 Fixed assets

Zwipe AS				
	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	57	1 047	714	1 817
Transfer	0	818	-818	0
Skattefunn/Horizon 2020	0	0	0	0
Disposals	0	0	0	0
Acquisition cost 31.12.2020	444	7 149	457	8 050
Accumulated depreciation/ impairment 31.12.2020	365	5 197	0	5 562
Book value 31.12.2020	79	1 952	457	2 487
				0
Depreciation in the year	68	1 175	0	1 243
Impairment in the year	0	623	0	623
Total Depreciation/impairment in the year	68	1 798	0	1 866
Depreciation plan	Linear	Linear		
Economic useful life	3 year	5 year		

Zwipe 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	164	1 047	714	1 924
Transfer	0	818	-818	0
Skattefunn/Horizon 2020	0	0	0	0
Disposals	0	0	0	0
Currency effect	-8	0	0	-8
Acquisition cost 31.12.2020	543	7 149	457	8 148
Accumulated depreciation/ impairment 31.12.2020	383	5 197	0	5 580
Book value 31.12.2020	160	1 952	457	2 569
				0
Depreciation in the year	86	1 175	0	1 260
Impairment in the year	0	623	0	623
Total Depreciation/impairment in the year	86	1 798	0	1 884
Depreciation plan	Linear	Linear		
Economic useful life	3 year	5 year		

Note 5 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
Additions	0	0	1 117	1 117
Skattefunn/Horizon 2020	0	0	-782	-782
Disposals	0	0	0	0
Acquisition cost 31.12.2020	14 180	4 108	7 398	25 686
Accumulated amortization/ impairment 31.12.2020	14 180	4 108	38	18 326
Adjustment acc. Depreciation/impairment 31.12.2020	0	0	1	1
Book value 31.12.2020	0	0	7 359	7 359
Amortization in the year	124	0	0	124
Impairment in the year	0	0	0	0
Total Depreciation and amortization in the year	124	0	0	124
Amortization plan	Linear	Linear		
Economic useful life	5 year	5 year		

Note 6 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	Investment	Ownership/ voting rights
Zwipe America Inc.	Colorado	386 101	100 %

Note 7 Inventories

	Zwipe AS & Group	
	2020	2019
Raw materials	358	5 350
Goods in production	21	106
Finished goods	2 801	1 765
Write-off	-2 867	-4 117
Total inventory	313	3 104

Following the streamlining of Zwipe's technology roadmap, with focus on the Zwipe Pay ONE platform, inventory related to bypassed versions of technology were written off.

Note 8 Receivables

	Zwipe AS & Group	
	2020	2019
Other current receivables		
Loan to employees	0	748
Unregistered capital increase	0	67 004
Other current receivables	1 361	6 252
Total other current receivables	1 361	74 003

No loans/sureties have been granted to the CEO, Chairman of the Board or other related parties.

Note 9 Restricted bank deposits

	Zwipe AS & Group	
	2020	2019
Restricted funds deposited for tax withholdings	897	386

In January 2020, SEK 200k was placed on a restricted bank account as collateral for a bank guarantee issued to Euroclear Sweden AB.

Note 10 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.

	Zwipe AS		Group	
	2020	2019	2020	2019
This year's tax expense				
Entered tax on ordinary profit/loss:				
Income tax	0	0	191	210
Payable tax	0	0	0	0
Changes in deferred tax advantage	0	0	0	0
Tax expense on ordinary profit/loss	0	0	191	210
Taxable income:				
Ordinary profit/loss before tax	-62 388	-95 764	-62 073	-95 154
Permanent differences	-8 162	-21 716	-8 162	-21 716
Changes temporary differences	-985	212	-985	212
Taxable income	-71 536	-117 268	-71 220	-116 658
Total payable tax in the balance	0	0	0	0

The tax effect of temporary differences and losses carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences:

	Zwipe AS		Temporary Difference
	2020	2019	
Tangible fixed assets	-4 955	-4 698	257
Inventories	-2 867	-4 117	-1 251
Accounts receivable	2	11	8
Total	-7 820	-8 805	-985
Accumulated loss to be brought forward	-397 881	-326 344	71 536
Not included in the deferred tax calculation	1 811	2 499	687
Basis for calculation of deferred tax	-403 889	-332 651	71 238
Deferred tax (22 %)	-88 856	-73 183	15 672

As a precaution, deferred tax is not booked to the balance sheet.

Note 11 Debtors, liabilities, pledged assets and guarantees etc.

	Zwipe AS Group	
	2020	2019
Liabilities secured by mortgage		
Liabilities to credit institution	0	125
Short term liabilities	0	0
Total	0	125

	Zwipe AS & Group	
	2020	2019
Balance sheet value of assets placed as security		
Inventory, Accounts Receivable and IP	0	3 479

Note 12 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. If the loan is not forgiven, the first down payment is due in August 2021. The loan matures in April 2022. The short-term part of the loan is classified as "other short-term liabilities". A loan forgiveness application was submitted in Q4 2020 to have the loan fully forgiven and the loan may be forgiven in 2021.

Note 13 Share capital and shareholder information

Zwipe AS & Group

Share capital	Holding	Nominal value	Book value
Ordinary Shares	32 906 576	0.1	3 290 658

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 31.12.2020

Shareholders	Holding	Stake
Vasastaden/Niclas Eriksson and related parties*	4 674 871	14.21 %
Lars Windfeldt and related parties**	1 712 528	5.20 %
Coeli Wealth Management AB	1 468 099	4.46 % Nominee account
Försäkringsaktiebolaget Avanza Pension	1 277 848	3.88 %
Jörgen Lantto***	866 666	2.63 %
JP Morgan Bank Luxembourg S.A.	670 451	2.04 % Nominee account
Nordnet Bank AB	631 155	1.92 % Nominee account
Nordnet Pensionsförsäkring AB	622 746	1.89 %
Skandinaviska Enskilda Banken AB	586 490	1.78 % Nominee account
Concito AS****	568 260	1.73 %
Energetic AS*****	500 000	1.52 %
Avanza Bank AB	463 375	1.41 % Nominee account
Skandinaviska Enskilda Banken AB	424 805	1.29 % Nominee account
Deutsche Bank AG, London Branch, W-8BEN	406 853	1.24 %
Telecom AS	360 725	1.10 %
Feat Invest AB*****	319 780	0.97 %
Union Bancaire Privee, UBP SA	270 911	0.82 % Nominee account
Prog Seed AS	241 338	0.73 %
Priinvest AS	240 307	0.73 %
Patri invest & trading AS	240 305	0.73 %
Other shares	16 359 063	49.71 %

* Vasastaden / Niclas Eriksson owns shares through various companies and is also represented by family members

** Lars Windfeldt owns shares through various companies and is also represented by family members

*** Zwipe chairman of the board

**** Concito AS is owned by Pål Eivind Vegard, Zwipe board member

***** Energetic AS is owned by André Løvestam, CEO of Zwipe

***** Johan Biehl is a Zwipe board member and a board member of Feat Invest

Management and board holdings

	Holding	Stake
André Løvestam, CEO (through Energetic AS)	500 000	1.52 %
Lars Kristian Solheim, CFO	90 000	0.27 %
Dr. Robert Müller, CTO	48 572	0.15 %
Bishwajit Choudhary, EVP Strategy and Channels	25 500	0.08 %
Eric Mercer, CEO of Zwipe America, Inc.	5 500	0.02 %
Jörgen Lantto	866 666	2.63 %
Johan Biehl	212 883	0.65 %
Dennis Jones	65 228	0.20 %
Pål Eivind Vegard (through Concito AS)	568 260	1.73 %
Diderik Schonheyder	5 302	0.02 %

Note 14 Intercompany

There is a Service Agreement between Zwipe AS and Zwipe America, Inc. Under this agreement, Zwipe AS retains Zwipe America, Inc. to provide development services and supply chain services to Zwipe AS. In return for receiving the services, Zwipe AS pays Zwipe America, Inc. an amount equal to Zwipe America, Inc.'s total operating costs connected to such services plus a mark-up. At the end of 2020, the intercompany balance was NOK 1.2 million. At the end of 2019, the intercompany balance was NOK 1 million.

Note 15 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 31.12.2020, 35 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 1.9 million have been expensed in 2020.

Strike price	Options	Weighted Average contractual life	Weighted Average Strike Price	Vested options 31.12.2020	Weighted Average Strike Price
	<i>Outstanding Instruments</i>			<i>Vested Instruments</i>	
6.54	205 000	3.50	6.54	68 332	6.54
7.85	411 666	3.50	7.85	78 332	7.85
10.00	544 277	1.50	10.00	529 495	10.00
16.20	155 000	2.50	16.20	84 999	16.20
19.75	160 000	4.00	19.75	0	0.00
22.23	65 000	4.00	22.23	10 830	22.23
25.00	260 000	1.69	25.00	247 500	25.00
	1 800 943			1 019 488	

Overview of outstanding options	Options	Average Strike
Outstanding opening balance (01.01.2020)	1 385 450	14.15
Granted	695 000	11.93
Exercised	0	-
Terminated	-199 057	17.37
Expired	-80 450	10.00
Outstanding closing balance (31.12.2020)	1 800 943	13.12
Vested closing balance	1 019 488	13.89

Granted instruments 2020

Parameters connected to instruments granted in 2020	
Quantity 31.12.2020	695 000
Contractual life*	4.05
Strike price*	11.93
Share price*	13.28
Expected lifetime*	2.75
Volatility*	74.92%
Interest rate*	0.208%
Dividend*	0.00
FV per instrument*	6.65
Vesting conditions	Tranches vest semi annually

*Weighted average parameters at measurement date of instrument value

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

*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 from 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

The annualised standard deviation of the continuously compounded rates of return on the historic share price equal to the expected lifetime of the options is used to find the expected 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 before 2019.

For options granted from 2019:

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

Risk-free interest rate

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

Note 16 Grants

	Zwipe AS & Group	
	2020	2019
Grants during the year		
SkatteFunn (recognized as cost reduction)	0	4 720
SkatteFunn (capitalized as reduction of acquisition)	0	280
Horizon 2020	9 840	10 123
Total Grants	9 840	15 123

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 10.1 million in April 19 and 9.8 million in 2020. Of the grant received, NOK 7.1 million is recognized in 2019 and NOK 11 million in 2020.

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 2019 represents Zwipe's claim based on the cost of the approved project applications.

Note 17 R&D Expenses

In 2020, R&D spendings net of Horizon funding amount to a total of NOK 21.4 million, whereof NOK 0.3 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 2020 is related to development of the biometric system on card and continued optimization of Zwipe's technology platform.

Note 18 Other short term liabilities

Other short term liabilities are accruals for bonuses, earned holiday pay, short-term loan, received grant not yet recognized and accruals for goods and services received not yet invoiced.

Note 19 Financial income and expenses

Other financial income and expense are realised and non-realised currency gains.

	Zwipe AS & Group	
	2020	2019
Realised agio	441	1 498
Realised disagio	353	1 608

In 2020, realised currency gain/loss is presented net of same transaction flow.

Note 20 Going Concern

The Board of Directors confirms that the going concern assumption is present, and that the financial statements for 2020 are prepared under this assumption. Costs are expected to continue to exceed revenue in several more quarters, however, the board considers that the company is well funded and has access to capital. The company's financial position and financing is in accordance to the Board's expectations.

Note 21 Upcoming reporting days

Upcoming reporting days

Annual General Meeting May 19, 2021

Interim Report January-June 2021, August 26, 2021

Note 22 Subsequent Events

Zwipe America, Inc. was granted a second bank loan of \$248 285 in February 2021 through the second draw of the Paycheck Protection Program (PPP). The loan is at 1% interest rate, payable in five years. Zwipe may be eligible for partial or full loan forgiveness given fulfilment of a set of requirements.

A share capital increase of 21 832 new shares in Zwipe AS was registered 18 February 2021. The new share capital is NOK 3 292 840.80, and the new number of shares and votes is 32 928 408.

AUDIT REPORT



BDO AS
Munkedamsveien 45
Postboks 1704 Vik
0121 Oslo

Independent Auditor's Report

To the General Meeting in Zwipe AS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zwipe AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, the income statement, the statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2020, the income statement, the statements of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Zwipe AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group Zwipe AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report.



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.



Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 24 February 2021
BDO AS

Kjetil Ardem
State Authorised Public Accountant
(electronically signed)

GLOSSARY

Authentication

Control process for a particular entity; in conjunction with logging on, for example. The word is synonymous with verification

Biometric algorithm

Extraction and matching algorithms that when combined enable a biometric system to recognize an individual by his or her anatomical/behavioural traits

Biometric payment card

Payment card with a fully embedded fingerprint sensor and on-card extraction and matching system enabling fingerprint authentication as an alternative to PIN or signature

Dual Interface payment cards

Payment card with an embedded chip and antenna enabling both contact transactions (inserted or swiped at payment terminals) and contactless transactions (waved, "tapped" at payment terminals)

Enrolment solution

Solution allowing the initial fingerprint data to be registered on the payment card

Payment Card

Plastic payment cards which are issued by issuers/banks to customers enabling the cardholder to access funds and make payments

Payment ecosystem

A system enabling payment transactions, comprising payment schemes, component suppliers, card manufacturers, issuers, merchants, payment transaction acquirers, regulators and governments and consumers

Zwipe core technology

Differentiating technologies specifically fit for constrained and ultra-low power environments. Zwipe core technology comprise hardware and firmware for biometric authentication, as well as surrounding components, application competence and services



Zwipe AS

The parent company Zwipe AS is a private limited liability company incorporated and existing under the laws of Norway. Zwipe AS has one wholly owned subsidiary, Zwipe America Inc., a corporation incorporated under the laws of the State of Delaware in the United States. The company has no other ownership positions.

Contact Information

Zwipe AS
Rådhusgata 23
0151 Oslo, Norge

ir@zwipe.com

www.zwipe.com

Zwipe's Certified Adviser is FNCA AB, info@fnca.se, +46 8 528 00399