



IDEX Biometrics ASA

(A public limited liability company organized under the laws of the Kingdom of Norway)
Organization number: 976 846 923

**Listing of up to 33,333,333 Warrant Shares
in connection with the potential exercise of Warrants;
and**

**Listing of up to 478,533,333 Convertible Loan Shares
in connection with the potential conversion of Convertible Loans.**

This Prospectus (the “**Prospectus**”) relates to and has been prepared in connection with:

- (i) the potential listing on Oslo Børs of up to 33,333,333 new ordinary shares (“**Shares**”) in IDEX Biometrics ASA (“**IDEX**” or the “**Company**”) in connection with the exercise of warrants (the “**Warrant Shares**”), issued in connection with the private placement in the Company announced on 15 May 2023 (the “**Private Placement**”), at an exercise price of NOK 1.65 per Warrant Share (the “**Exercise Price**”), the same price as the subscription price in the Private Placement, and each with a par value of NOK 0.15; and
- (ii) the potential listing on Oslo Børs of up to 478,533,333 new shares in IDEX in connection with the conversion of convertible loans (the “**Convertible Loan Shares**”), at a conversion price of currently NOK 1.65, but which is subject to customary adjustment provisions, each share with a par value of NOK 0.15.

The Warrant Shares and the Convertible Loan Shares will collectively be referred to as the “**New Shares**”.

The Warrants were issued by resolution of the Extraordinary General Meeting in the Company on 19 June 2024 to the subscribers in the private placement resolved by the Board of Directors of the Company (the “**Board**”) on 15 May 2024, pursuant to an authorization from the Extraordinary General Meeting dated 21 December 2023, whereby one Warrant was issued to the subscriber for every share issued to such subscriber in the Private Placement. The Warrants are exercisable in a period of 14 days following each of (i) first half 2024 financial report; (ii) Q3 2024 financial report; (iii) Q4 2024 financial report; and (iv) Q1 2025 financial report. Following the expiry of the last exercise period, all Warrants not exercised will lapse without compensation to the holder.

The issuance of convertible loans in the principal amount of NOK 100,000,000 (the “**Convertible Loans**”) was resolved by the Company’s Board on 22 December 2023 pursuant to a Board authorization by the Extraordinary General Meeting in the Company held on 21 December 2023. The Convertible Loans mature and shall be repaid (unless the Convertible Loans or parts thereof have been converted into Convertible Loan Shares) at the latest 3.5 years following disbursement of the Convertible Loans to the Company, and amortize in 21 equal installments, plus accrued interest, payable every two months (unless the bondholders exercise their right to accelerate or defer any installments). Certain customary adjustment provisions relating to deferral and advancement of installments, and the conversion price for conversion to Convertible Loan Shares, apply. As of 15 August 2024, the outstanding principal amount of Convertible Loans is NOK 71,400,000, accounting for the Company’s repayment of three ordinary installments and three accelerated installments.

Investing in the Company and the Shares involves material risks and uncertainties. See Section 2 “*Risk Factors*” and Section 4.2 “*Cautionary note regarding Forward-looking Statements*”.

DATE: 29 August 2024

IMPORTANT INFORMATION

For the definition of terms used throughout this Prospectus, please see Section 15 “*Definitions and Glossary of Terms*” of this Prospectus.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related legislation and regulations, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as incorporated in Norway (the “**EU Prospectus Regulation**”) by Section 7-1 of the Norwegian Securities Trading Act. This Prospectus has been prepared solely in the English language.

This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*) (the “**Financial Supervisory Authority**”), as a competent authority under the EU Prospectus Regulation. Such approval was granted on 28 June 2023.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

This Prospectus relates solely to the listing of the Warrant Shares and Convertible Loan Shares.

All inquiries relating to this Prospectus should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Private Placement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. There may have been changes affecting the Company or the Group subsequent to the date of this Prospectus. In accordance with Article 23 of the EU Prospectus Regulation, every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus, which is capable of affecting the assessment of the Shares and which arises or is noted between the time when this Prospectus is approved and the date of listing of the Prospectus Shares at Oslo Børs, will be included in a supplement to the Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Company’s affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Readers are expressly advised that the Shares are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 “*Risk Factors*”. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader of this Prospectus should consult his, her or its own legal adviser, independent financial advisor or tax adviser for legal, financial or tax advice. If you are in any doubt about the contents of this Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant, or other professional adviser.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except

under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus, to inform themselves about, and to observe, any such Prospectus distribution restrictions.

For further information on the sale and transfer restrictions of the Shares, see Section 5.9 “*Restrictions on sale and transfer*”.

The Prospectus is subject to Norwegian law. Any dispute arising in respect of or in connection with this Prospectus is subject to the exclusive jurisdiction of Norwegian courts with Oslo District Court as legal venue in the first instance.

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1 EXECUTIVE SUMMARY

1.1 SECTION A – INTRODUCTION AND WARNINGS

Warnings	<p>This summary contains all sections required to be included in a summary for this type of securities and issuer. This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Any decision to invest could result in the investor losing all or part of the invested capital.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the applicable national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled this summary including any transactions thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
The securities	<p>The Company's shares are subject to trading on Oslo Stock Exchange under ticker code "IDEX".</p> <p>International securities identification number (ISIN): NO 0013107490</p>
The issuer	<p>Name of the issuer: IDEX Biometrics ASA Business registration number: 976 846 923 Legal entity identifier (LEI): 5967007LIEEXZXHECW11 Address: Dronning Eufemias gate 16, 0191 Oslo, Norway Tel: +47 6783 9119 Website: www.idexbiometrics.com</p>
Approval of the Prospectus	<p>The Prospectus was approved by the Financial Supervisory Authority of Norway on 29 August 2024.</p> <p>Contact information: Financial Supervisory Authority of Norway Address: Revierstredet 3, Postboks 1187 Sentrum, 0107 Oslo, Norway Tel: +47 22 93 98 00 E-mail: post@finanstilsynet.no</p>

1.2 SECTION B – KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?										
Corporate information	IDEX Biometrics ASA (“ IDEX ” or the “ Company ”) is a Norwegian public limited liability company incorporated under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (Nw.: “ <i>allmennaksjeloven</i> ”) (the “ PLCA ”). The Company was incorporated on 24 July 1996 and its LEI is 5967007LIEEXZXHECW11.									
Principal activities	IDEX develops and sells fingerprint-based biometric authentication solutions across payments, access control, and digital identity. The biometric solutions target card-based applications for payments and digital authentication. The products contain patented and proprietary sensor technologies, integrated circuit designs, and software. The Company partners with leading card manufacturers and technology companies to bring its solutions to market.									
Major shareholders	<p>As of the date of the Prospectus¹, the following registered shareholders have holdings in excess of the statutory thresholds for disclosure requirements. Note: The list may include nominee shareholders, which holding may belong to one or more beneficial owners. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares.</p> <table><tr><th>Name of registered shareholder</th><th>Number of Shares</th><th>%</th></tr><tr><td>Robert Keith²</td><td>21,562,655</td><td>6.88</td></tr><tr><td>Sundt AS</td><td>17,274,419</td><td>5.51</td></tr></table> <p>Other than the foregoing and primary insiders’ mandatory obligation to disclose trades, the Board is not aware of any person having an interest in the Company’s share capital or voting rights that must be disclosed under Norwegian law.</p> <p>All Shares in the Company have equal voting rights, with each Share carrying the right to one vote at the General Meetings.</p>	Name of registered shareholder	Number of Shares	%	Robert Keith ²	21,562,655	6.88	Sundt AS	17,274,419	5.51
Name of registered shareholder	Number of Shares	%								
Robert Keith ²	21,562,655	6.88								
Sundt AS	17,274,419	5.51								
Key management	<p>The Company’s key management comprise of the following members:</p> <table><tr><th>Name</th><th>Position</th></tr><tr><td>Catharina Eklof</td><td>Chief Executive Officer</td></tr><tr><td>John T. Kurtzweil</td><td>Chief Financial Officer</td></tr><tr><td>Anthony Eaton</td><td>Chief Technology Officer</td></tr></table>	Name	Position	Catharina Eklof	Chief Executive Officer	John T. Kurtzweil	Chief Financial Officer	Anthony Eaton	Chief Technology Officer	
Name	Position									
Catharina Eklof	Chief Executive Officer									
John T. Kurtzweil	Chief Financial Officer									
Anthony Eaton	Chief Technology Officer									
Statutory auditor	The Company’s statutory auditor is Ernst & Young AS with registered address at Stortorvet 7, NO-0155, Oslo, Norway.									

¹ The overview is based on data from the VPS as of 23 August 2024.

² Mr. Keith disclosed on 29 May 2024 that he and close relations held 34,710,479 Shares or rights to Shares or 11.3% of the share capital.

What is the key financial information regarding the issuer?**Selected historical key financial information****Financial statements**

The tables below set out selected financial information for the Group. The information is extracted from the Group's audited consolidated financial statements as of and for the year ended 31 December 2023 compared to the year ended 31 December 2022, and the unaudited consolidated interim financial statements as of and the six months ended 30 June 2024 compared to 30 June 2023.

Profit and Loss	Full year		First half	
	2023	2022	2024	2023
Amounts in USD 1,000			(unaudited)	(unaudited)
Total revenue	4,138	4,091	757	2,704
Total operating expenses	30,986	35,460	12,693	17,480
Loss from operations	(26,847)	(31,369)	(11,936)	(14,776)
Net loss for the period	(26,629)	(32,662)	(12,089)	(14,681)
Loss per share, basic and diluted (USD)	(0.11)	(0.16)	(0.04)	(0.01)

Financial position	31 Dec.	31 Dec.	30. June	30. June
	2023	2022	2024	2023
Amounts in USD 1,000			(unaudited)	(unaudited)
Total assets	24,962	29,016	14,598	27,081
Financial debt	13,628	6,175	12,103	7,474
Total equity	11,334	22,841	2,495	19,607

Cash flow	Full year		First half	
	2023	2022	2024	2023
Amounts in USD 1,000			(unaudited)	(unaudited)
Net cash flow from operating activities	(27,005)	(31,370)	(11,909)	(16,107)
Net cash flow used in investing activities	4	(160)	295	(11)
Net cash flow from financing activities	22,225	13,976	2,323	10,943
Net change in cash and cash equivalents	(4,776)	(17,555)	(9,291)	(5,175)

Investments

There are no significant fixed assets ordered at the date of this Prospectus. The Group does not have any firm plans or obligations to make significant future investments in tangible or intangible assets, or financial assets.

Selected key pro forma financial information

Not applicable. There is no pro forma financial information.

Qualifications in audit report

The audit report to the 2023 Annual Report includes a matter of emphasis from Ernst & Young AS, as auditors, as follows: "We draw attention to Note 3 in the consolidated financial statements and in the parent company separate financial statements. As discussed in the Notes, the Company has incurred significant losses and negative cash flows from operations. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes. These events or conditions, along with other matters as set forth in the Notes, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue

	as a going concern. Our opinion is not modified in respect of this matter.”
What are the key risks that are specific to the issuer?	
Key risks specific to the issuer	<p>Risks related to the Group and the industry it operates in:</p> <ul style="list-style-type: none"> • IDEX faces risks related to going concern • IDEX has a history of operating losses and may not achieve or sustain profitability • IDEX may need to raise additional capital to maintain its operation, which capital may not be available when needed • IDEX’s business depends heavily on revenues from new technology, the commercial success of which is unproven • IDEX is subject to lengthy development periods and product acceptance cycles, which can result in substantial costs without any further revenue • A significant portion of IDEX’s sales have come from a few large customers, the loss of which and failure to attract new volume customers will harm its business, financial condition and operating result • IDEX faces supply chain risks • IDEX may not be able to effectively manage growth • IDEX is highly dependent on IP and the Company’s methods of protecting its IP, or IP shared with third parties, may not be adequate • IDEX faces risks of claims for IP infringement • IDEX’s markets are immature • IDEX faces a competitive nascent market and complex value chain • Unfavorable conditions in the global economy could have a particularly adverse impact on IDEX’s market segments with resulting adverse impact for IDEX’s business.

1.3 SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?	
Type of class of securities being offered	The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence, of the PLCA. The Shares are registered in the VPS and carry the securities identification code ISIN NO 0013107490. The New Shares are in all respects equal to the existing Shares of the Company.
Currency	The Shares are issued in NOK and are quoted and traded in NOK at Oslo Stock Exchange.
Number of shares and par value	Following the Private Placement, the private placement resolved on 20 August 2024, and as of the date of this Prospectus, IDEX’s share capital is NOK 49,443,983.25 divided into 329,626,555 ordinary Shares, each Share fully paid and having a par value of NOK 0.15.

Rights attached	The New Shares are ordinary Shares in the Company, i.e., the same class as the Shares already in issue and listed on Oslo Stock Exchange. The New Shares will obtain rights to receive dividends from the time of registration of the share capital increase in the Company Registry. The Company's shares have equal rights to the Company's profits, in the event of liquidation, and to receive dividends unless all the shareholders approve otherwise. Each Share in the Company gives the holder the right to cast one vote at the general meetings of shareholders of the Company.
Restrictions on free transferability	The Company's Shares are freely transferable according to Norwegian law and the Company's Articles of Association.
Dividend policy	IDEX does not have any established dividend policy in place except to say that the Company's aim and focus is to enhance shareholder value and provide an active market in its Shares. IDEX has historically never declared or paid any dividends on its Shares and does not anticipate paying any cash dividends for 2024 or the next few years. IDEX intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operation and capital requirements.
Where will the securities be traded?	
Listing and admission to trading	<p>The Company's Shares have been listed on Oslo Stock Exchange since 11 May 2015 under the ticker symbol "IDEX".</p> <p>The listing on Oslo Stock Exchange of the Warrant Shares and the Convertible Loan Shares is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 29 August 2024.</p> <p>IDEX's shares are not listed on any other regulated marketplace. In the period 1 March 2021 to 10 August 2023, IDEX had ADSs listed and traded on the Nasdaq Capital Market, under the symbol "IDBA", each ADS representing 75 ordinary shares of the Company.</p>
What are the key risks that are specific to the securities?	
Key risks specific to securities	<ul style="list-style-type: none"> • Future issuances of Shares or other securities could dilute the holdings of shareholder and could materially affect the price of the Shares. • Fluctuations in financial results may impact the share price

1.4 SECTION D – KEY INFORMATION ON THE OFFER OF SECURITIES AND THE ADMISSION OF SECURITIES TO TRADING ON A REGULATED WARRANTS

Under which conditions and timetable can I invest in this security?

Terms and conditions of the offer	Below is an overview of the terms and timetable for the Warrant Shares:	
	Number of Warrant Shares:	Up to 33,333,333 Shares, each with a par value of NOK 0.15, whereby each subscriber in the Private Placement receives one Warrant for every one Share subscribed for in the Private Placement
	Exercise Price	NOK 1.65 per Warrant Share
	Exercise Period:	The Warrants may be exercised during four exercise periods: (i) within the first 14 days after the Company's announcement of its first half 2024 financial report (on 15 August 2024), (ii) within the first 14 days after the Company's announcement of its third quarter financial report (expected on 7 November 2024), (iii) within the first 14 days following the Company's announcement of its fourth quarter 2024 financial report (expected on 27 February 2025), and (iv) within the first 14 days following the Company's announcement of its first quarter 2025 financial report (expected mid-May 2025). Following expiry of the last exercise period, all Warrants not exercised will lapse without compensation to the holder.
	Exercise approval:	The Board will approve Warrant exercises and the associated share capital increase within one week from the expiry of each exercise window.
	Payment date:	Payment for the Warrant Shares falls due 7 days following warrant exercise approval.
	Delivery date and Trading of Warrant Shares:	Warrants Shares are expected to be delivered to the subscriber's VPS account and be admitted to trading on Oslo Børs as soon as reasonably practicable following payment from all warrant holders exercising Warrants in the relevant exercise period, subject to registration of the associated share capital increase in the Company Registry.
	Gross proceeds from the Warrant Shares:	Up to NOK 54,999,999.45 assuming exercise of all Warrants.
	Dilution:	Assuming exercise of all Warrants, the issuance of the Warrant Shares would result in a dilution of existing shareholders in the Company, not taking into account the potential Convertible Loan Shares, of up to approximately 10.11%.
Below is an overview of the terms and timetable for the Convertible Loan Shares:		

	Number of maximum Convertible Loan Shares:	478,533,333
	Current conversion price (subject to customary adjustment provisions):	NOK 1.65
	Minimum conversion price (due to customary adjustment provisions):	NOK 0.15
	Conversion period:	Prior to maturity date for the Convertible Loan, being 3.5 years following distribution of the Convertible Loans to the Company
	Payment for Convertible Loan Shares:	Settled by set-off of accounts receivable under Convertible Loans
	Delivery of Convertible Loan Shares:	Convertible Loan Shares are expected to be delivered to the lender's VPS account on or about 2 trading days following registration of the associated share capital increase in the Company Registry.
	Trading of Convertible Loan Shares:	Expected on or about 2 trading days following registration of share capital increase in the Company Registry, assuming this is after the publication of this Prospectus
	Dilution:	Assuming full conversion of the currently outstanding Convertible Loans, including accrued interest, at the current conversion price of NOK 1.65, the issuance of the Convertible Loan Shares would result in a dilution of existing shareholders in the Company, not taking into account the Warrant Shares, of 13.19%. Assuming full conversion of the currently outstanding Convertible Loans, including interest, at the minimum conversion price of NOK 0.15 (due to customary adjustment provisions), the issuance of the Convertible Loan Shares would result in a dilution of existing shareholders in the Company, not taking into account the Warrant Shares, of 145.17%.
Estimated expenses	The costs related to the Private Placement, both Tranche 1 and 2, by which the Warrants are connected, was approximately NOK 4.2 million. The costs related to the exercise of Warrants and conversion of the Convertible Loans are minimal.	
Why is this prospectus being produced?		
Reasons for the offer/Use of proceeds	The proceeds from the Private Placement will be used to fund the Company's commercialization phase, necessary product development and market development expenses, working capital requirements, as well as other general corporate purposes. The Warrants are issued in connection with the Private Placement, with similar intended use of the resulting proceeds.	
Estimated net proceeds	The estimated net proceeds from exercise of Warrants are up to approximately NOK 54,7 million, assuming exercise of all Warrants. The estimated net proceeds from conversion of the outstanding Convertible Loan, including future interest, are approximately 76.7 million, assuming full conversion of the Convertible Loans and future interest.	
Underwriting agreements	No underwriting agreements have been concluded in connection with the issuance of the New Shares.	
Material conflicts	There are no conflicts of interest of any natural and legal persons involved in the Warrants or the Convertible Loans that is material to the Warrants or Convertible Loans.	

2 RISK FACTORS

Investment in the Company involves a high degree of risk. An investor considering an investment in the Shares should carefully consider the following risk factors and all other information set forth in this Prospectus, including information incorporated hereto by reference, see Section 14.5 “Incorporation by reference”, as well as other publicly available information regarding the Company that the Company displays on its website or makes available through Oslo Stock Exchange’s information system, www.newsweb.no, before deciding to invest in the Shares. Should any of the following risks and uncertainties develop into actual events, it could have a material adverse effect on the Company’s business, prospects, results of operations, cash flows and financial position, and the price of the shares may decline, causing investors to lose all or part of their investment. The risk factors identified below are the material risk factors known to the Company as of the date of the Prospectus.

The risk factors presented in this Section 2 are not exhaustive with respect to all risks relating to the Company and the Shares, but are limited risk factors that are considered material and specific to the Company and the Shares. The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Company and the Shares, taking into account their potential negative effect for the Company and its Subsidiaries and the profitability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence.

Before making any decision to invest in the Company’s shares, an investor must take into account that a number of general risk factors that are not included in this Section 2 still apply to the Company and the Shares.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 RISKS RELATED TO THE COMPANY’S FINANCIAL CONDITION

2.1.1 IDEX faces risks related to going concern

In the audit report to the Company's financial statements for 2023, an emphasis of matter paragraph was included, referring to Note 3 where management discloses that there is material uncertainty about the Company's ability to continue as a going concern. Further, in Note 2 to the Company’s unaudited consolidated interim financial statements as of 30 June 2024, a similar paragraph was included, stating that there is significant doubt over the Company’s ability to continue as a going concern.

IDEX has incurred significant operating losses and negative cash flows during the development stage of the business. More than half of the share capital was lost and the balance sheet solvency was negative as of 30 June 2024. The Company has implemented measures to significantly reduce operating expenses, mainly in the technical functions in the US, while maintaining the customer support functions and supply chain capabilities. The existing cash does not fund the Company’s operating expenses and capital expenditures requirements for the next twelve months and there is significant doubt about the Company's ability to continue as a going concern.

As the Company needs to raise additional capital to realize its strategy and plans, there is uncertainty about IDEX's ability to continue as a going concern. The Company's capital requirements are presented in Section 9.2 of this Prospectus ("Working capital statement"). If IDEX is unable to raise capital when needed, the Company may be forced to delay, reduce, or terminate certain development activities or undertake other cost-reduction steps, including termination of employees, which may result in the Company being unable to maintain its operations.

2.1.2 IDEX has a history of operating losses and may not achieve or sustain profitability

To date, IDEX has not achieved significant revenues or profitability, and has incurred significant operating losses and negative cash flows since its inception. IDEX will need to increase its revenues significantly in order to achieve profitability, and the Company cannot be certain whether or when it will obtain a high enough volume of sales in the future to generate significant revenue, grow its business or achieve or maintain profitability. The Company also expects costs and expenses to increase in future periods, which could negatively affect future results of operations even if IDEX is able to significantly increase revenue. IDEX's efforts to grow its business may be costlier than expected, or the rate of growth in revenue may be slower than expected, and the Company may not be able to increase revenue enough to offset operating expenses. If IDEX is unable to generate significant revenue and/or achieve and sustain profitability, the value of its business and ordinary shares may significantly decrease. If IDEX does achieve profitability, the Company cannot assure that it can achieve and increase profitability in the future. Revenues from the Company's business depend among other things on market factors, see Section 2.3 below.

2.1.3 IDEX may need to raise additional capital to maintain its operations, which capital may not be available when needed

The Company has raised approximately NOK 55 million in gross proceeds from the Private Placement and approximately NOK 9.7 million in gross proceeds from the private placement resolved on 20 August 2024. Since IDEX was founded in 1996, the Company has experienced negative cash flow from operations and investments and expects to experience significant negative cash flow from operations in the future. As the cash from operations and the cash proceeds from the above referenced private placements is insufficient to fund the Company's operations, IDEX will need to raise additional funds through the issuance of equity, equity-related, or convertible debt securities but additional financing may not be available to the Company on acceptable terms when required, or at all, which may result in the Company being unable to maintain its operations.

2.2 RISKS RELATED TO THE COMPANY'S BUSINESS

2.2.1 IDEX's business depends heavily on revenues from new technology, the commercial success of which is unproven

IDEX's biometric technologies have not yet achieved, and may never achieve, widespread customer acceptance in the market segments which IDEX is targeting. IDEX's future growth depends on the commercial success of its technology. The Company's customers are primarily manufacturers of smart cards, although a critical element of demand for IDEX's solutions originates from these manufacturers' own customers, such as a bank issuer interested in offering biometric payment cards. As such, IDEX focuses its marketing and sales efforts on smart card manufacturers, as well as their customers and other influential participants in the smart card industry (e.g. payment card).

It is not certain that IDEX's target customers will choose the Company's technology for technical, cost, support or commercial reasons. Many of IDEX's target customers may have established

successful businesses using other technologies and may find it difficult or unattractive to switch to IDEX's technology. If IDEX's target customers do not adopt and purchase the Company's technology, the growth will be limited.

2.2.2 IDEX is subject to lengthy development periods and product acceptance cycles, which can result in substantial costs without any further revenue

IDEX provides fingerprint sensors and related software solutions that are incorporated by card manufacturers into the products they sell. Fingerprint authentication applications in the market segments targeted by IDEX are in the early stages of development. Because of this, the Company is subject to lengthy sales cycles, as potential customers and other relevant participants in the smart card industry have required, and likely will continue to require, exposure to, and education about, fingerprint authentication solutions, and IDEX's value proposition.

The card manufacturers make the determination during their product development programs whether to incorporate IDEX's solutions or pursue other alternatives. This process requires IDEX to make significant investments of time and resources well before customers introduce their products incorporating IDEX's solutions into the market, and before IDEX can be sure that this will generate any significant sales to its customers or if IDEX will be able to recover its investment. During a customer's entire product development process, IDEX faces the risk that its solutions will fail to meet its customer's technical, performance, or cost requirements, or that its products will be replaced by competitive products or alternative technological solutions. Even if IDEX completes its design process in a manner satisfactory to its customer, the customer may delay or terminate its product development efforts. If IDEX fails to innovate in response to changing customer needs, new technologies, and other evolving competitive requirements, IDEX's business, operational performance, and financial position could be harmed.

2.2.3 A significant portion of IDEX's sales has come from a few large customers, the loss of which and failure to attract new volume customers will harm its business, financial condition and operating result

IDEX is exposed to risks associated with customer concentration and the disruption to a significant customer could harm the Company's business, operational performance, and financial position. IDEX has historically generated limited revenue, and most of its generated revenue has come from a small number of customers. The revenue from the major customers since 2021 was significantly reduced in the second half of 2023, and have been very small in 2024. Please refer to Section 6.2.3 in the Prospectus for more information about IDEX's current and targeted customers. The Company works to maintain its relationships with current customers and expand and diversify its customer base. Several new customers have been added in the second half of 2023 and to date in 2024, but revenue remains lower than the preceding periods. The loss of major customers, or failure to add new customers who demand products from IDEX, could adversely affect current and future revenue, financial condition and business. The adverse effect could be more substantial if customers do not increase their orders or if the Company is unsuccessful in generating orders for solutions with new customers. Many of these card manufacturers sell to the same card issuers, and therefore IDEX may be reliant on certain card manufacturers. Concentration in customer base and partner relationship, now and in the future, may make fluctuations in revenue and earnings more severe and make business planning more difficult. Please refer to Section 6.2.3 for more information about IDEX's current and targeted customers.

2.2.4 IDEX faces supply chain risks

IDEX currently relies on Taiwan Semiconductor Manufacturing Company, Limited, a producer of semiconductor wafers, for production of the Company's proprietary application specific integrated

circuit (“ASIC”) designs. The Company also relies on a limited number of providers of assembly and test services, including Amkor Technology, Inc. and Silicon Precision Industries Limited (a unit of ASE Technology Holding Co., Ltd.), both of which are leaders in outsourced semiconductor assembly and test services.

IDEX enjoys collaborative, supportive relationships with these suppliers. While IDEX has experienced lengthened delivery lead times, the Company has not experienced significant delays in delivery of wafers or completed products. However, broader supply chain uncertainties have contributed to, and likely will continue to contribute to, difficulties in accurately planning capacity utilization, inventory provisioning, and inventory levels.

The Company has also experienced increased costs and expects further cost increases. Numerous industries dependent on the semiconductor and electronics supply chains have experienced supply shortages and delays, contributing to lower production, higher costs, and reduced efficiencies. IDEX expects, based on information from the Company’s suppliers, that uncertainties associated with capacity utilization, lead times, delivery schedules, and costs will continue through 2024. However, IDEX cannot accurately predict when conditions in its supply chains will normalize or what the consequences for the Company’s business might be if such normalization does not occur when expected.

Both the TSMC and Amkor facilities producing the Company’s products are located in China, which exposes the Company to risks associated with international trade policy, tariffs, and related policy matters, all of which are outside of the Company’s influence or control. While both TSMC and Amkor facilities in other countries offer the fabrication processes that IDEX requires, transition of production of the Company’s products to such a facility would require significant effort, time, and costs, which could harm the Company’s business, operational performance, and financial position.

2.2.5 IDEX may not be able to effectively manage growth

IDEX will not be successful unless the Company manages to generate recurring revenue and grow its business. IDEX might need to hire additional employees and expand both its research and development and sales and marketing functions in order to achieve the Company’s business plan. Future growth may place a significant strain on IDEX’s management systems and resources. IDEX will need to continuously improve its financial and managerial controls and reporting systems and procedures, and expand, train and retain its workforce worldwide. The Company may not be successful if it fails to manage any of these aspects of its growth.

2.2.6 IDEX is highly dependent on IP and the Company’s methods of protecting its IP, or IP shared with IDEX by third parties, may not be adequate

IDEX’s business and business strategy are tied to the Company’s technology. IDEX relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect the Company’s IPR. The Company seeks to obtain patent protection on the key components of its technology and is doing its utmost to obtain and maintain patents in key jurisdictions such as the United States and/or the EU. IDEX is aiming to develop new products and technologies that are patentable, with the objective that any issued patents should provide the Company with competitive advantages. These may be challenged by third parties, and the patents of others could impair the Company’s ability to do business. Despite efforts to protect the Company’s IPR, trade secrets and confidential information, unauthorized parties may attempt to copy or obtain and use the Company’s technology. Policing unauthorized use of the IDEX technology is difficult and it can be challenging to prevent misappropriation of its technology. If the Company’s technology

is not adequately protected or is misappropriated, the Company may not be able to sufficiently differentiate itself from competitors and may not be able to achieve targeted levels of revenue and profitability.

2.2.7 IDEX faces risks of claims for IP infringement

Any claims of IPR infringement, with or without merit, may result in significant litigation costs and diversion of resources, including the attention of management, and could require IDEX to enter into royalty or licensing agreements, any of which could have a material adverse effect on its business. Such licenses may not be obtained on commercially reasonable terms, if at all, or the terms of any offered licenses may not be acceptable to the Company. If litigation were to result in a judgment that IDEX infringed a valid and enforceable patent, a court may order the Company to pay substantial damages to the owner of the patent and to stop selling any infringing technology or products. This could cause a significant disruption in IDEX's business and force the Company to incur substantial costs to develop and implement alternative, non-infringing technology or products, or to obtain a license from the patent owner. Furthermore, the Company may not be able to develop or acquire alternate non-infringing technology. This could also lead IDEX's licensees and customers to bring warranty claims against the Company.

2.3 RISKS RELATED TO THE COMPANY'S MARKET

2.3.1 IDEX's markets are immature

IDEX's largest target market is the biometric payment card market. IDEX also offers its products and solutions in other vertical markets including Identification and Access control, all of which are expected to be competitive. The market for biometric payment cards is an undeveloped and emerging market and it is difficult to predict how large this market could be. IDEX's technology represents a novel security solution, and the Company has not yet generated significant sales. Biometric based solutions compete with more traditional security methods including keys, cards, personal identification numbers and security personnel. In addition, IDEX's biometric technology has not yet gained, and may never gain, widespread market acceptance. Acceptance of biometrics and IDEX's technology as an alternative to such traditional methods depends upon a number of factors, including:

- the performance and reliability of biometric solutions;
- public perception regarding privacy concerns;
- costs involved in adopting and integrating biometric solutions; and
- proposed or enacted legislation related to privacy of information.

For these reasons, the Company is uncertain whether its biometric technology will gain widespread acceptance in any commercial markets or that demand will be sufficient to create a market large enough to produce significant revenue or earnings. IDEX's future success depends, in part, upon business customers adopting biometrics generally, and the Company's solutions specifically.

If the estimates and assumptions IDEX has used to calculate the pace of development and ultimate size of its target market segments are inaccurate, future revenue growth may take longer than anticipated and reaching the operational scale the Company believe necessary for sustained profitability may not be achieved.

2.3.2 IDEX faces a competitive nascent market and complex value chain

Operating in a nascent market with a complex value chain where customer demand is difficult to predict, the business, operational performance, and financial position of IDEX is sensitive to unforeseen developments in the targeted market segments. IDEX has no direct influence on timelines of certifications or launch dates as these ultimately are defined by card manufacturers, banks and other ecosystem partners.

The competitive landscape encompasses both established companies and startup enterprises providing biometric solutions. Other providers of biometric sensors for payments and access solutions include Fingerprint Cards AB and Samsung Electronics. They are targeting the same market segments and applications as IDEX Pay and IDEX Access. The market for biometrics payment and access beyond the card form factor constitutes another competitive consideration. Payment and access cards provide secure off cloud authentication with no dependency on mobile phones. They therefore both represent alternatives and complements mobile based solutions. Consumer choices depend on factors such as use cases, level of trust, device preferences, market financial maturity, digital savviness and infrastructure.

In the future, IDEX may encounter competition from other larger, well-established and well-financed entities that may continue to acquire, invest in or form joint ventures with providers of fingerprint recognition technology, and existing providers may elect to consolidate. IDEX's position in the existing markets could be eroded rapidly by product or technology enhancements or the development of new, superior products and technology by competitors. Increased competition could result in price reductions, fewer customer orders, reduced gross margins and lower market prices for IDEX's Shares.

Some of IDEX's competitors have substantially greater financial and marketing resources than IDEX, and may independently develop superior technologies, which may result in IDEX's technology becoming less competitive or obsolete. If the Company is unable to develop new applications or enhance its existing technology in a timely manner in response to technological changes, it will be unable to compete in its chosen markets. IDEX's actual and potential competitors may also have greater name recognition and more extensive customer bases. In addition, if one or more other biometric technologies such as voice, face, iris, hand geometry or blood vessel recognition are widely adopted, it would significantly reduce the potential market for IDEX's fingerprint identification technology in certain industries.

2.3.3 Unfavorable conditions in the global economy could have a particularly adverse impact on IDEX's market segments with resulting adverse impact for IDEX's business.

Because IDEX sells an innovative technology solution for emerging applications in market segments in early stages of development, the Company is particularly vulnerable to a sustained decline in economic conditions, which likely would be accompanied by a decline in confidence within IDEX's targeted market segments. If IDEX's business assumptions are inaccurate due to unfavorable conditions in the global economy, future revenue growth may take longer than anticipated and reaching the operational scale the Company believes necessary for sustained profitability may not be achieved.

2.4 RISKS RELATED TO THE COMPANY'S SHARES

2.4.1 Future issuances of Shares or other securities could dilute the holdings of shareholder and could materially affect the price of the Shares

As stated in risk factor 2.1.3, “IDEX may need to raise additional capital to maintain its operations, which capital may not be available when needed” above, IDEX will need to raise additional funds through the issuance of equity, equity-related, or convertible debt securities. Shareholders may experience dilution of their voting rights and/or the value of their shares, depending on the instruments used and the method the Company uses when issuing additional equity securities or related instruments, and at what price per share the instruments are issued. By way of illustration, the private placement resolved on 20 August 2024 was made at a discount of 21% compared to the closing share price on 19 August 2024. Because a decision to issue securities in the future will depend on numerous considerations, including factors beyond the Company's control, the Company cannot predict or estimate the amount, timing, or nature of any future issuances of debt or equity securities, including at what price or discount such issuances would be made at, or what dilutive effect such issuances would have for the Company's shareholders.

Any issuance of new Shares in connection with the (i) exercise of incentive Subscription Rights, (ii) exercise of the Warrants, (iii) conversion of the Convertible Loans, and/or (iv) the Company's ESPP (if and when reactivated) will result in the dilution of the ownership interests of the Company's existing shareholders. As of the date of this Prospectus, there are 27,229,855 incentive Subscription Rights outstanding, and 33,333,333 Warrants outstanding. In addition, the Company may in the future decide to offer additional Shares or other securities in order to: settle outstanding bond/debt payments (including the Convertible Loans), finance new capital-intensive projects, settle unanticipated liabilities or expenses for any other purposes. There is no assurance that the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders would be diluted.

3 RESPONSIBILITY STATEMENT

The Prospectus has been prepared by the Board of Directors of IDEX Biometrics ASA (the “**Board**” or the “**Board of Directors**”) to provide information in connection with the listing of the Prospectus Shares issued in the Private Placement, as described herein.

The Board of Directors accepts responsibility for the information contained in this Prospectus, and hereby declares that, to the best of our knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

The Board of Directors of IDEX Biometrics ASA

29 August 2024

Morten Opstad,
Chair

Annika Olsson Roth
Board member

Adriana Saitta,
Board member

4 GENERAL INFORMATION

4.1 Approval of the Prospectus

This Prospectus has been approved by the Financial Supervisory Authority, as a competent authority under the EU Prospectus Regulation. The Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval shall not be considered as an endorsement of the issuer or the quality of the securities that is the subject of this Prospectus. An investor should make their own assessment as to the suitability of investing in the securities.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

4.2 Cautionary note regarding Forward-looking Statements

This Prospectus includes “forward-looking” statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy, plans and objectives (the “Forward-looking Statements”). All Forward-looking Statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company’s expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intends”, “may”, “might”, “plans”, “seek to”, “should”, “will”, “would”, or similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. The Company can make no assurance as to the correctness of such Forward-looking Statements and investors are cautioned that any Forward-looking Statements are not guarantees of future performance. By their nature, Forward-looking Statements involve and are subject to known and unknown risks, uncertainties and/or assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties, assumptions and other factors, the actual results, performance or achievements of the Company and its Subsidiaries, or, as the case may be, the industry, may materially differ from any future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. Furthermore, Forward-looking Statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Company and its Subsidiaries operate.

Prospective investors in the Shares are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group’s actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the Forward-looking Statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based will occur. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these Forward-looking Statements.

In particular, Sections 2 and 6 of this Prospectus contain statements regarding the Group’s strategy going forward.

5 INFORMATION CONCERNING THE SECURITIES BEING ADMITTED TO TRADING

5.1 The Warrant Shares

5.1.1 Overview

The full terms and conditions of the Warrants are set out in Section 5.1.6.

Warrants were issued in connection with the Private Placement in the Company announced at Oslo Børs on 15 May 2024, of which Tranche 1, consisting of (i) 27,940,213 Shares, was issued by the Board on 15 May 2024 pursuant to an authorization to issue shares granted by the Extraordinary General Meeting dated 21 December 2023, and (ii) Tranche 2, consisting of 5,393,120 Shares, was issued by the Extraordinary General Meeting on 19 June 2024, totaling 33,333,333 Shares, each at a subscription price per Share of NOK 1.65 (“Subscription Price”).

Further, the Extraordinary General Meeting on 19 June 2024 approved that one Warrant, on similar terms, would be granted to each subscriber in a proposed subsequent offering of up to 8,000,000 offer shares to be offered at the same subscription price as in the Private Placement, NOK 1.65 per offer share, raising gross proceeds of up to NOK 13,200,000. Each subscriber participating in the subsequent offering would thus be allocated one Warrant for each offer share subscribed for and allocated. A specific purpose of such proposed subsequent offering was to reduce the dilutive effect of the Private Placement. However, as the Shares have traded below the Subscription Price in the Private Placement for a substantial period and at sufficient volumes, shareholders wishing to reduce the dilutive effect of the Private Placement have therefore had the opportunity to purchase Shares in the market at prices below the price which would have been the subscription price in the subsequent offering. The Board therefore resolved on 14 August 2024 to not proceed with the subsequent offering, which cancellation was announced on the same date on Oslo Børs.

For each Share subscribed for and allocated in the Private Placement, each subscriber is granted one warrant with an exercise price equal to the Subscription Price, being NOK 1.65, by resolution of the Extraordinary General Meeting dated 19 June 2024.

Consequently, a total of 33,333,333 Warrants were issued in connection with the Private Placement.

The Warrants may be exercised during four exercise periods: (i) within the first 14 days after the Company's announcement of its first half 2024 financial report (published on 15 August 2024), (ii) within the first 14 days after the Company's announcement of its third quarter financial report (expected on 14 November 2024), (iii) within the first 14 days following the Company's announcement of its fourth quarter 2024 financial report (expected on 27 February 2025), and (iv) within the first 14 days following the Company's announcement of its first quarter 2025 financial report (expected mid-May 2025). Following expiry of the last exercise period, all Warrants not exercised will lapse without compensation to the holder. The Warrants will be registered in the VPS but will not be transferable or tradable.

In connection with the issuance of Warrants, existing shareholders' preemptive rights were deviated from in favor of the subscribers in the Private Placement. At that time, the Board considered it appropriate that the existing shareholders' preferential rights to subscribe for Shares (and the Warrants) were waived in favor of the subscribers in the Private Placement because of the immediate need of financing in order for the Company to secure continued operations. The Exercise Price for the Warrants was set at the level necessary in order to ensure that the Warrants would be exercised

and for the Company to secure long-term financing. In connection with exercise of Warrants, existing shareholders preemptive rights are automatically deviated from in favor of the Warrant holders.

The total net proceeds related to Warrants, assuming that 100 % of the Warrants are exercised, is estimated to be approximately NOK 54.7 million.

5.1.2 Exercise Price

The Warrants were issued against no consideration. The Exercise Price per Share to be issued upon exercise of the Warrants is NOK 1.65. The Exercise Price equals the Subscription Price in the Private Placement and was announced through Oslo Børs' electronic information system on 15 May 2024.

No expenses or taxes were specifically charged to the subscribers.

5.1.3 Exercise of the Warrants, and payment and delivery of the Warrant Shares

The Warrants are exercisable within the applicable exercise period, as stated in Section 5.1.1 above, by written notice by the warrant holder to the Company by e-mail (to companysecretary@idexbiometrics.com). Such notice shall specify the number of Warrants exercised, the aggregate Exercise Price to be paid, the warrant holder's VPS account to which the Warrant Shares shall be issued, and the contact information for the holder, including full name, organization number (if a legal entity) or personal ID number (if an individual), address, telephone number and e-mail address. The exercise of Warrants is irrevocable and may not be withdrawn.

With respect to future Warrant exercises, the Board will approve warrant exercise and the associated share capital increase within one (1) week from the expiry of each exercise window set out in Section 5.1.1 above. Information on the number of Warrant exercises and the corresponding number of Warrant Shares that will be issued will be announced on Oslo Børs NewsWeb after the Board's approval of the share capital increase in connection with warrant exercise. Payment of the share contribution in connection with issuance of the Warrant Shares will be 7 days following such Board approval. Upon full payment by all Warrant holders, who have exercised Warrants in connection with the exercise round in question, the Company will register the share capital increase in connection with issuance of Warrant Shares in the Company Registry. Upon registration of the share capital increase in the Company Registry, the Company will announce such registration on Oslo Børs NewsWeb.

The following warrant holders were allocated 5% or more of the Warrants granted in connection with Private Placement, and would, therefore, be able to subscribe for 5% or more of the corresponding Warrant Shares granted in connection with the Private Placement:

Name of investor	Number of Warrants allocated	% of the total amount of Warrants issued
Robert N. Keith	8 250 000	24.75%
Jomani AS	2 550 000	7.65%
Fender Eiendom AS	2 550 000	7.65%
F2 Funds AS	2 050 000	6.15%
Sundt AS	1 666 666	5.00%

No members of the Company’s management, supervisory or administrative bodies were allocated Warrants in connection with the Private Placement and can subscribe for Warrant Shares by exercising such Warrants:

5.1.4 Interest of Natural and Legal Persons involved in the Warrants

Sundt AS and Robert N. Keith provided the Manager with a share loan in accordance with the Share Lending Agreement to facilitate delivery of listed shares to the investors in the Private Placement on a delivery versus payment basis, in return for each receiving a fee equalling 5% per annum of the sum of the subscription price per new share in the Private Placement multiplied by the number of borrowed shares lent by the respective lender, for the period the shares were lent. By virtue of being subscribers in the Private Placement, Sundt AS will be issued 1,666,666 Warrants and Robert N. Keith will be issued 8,250,000 Warrants.

The Company is not aware of any other interest (including conflict of interests) of any natural and legal persons involved in the Warrants.

5.1.5 Admission to trading

The Warrants will be registered in the VPS but will not be transferable and will not be admitted to trading on a regulated market.

The Warrant Shares will be admitted to trading on Oslo Børs on or about 14 days after exercise is approved by the Board, however, subject to the Warrants being timely paid, registration of the associated share capital increase in the Company Registry and any obligations under the EU Prospectus Regulation being satisfied, including, to the extent required, the approval of a supplement to the Prospectus by the FSA.

Reference is further made to Section 10.2 for more information on “*The Shares*”. The registrar for the Shares is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, NO-0191 Oslo, Norway.

Subject to the above-mentioned conditions being satisfied, the Shares will be registered on the Company’s ordinary ISIN NO0013107490 and be admitted to trading on Oslo Børs under ticker symbol “IDEX”.

5.1.6 Resolution to issue the Warrants

The issuance of the Warrants was approved by the Company’s Extraordinary General Meeting on 19 June 2024 through the following resolution:

1. The Company shall issue warrants in accordance with Section 11-12 of the PLCA to investors participating in the Private Placement (both Tranche 1 and Tranche 2) and Subsequent Offering in accordance with sections 3 and 4. The number of warrants which may be issued shall be one warrant for each share subscribed for and allocated in the Private Placement or the Subsequent Offering. The exercise price is NOK 1.65.

2. The maximum number of warrants that may be issued is 41,333,333. The warrants shall be subscribed for no later than 15 July 2024 (or such later date as determined by the Board, but no later than 14 August 2024).

3. In connection with the issuance of warrants, and the exercise of any of the warrants and the resulting share capital increase in the Company, the existing shareholders waive their preferential right to subscribe for warrants or shares, as the case may be, according to Section 11-13 of the PLCA.

4. Each warrant shall entitle the holder to demand the issuance of one share in the Company; provided, however, that in the event the Company's share capital or number of shares is changed by way of a capitalization issue, stock split, stock consolidation etc., the maximum number of warrants that may be issued in accordance with subsection 2 above, and the consideration for the shares to be issued in the Company upon exercise of the warrants, shall be adjusted accordingly and rounded downwards to the nearest whole number.

5. The warrants may be exercised during four exercise periods: (i) within the first 14 days after the Company's announcement of its first half 2024 financial report (expected on 15 August 2024), (ii) within the first 14 days after the Company's announcement of its Q3 2024 financial report (expected on 14 November 2024), (iii) within the first 14 days following the Company's announcement of its Q4 2024 financial report (expected on 27 February 2025), and (iv) within the first 14 days following the Company's announcement of its Q1 2025 financial report (expected mid-May 2025). Following expiry of the last exercise period, all Warrants not exercised will lapse without compensation to the holder. The Warrants will be registered in the VPS but will not be transferable or tradable. Issuance of Warrants is subject to approval by the EGM. In addition, issuance of Warrants for Tranche 1 Offer Shares and Tranche 2 Offer Shares, respectively, is subject to satisfaction of the other conditions for completion of the respective tranches of the Private Placement and issuance of Warrants in the Subsequent Offering is subject to completion of the Subsequent Offering; provided, however, that the grant of warrants to participants in the Private Placement is not conditional upon the completion of the Subsequent Offering.

6. The warrants will be granted for no charge.

7. Any shares that are issued by the Company under this resolution shall carry rights to dividends declared subsequent to the subscriber having paid the subscription price and the associated share capital increase having been registered in the Register of Business Enterprises. All other shareholder rights associated with these shares, hereunder those referenced in Section 11-12 (2) no.9 of the PLCA, shall attach from the date of issuance of the said shares.

5.1.7 Dilution

Assuming certain percentages of the Warrants are exercised, the dilutive effect following the issuance of the Warrant Shares will represent an immediate dilution compared to the Company's share capital after the Private Placement and the private placement resolved on 20 August 2024 (not included for the shareholders who do not exercise Warrants and not taking into account the potential Convertible Loan Shares) as follows:

	25%	50%	75%	100%
Warrants	2.52%	5.05%	7.58%	10.11%

The net asset value in the Financial Statements on 30 June 2024 was USD 2.495 million, which translates to approximately USD 0.8 cents per share or NOK 0.09 per share outstanding. The Exercise Price in connection with the Warrants is NOK 1.65.

5.2 The Convertible Loan Shares

5.2.1 Overview

The detailed terms and conditions of the convertible loans are set out in Section 5.2.2.

On 7 November 2023 the Company announced an intended issuance of convertible loans for up to 100 million NOK with an institutional investor group. The Company thereafter completed the convertible loan financing in accordance with sections 11-8 and 11-9 of the PLCA, by resolution of the Board, on 22 December 2023, to enter into a senior amortizing convertible bond agreement in the principal amount of NOK 100,000,000 (the “**Convertible Loans**”), to be subscribed for at a price of 92% of the nominal amount, equal to NOK 92,000,000.

The Board’s resolution was made in accordance with the Board authorization to issue convertible loans, as resolved by the Extraordinary General Meeting held on 21 December 2023. The Convertible Loans were registered in the Company Registry on 29 December 2023. The maximum nominal value of which the share capital may be increased with upon conversion of the Convertible Loans upon registration in the Business Registry was NOK 104,775,798.60.

The Convertible Loans mature and shall be repaid (unless the Convertible Loans or parts thereof have been converted into Convertible Loan Shares) no later than on the three and one-half (3½) year anniversary of the date of disbursement of the Convertible Loans to the Company. The Convertible Loans amortize in 21 equal installments of NOK 4,760,000, plus accrued interest, payable every two months, subject to the right of the lender of the Convertible Loans to defer or advance such installments. As the date of this Prospectus, the final maturity date of the Convertible Loans is 28 December 2026.

The Convertible Loans shall carry interest at the rate of 6 % per annum for the outstanding principal amount, payable on each installment date in cash, if not converted to Convertible Loan Shares.

As of 15 August 2024, the outstanding principal amount of the Convertible Loans is NOK 71,400,000, accounting for the Company’s repayment of three ordinary installments and three accelerated installments since disbursement. The maximum number of Convertible Loan Shares which may be issued upon conversion is 478,533,533, assuming that the full amount of the Convertible Loan is converted at a conversion price of NOK 0.15, equal to the par value of the Shares.

IDEX may choose to discharge principal or interest payments in cash or by equity. All six installments plus accrued interest which have fallen due prior to the date of this Prospectus (three ordinary installments and three accelerated installments) have been repaid in cash by the Company and no part of the Convertible Loans have to date been converted into Convertible Loan Shares.

The conversion price for the Convertible Loans is subject to customary adjustment provisions. The conversion price is currently NOK 1.65 per Convertible Loan Share, which equals 100% of the subscription price in the Private Placement. Assuming the outstanding amount of the Convertible Loans are converted to Convertible Loan Shares at the current conversion price of NOK 1.65, the maximum number of Convertible Loan Shares issuable would be 45,303,030.

Conversion of the Convertible Loans may be initiated by notice from the lender to the Company at the prevailing conversion price, provided, however, that the Company may elect to settle the conversion in cash pursuant to the terms and conditions of the bond agreement entered into by the

lender and the Company. If instalments are settled in Convertible Loan Shares at the Company's option, the conversion price will be the lower of the prevailing conversion price at the time and 90% of the market price of the Share at the payment date. The Convertible Loans may further be subject to investor redemption option upon change of control, and the lender may, at any time until two business days prior to the maturity date of the Convertible Loans, resolve to convert the whole of the outstanding amount of the Convertible Loans into Convertible Loan Shares.

In connection with the issuance of the Convertible Loans, existing shareholders' preemptive rights to subscribe for convertible loans were deviated from in favor of the lender.

The lender CVI Investments, Inc., subscribed for and was allocated, either for its own account or for the account of one of its affiliates, 100% of the Convertible Loans, and would therefore, not taking into account installments plus accrued interest which have fallen due prior to the date of this Prospectus, be able to subscribe for 100% of the corresponding Convertible Loan Shares.

None of the Company's management, supervisory or administrative bodies were allocated Convertible Loans.

Upon conversion of the Convertible Loans, the Convertible Loan Shares will be registered on the Company's ordinary ISIN NO0013107490 and be admitted to trading on Oslo Børs under ticker symbol "IDEX".

The total net proceeds related to the Convertible Loans, assuming that 100 % of the remaining outstanding Convertible Loans and future interest is converted to Convertible Loan Shares, is estimated to be approximately NOK 76.7 million.

5.2.2 Resolution approving the Convertible Loans

The issuance of the Convertible Loans was approved by the Company's Board on 22 December 2023 by way of the following resolution:

"The Company resolves to obtain a convertible loan with a total par value of NOK 100,000,000 (the "Loan"). The Loan shall be subscribed for at a price of 92% of the nominal amount, equal to NOK 92,000,000.

The Loan may be subscribed for by CVI Investments, Inc., either for its own account or for the account of one of its affiliates (the "Lender").

The existing shareholders' preferential rights pursuant to Section 11-4, ref. Sections 10-4 and 10-5, of the PLCA, are deviated from.

The loan shall be subscribed for on a separate subscription form as soon as practicable following the execution of definitive agreements between the Lender and the Company and all conditions for subscription have been met, however no later than 31 January 2024 (or such later date as resolved by the Board).

The payment deadline for the loan is as soon as practicable following the execution of definitive agreements between the Lender and the Company and all conditions for subscription and disbursement have been met, however no later than 31 January 2024 (or such later date as resolved by the Board).

The loan matures and shall be repaid (unless the Loan or part thereof has been converted into shares) no later than on the three and one-half (3½) year anniversary of the date of disbursement of the Loan to the Company. The Loan shall amortize in 21 equal installments payable every two months, the first installment due and payable two months after the disbursement of the Loan. Subject

to the terms of the bond agreement, including the Terms & Conditions and the Calculation Agency Agreement (the "Bond Agreement"), the Lender has a right to defer any upcoming installment to a subsequent installment date.

The loan shall carry interest at the rate of 6 % per annum for the outstanding principal amount, payable on each installment date in cash, if not converted to shares in accordance with the terms of the following paragraph.

The Lender shall during the entire loan period until the earliest to occur of 1 September 2027 (or such later date as resolved by the Board) and two business days prior to the final maturity of the Loan (however under no circumstances after 22 December 2028) have the right to convert all or part of the Loan (e.g. by redemption or acceleration as regulated by the Bond Agreement) into shares in the Company on the conversion price described below. The Company shall on each instalment date have the right to repay the instalment together with accrued interest in cash or by conversion into shares on the conversion price described below.

The Lender shall in the entire period from closing date until two business days prior to the final maturity date of the Loan be entitled to convert the whole of the principal amount of the Loan which is outstanding into shares in the conversion price described below.

For each period between installment dates, the Lender shall have the right, subject to prior written notice to the Company, to convert, in whole or in part, an upcoming instalment payment and up to two (2) additional installment payments at a price equal to the then-current installment price (such price as is in effect on the date of such notice). The Company shall have the right to elect to make such additional installment payment in cash or in Shares, in each case, priced at the then-current installment price.

In case of conversion of all or part of the Loan together with interest (as applicable) into shares, the conversion price shall be calculated as follows:

The initial conversion price ("Conversion Price") shall be equal to 125 % of the Reference Price, subject to adjustment as set forth herein ("Prevailing Conversion Price"). The "Reference Price" is the Market Price on the date of the issuance of the Loan. "Market Price" is the lowest volume weighted average price (VWAP) for the shares in the Company's registered share capital during the last 6 trading days before the date of signing, on 22 December 2023, but never higher than the VWAP on the date of the issuance of the Loan.

If the Company carries out a future Equity Offering during the period of the Loan, the conversion rate shall also be subject to adjustment. In the event of such Equity Offering, the current conversion rate shall be adjusted to correspond to 100% of the placement price in such Equity Offering, provided that such price is lower than the then applicable conversion price. "Equity Offering" means an offer by the Company or any of the Company's affiliated companies of any equity security or equity-linked security that is convertible, exchangeable or exercisable for equity securities of the Company, including without limitation any warrants, preferred stock, convertible notes or other similar instruments, resulting in gross proceeds of NOK 10,000,000 or more. "Equity Offering" does not include the issuance of shares under the Company's existing Subscription Rights Incentive Plans (as amended in item 7 of the Minutes of the Extraordinary General Meeting held on 21 December 2023) or Employee Share Purchase Plans which, together with any other previous issuance of shares under such plans subsequent to the date of this resolution, represents less than 10 per cent. of the registered number of Shares the time such issuance is completed, and/or a "Strategic Investment". "Strategic Investment" means a potential one-time investment made within 3 months after the Closing Date of the signed Bond Agreement, by a strategic investor in the semiconductor industry.

If the Company elects to repay installments in Shares, the conversion price shall be priced at 90% of the Market Price on the applicable installment date; provided that, in no event shall the Installment Price exceed the Prevailing Conversion Price on any installment date.

The loan shall provide full anti-dilution protection and contain standard conversion rate adjustments upon the occurrence of certain events, like dividend payments, distributions, share splits, qualified issues of shares or other instruments in the Company or combinations and a standard formula for

temporarily lowering the current conversion price upon the occurrence of a change of control (to compensate for the proportion by which the conversion period is cut short in the case of conversion upon a change of control in the Company).

The conversion price shall under no circumstances be lower than the sum of the par value of the Company's share. The highest amount the share capital can be increased with by conversion of the Loan and/or interest, is NOK 104,775,798.60. Exercise of the right to conversion shall in any case be made in accordance with the Bond Agreement.

The share contribution shall be settled by set-off of the accounts receivable under the loan.

The subscription rights cannot be separated from the receivable and be used independently thereof.

The convertible loan (or parts thereof) may be assigned by the Lender without the advance written approval by the Company's Board.

The Lender shall not have shareholder rights until the Loan (or part thereof) has been converted into shares in the Company, and the associated share capital increase have been registered in the Norwegian Register of Business Enterprises.

Shares issued upon conversion of the loan shall have the right to dividends from the time the share capital increase is registered in the Register of Business Enterprises.

The terms of the Loan shall be in accordance with the attached Bond Agreement, which is to be considered as part of this resolution.

5.2.3 Dilution

Assuming certain percentages of the Convertible Loans are exercised, the dilutive effect following the issuance of the Convertible Loan Shares will represent an immediate dilution compared to the Company's share capital after the Private Placement and the private placement resolved on 20 August 2024 (not including the Warrant Shares by potential exercise of Warrants) as follows.

Assuming the current conversion price of NOK 1.65 per Convertible Loan Share, which is subject to customary adjustment provisions:

	25%	50%	75%	100%
Convertible Loans	3.29%	6.59%	9.89%	13.19%

Assuming the minimum conversion price of NOK 0.15 per Convertible Loan Share (due to the customary adjustment provisions), equal to the par value of the Shares:

	25%	50%	75%	100%
Convertible Loans	36.29%	72.58%	108.87%	145.16%

The net asset value in the Financial Statements on 30 June 2024 was USD 2.495 million, which translates to approximately USD 0.8 cents per share or NOK 0.09 per share outstanding. The conversion price in connection with the Convertible Loans is subject to customary adjustment provisions. The conversion price is currently NOK 1.65 per Convertible Loan Share.

5.2.4 Interest of Natural and Legal Persons involved in the Convertible Loans

The Company is not aware of any interest (including conflict of interests) of any natural and legal persons involved in the Convertible Loans.

5.3 Shareholders' rights relating to the New Shares

The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence of the PLCA. The Shares are registered in the VPS and carry the securities identification code ISIN NO 0013107490.

The New Shares are in all respects equal to the existing Shares of the Company.

The Shares are issued in NOK and are quoted and traded in NOK at Oslo Stock Exchange.

The rights attached to the New Shares, will be the same as those attached to the Company's existing Shares. The New Shares will be issued electronically and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the issuances of the New Shares are registered in the Company Registry. The holders of the New Shares will be entitled to dividend from the date of registration of the respective share capital increases in the Company Registry. There are no particular restrictions or procedures in relation to the distribution of dividends to shareholders who are resident outside Norway, other than an obligation on part of the Company to deduct withholding tax as further described in Section 13.

Pursuant to the PLCA, all shareholders have equal rights to the Company's profits, in the event of liquidation and to receive dividend, unless all the shareholders approve otherwise. Please see Section 11 on more details concerning the rights attached to the Shares and issues regarding shareholding in a Norwegian Public Limited Company.

The New Shares will have the same VPS registrar and the same ISIN number as the Company's other Shares.

5.4 Lock-up

No lock-up agreements have been entered into in connection with the Warrants or Convertible Loans.

5.5 Expenses

Costs attributable to the Warrants and Convertible Loans will be borne by the Company. The costs related to the Private Placement, both Tranche 1 and 2, by which the Warrants are connected, was approximately NOK 4.2 million, which includes fees to the Manager and the legal advisors assisting on the Private Placement, and the preparation of a prospectus. The costs related to the exercise of Warrants and conversion of the Convertible Loans are minimal.

5.6 Advisors

Arctic Securities AS, Haakon VII's gate 5, P.O. Box 1833 Vika, NO-0123 acted as Manager in connection with the Private Placement.

Ræder Bing advokatfirma AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway serves as the Company's Norwegian legal adviser in connection with the Private Placement and the issuance of Convertible Loans.

Advokatfirmaet Thommessen AS, Ruseløkkveien 38, P.O. Box 1484, NO-0116 Oslo, Norway serves as legal adviser to the Manager in connection with the Private Placement.

5.7 Jurisdiction and choice of law

The New Shares will be issued in accordance with the rules of the PLCA.

This Prospectus shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus shall be subject to the exclusive jurisdiction of Oslo District Court.

6 THE COMPANY AND ITS BUSINESS

6.1 Principal Activities

IDEX is a global technology company in biometric authentication solutions for smart cards, offering secure and convenient solutions for payments, access control, and digital identity. Through its patented and proprietary sensor technologies, integrated circuit designs, and software, IDEX believes that it makes its biometric solutions unique and innovative, delivering secure, fast and seamless user experiences to customers worldwide.

IDEX partners with leading card manufacturers, technology companies and payment networks, bringing solutions to the market. IDEX's flexible technology platform supports a wide range of applications and use cases. Together with its partners, IDEX provides end-to-end solutions to banks and other organizations seeking to launch their own biometric cards for payment or to support other authentication needs.

IDEX Biometrics ASA is the Group parent, headquartered in Oslo, Norway. The group also has subsidiaries and facilities in the United Kingdom, the United States and China.

6.1.1 Fingerprint authentication technology

IDEX's technology revolves around fingerprint authentication technology and biometric technologies. Biometric technologies are automated methods for identifying individuals based on a comparison of stored biological and behavioral characteristics with the current presentation of such characteristics. Of all biometric techniques, fingerprint-based identification is the oldest and most established.

A fingerprint authentication solution, in summary, is an electronic system, combining hardware and software, that captures an image of the unique fingerprint characteristics, transforms that image into a mathematical representation, and then compares that representation with a valid representation. If the results of the comparison exceed a predefined verification threshold, the identity of the presenting individual is authenticated.

The following summarizes the primary elements of fingerprint authentication and addresses IDEX's approach to each:

6.1.1.1 *Scanning*

Scanning is the process of recognizing and capturing the necessary characteristics of an individual's fingerprint using an electronic device. Ink and paper were originally used to capture fingerprint images. Optical scanning was an early method for electronic capture of a fingerprint, and remains common in certain high-volume applications, primarily in law enforcement. Other scanning technologies for the detection of fingerprint variances include those based on sensing variances in heat, pressure, and ultrasound.

IDEX's scanning technology is based on capacitive sensing, which uses an electrical field to detect fingerprint characteristics such as ridges, valleys, and minutiae by measuring miniscule variances in current associated with those varying characteristics. The surface of the sensor, the substrate, acts as one plate of a capacitor, and the finger acts as the other. In IDEX's opinion, capacitive sensing is the most appropriate technology for resource-constrained applications. Capacitive sensing was the area in which the Company pioneered the signal processing innovations that remain foundational to ace

area, more than twice the size of competitive silicon sensors.³ The size of the silicon chip (ASIC) within IDEX's sensor is smaller than the ASIC of conventional sensors. This means that IDEX uses less silicon for a given sensor size. Thus, IDEX's capacitive sensor is able to produce a larger image, yielding more data, which, in IDEX's opinion, enables superior scanning, feature extraction, and matching performance.

6.1.1.2 *Feature Extraction*

The miniscule variations in current detected in scanning are a data set representing the fingerprint, and the common practice is to create from this data set an 8-bit gray-scale digital image for further processing i.e., feature extraction. Feature extraction is a computationally-challenging process requiring speed and signal-processing precision. Algorithms used in a resource-constrained environment such as a smart card must be highly efficient, reducing the burdens on processor, memory, and power resources. Smart cards are very low-cost devices and, being battery-free, operate on a limited energy budget. This device-level energy restriction means the processors within smartcards tend to be very small and much less powerful than those found in other applications such as mobile devices.⁴ As such IDEX's biometric algorithms running on the smart card have been optimized for smart card applications to provide sufficient performance with limited available energy and processing power. Standard biometric algorithms designed for mobile or other general purpose applications would not be practical to use in a smart card context.

IDEX uses proprietary algorithms to firstly refine the image, allowing for precise identification of patterns, and secondly transform into an accurate mathematical representation of the image, referred to as a "template".

6.1.1.3 *Matching*

A matching algorithm compares the template created from the scanned image to the encrypted template stored within the system at the time of the user's enrolment. These algorithms also are computationally-challenging, again requiring speed and precision, as well as consistency of outcomes. Matching performance is measured by the correlated rates of false acceptance ("FAR") and false rejection ("FRR"), accuracy and reliability, and computational speed. Matching algorithms can be adjusted to meet the requirements of the application, addressing the trade-offs between desired security levels and end-user convenience. A low FAR, suggesting high security, implies a high FRR, suggesting low end-user convenience.

IDEX's matching algorithms, which are compact and, in IDEX's opinion, highly efficient, are well-suited for providing fast results in resource-constrained environments. They are differentiated by patented features such as insensitivity to image rotation and the ability to process incomplete images (i.e., partial touches), enabling high accuracy and reliability.

IDEX's algorithms are also differentiated by the flexibility of how they may be used. In a smart card implementation, because of security requirements, matching algorithms are typically executed in a secure microcontroller (referred to as a secure element ("SE")). However, IDEX's TrustedBio is designed to allow matching algorithms to be executed in a distributed shared mode, whereby

³ IDEX's silicon ASIC is less than 10mm² yet supports sensor sizes of >90mm². Competing sensors are typically 5x5mm (25mm²) or 6x6mm (36mm²).

⁴ Mobile devices tend to use 32 or 64 bit processors (<https://timestech.in/all-about-mobile-phone-processors>). Smart cards typically utilize an 8 bit processor (<https://www.oracle.com/java/technologies/java-card/smartcards.html>).

computationally intensive functions can be executed on IDEX's module's ASIC, reducing the computational requirements of the SE. This allows customers the flexibility to optimize designs based on application requirements and available processing resources, reducing overall system costs.

6.1.2 Smart cards and applications technology

A smart card can be described as a compact microelectronic system, generally with the dimensions of a credit card or driver's license, in which one or more embedded integrated circuits ("ICs") enable secure storage, processing, and communication of encrypted data.

As IDEX primarily targets the financial payments market segment, its fingerprint authentication solutions are designed in compliance with industry standards of EMV Company, LLC ("EMV"), a consortium established by Europay, Mastercard, and VISA to develop and maintain specifications for the use of smart cards across financial payment networks. Because IDEX's solutions are used in smart cards using a JavaCard card operating system and Java-based "applets," IDEX complies with the standards of GlobalPlatform, an independent standards body, for secure channel communications and the use of cryptographic data.

6.1.2.1 *Smart card design*

The enabling of IC in a smart card is typically a secure microcontroller, the SE, which functions as the system-level processor, and one or more secondary microcontrollers dedicated to functions such as power management or biometric processing. SE processors execute the card operating system and one or more applets, which are compact programs that execute proprietary functions. For example, an applet for a payment network will coordinate communication of encrypted data using an encryption key only known by that payment network). SEs generally have robust memory blocks for encrypted data storage, with multiple memory types, but separate memory ICs may be necessary, depending on the smart card's application.

Also embedded in the layers of a smart card is an antenna, for wireless communication and power harvesting, connecting circuitry (referred to as an inlay), and, depending on the design of the smart card, various passive electronic devices. Multi-layer smart cards are generally made of thermoplastics (polyvinyl chloride, or PVC, is the most common material used), although card made of metal and ceramic compounds recently have been introduced.

Contact-only and dual-interface (i.e., both contact and contactless functionality) smart cards do not have batteries. In the case of contact-only and dual-interface designs, the card is powered by physical contact with a card reader, or, in contactless mode, though energy harvesting, most commonly, by near field communications ("NFC") interface protocols.

6.1.2.2 *Usage and applications*

The defining characteristic of a smart card is the security afforded by the SE and its use of data encryption to secure storage and communications, making it an ideal solution for a very broad range of applications. Smart cards are used worldwide in high volumes across the following applications (in descending order of estimated total units: financial payments; government identification (including healthcare and social-security applications); transportation and ticketing; and access control (for logical and physical applications).

The development of widely accepted standards for smart card performance uniformity and cross-vendor compatibility has contributed to the sustained growth of smart cards in circulation, notably for financial payment applications.

6.1.3 IDEX's strategy

IDEX's strategy emphasizes its solution advantages that address evolving customer and end-user requirements. The Company is aiming to achieve a sustainable competitive position and reduced commoditizing price pressures. Since the Company was founded, its strategy and competitive positioning has been based on continuous advances in secure technologies, innovations in design, and achievements in performance that are convenient for the end-user, enabled by focus on research and development.

IDEX believes the combination of its broad and substantive intellectual property portfolio, its expertise across a comprehensive range of challenging and complex domains, and its integrated, systems engineering approach represents a significant competitive advantage for IDEX. IDEX's intellectual property portfolio consisted as of 31 December 2023 of 200 patents across applicable jurisdictions worldwide. Reflecting IDEX's core competencies, IDEX has substantial intellectual property across the following areas: design of biometric sensors, ASICs, and modules; signal and data processing; and a broad range of solution features and functionalities.

IDEX's core competencies, characterized by deep domain expertise and a multi-disciplined, systems engineering approach, are built on organizational strengths in the following domains: biometric imaging and processing; sensor architectures; integrated circuit design; materials, manufacturing, and packaging; algorithm, firmware, and software development; encryption technologies; NFC and power management; and industrial design.

IDEX's value proposition is based on the differentiated functionality and performance of its fingerprint authentication solutions and its distinctive systems engineering approach to offering integrated solutions addressing multiple customer needs. The customers' needs may vary among the market segments IDEX targets, but are generally associated with the enhancement of the customer's competitive advantages, based on the differentiated functionality and performance of IDEX's solutions, and reduced total cost of ownership ("TCO").

TCO represents the sum of the purchase price of IDEX's products, which IDEX believes are competitive, and the costs customers may encounter when implementing a fingerprint authentication solution in their own products. In contrast to vendors of individual elements of a solution, IDEX's core competencies enable the Company to contribute to lowering the costs and challenges of system design for its customers, while accelerating their time-to-market.

IDEX believes many customers in the market segments targeted could benefit from the TCO element of IDEX's value proposition, as only a few global card manufacturers currently have the depth of resources and experience to develop a fingerprint authentication solution on an expedited timeline. Design of a smart card incorporating fingerprint authentication can be challenging, as the interaction between the fingerprint sensor, the smart card electronics, and the environment is complex, particularly given the limitations on power, processing capacity, and form factor, and the stringent requirements for response time and accuracy.

An important element of IDEX's strategy is development and use of strategic partnerships, which is intended to extend the scope of the integration of its Platform solution approach, thereby enhancing IDEX's value proposition and, potentially, accelerating adoption of fingerprint authentication and demand for our platform solutions approach.

6.1.4 IDEX product solutions

IDEX's solutions consist of integrated fingerprint authentication modules, which IDEX's customers use in their end-products, as well as IDEX's enrollment device, with which a user can securely and easily store his or her fingerprint on a smart card, thereby activating the smart card's fingerprint authentication capabilities. IDEX offers the components and know-how required for the manufacturing of fully functioning biometric smart cards; Fingerprint sensors, card inlay, antennae, EMV module with an SE released by Infineon Technologies AG, and proprietary software, including IDEX's card operating system, special purpose applets, and biometric algorithms. Sales of this solution began in 2022. The solution is marketed under the name IDEX Pay and IDEX Access to the payment and access markets, respectively.

IDEX has launched both its IDEX Pay and IDEX Access solutions to the market, receiving initial interest, and is currently preparing for further scaling of biometric payment and access cards with several partnerships, today including Beautiful Card Corporation's MasterCard solution for payments and E-Kart for both payment and access card solutions. The Company is also working with other manufacturing partners to certify their manufacturing processes and is targeting to have more manufacturing partners later this calendar year.

The Company announced the initial launch of IDEX Pay, with the first regional pilot program, prior to full implementation programs which is targeted later this calendar year. The Company is also in discussions with other regional banks that are exploring similar programs.

The IDEX Access solution is beginning to show early signs of adoption this year. The Company announced a repeat order from AuthenTrend, a global digital authentication leader, for its IDEX Access biometric authentication solution, as well as an initial order from Sentry Enterprises as part of its new access management solutions in the US.

6.1.4.1 TrustedBio Product Family

In 2020, IDEX announced the TrustedBio family of modules, and, in 2021, released an enhanced version, the TrustedBio Max.

The capacitive sensor in a TrustedBio module is covered by a robust, protective coating, allowing for years of usage. IDEX's bendable sensor is relatively inexpensive to manufacture and allows for an approximately 90 square millimeter sensor surface area, which is more than twice the size of competitive silicon sensors. The size of the silicon chip (ASIC) within IDEX's sensor is not directly related to the size of the sensor itself, which means that IDEX uses less silicon in the design for a given sensor size. In addition to this, IDEX uses high volume, mass-market, industry standard package technology to maintain cost-effectiveness. The capacitive sensor in a TrustedBio module produces a larger image, yielding more data, which IDEX believes enables superior scanning, feature extraction, and matching performance. Silicon-based sensors can have higher electrode density, but their smaller sensor areas yield meaningfully less data for image processing, while increasing processing challenges to achieve equivalent results. Additionally, bendable property of the polymer substrate allows the TrustedBio module to meet industry specifications for torsion of smart cards.



A TrustedBio module, showing the sensor surface (left) and, on the reverse side (right), our ASIC and connection circuits

The ASIC used in a TrustedBio module is mounted on the reverse side of the polymer substrate in which IDEX's sensor array is embedded. The ASIC includes a proprietary microprocessor executing IDEX's scanning and template-creation (i.e., image processing and feature extraction) algorithms, IDEX's patented anti-spoofing algorithm, NFC power harvesting and voltage management, and data encryption. Depending on a customer's design or application requirements, IDEX's ASIC can also store and execute proprietary matching algorithms.

The ASIC in IDEX's TrustedBio Max module provides a high level of single-device functionality for fingerprint authentication in a smart card. Fabricated on a 40-nanometer process node by TSMC, the approximately 10 square millimeter ASIC utilizes an ARM Cortex-M3 32-bit processor, operating at up to 200 MHz, enhanced memory, and a proprietary parallel-processing logic core for accelerating IDEX's template-creation and anti-spoofing algorithms.

The capabilities of the TrustedBio Max module reflect IDEX's strategy of creating competitive differentiation for its customers, while reducing TCO. The TrustedBio Max enables smart cards with fingerprint authentication that are secure, accurate, and power efficient, while providing a differentiated user experience characterized by fast transaction speed. The functionality of TrustedBio Max reduces computational burdens on a smart card's SE, thereby allowing smart card manufacturers to utilize standard, low-cost SEs, rather than more costly SEs with expanded capabilities to address biometric processing. The capabilities of the ASIC allow for a smart card with fingerprint authentication to be designed without separate microcontrollers for biometric processing and power management functions, reducing design complexity and costs. IDEX's algorithms and software elements minimize software development by its customers, as well as reducing associated risks and delays. The TrustedBio Max solution is targeted at smart card manufacturers seeking faster time-to-market with a comprehensive fingerprint authentication design that maximizes performance, while reducing development and manufacturing costs.

IDEX has also announced a reference design based on integration of the SLC38 security controller, the latest SE released by Infineon Technologies AG, and the latest version of IDEX's TrustedBio module. Applicable to implementation of fingerprint authentication in smart card applications across all three of IDEX's targeted market segments, the high level of integration of this reference design enables differentiated authentication performance (e.g., low latency, high accuracy, and high electrical efficiency), while reducing integration challenges for the card manufacturer, thereby reducing costs and time-to-market.

This reference design, developed with a major SE supplier, represents an important achievement toward IDEX's strategic goal of offering to smart card manufacturers the most comprehensive solutions for fingerprint authentication, creating competitive advantages for their own smart card products, while lowering the barriers to adoption of fingerprint authentication by decreasing TCO, reducing complexities, and accelerating time-to-market.

6.1.4.2 Complete Biometric Smart Card Solutions

IDEX has developed a complete solution for the manufacturing of fully functional biometric smart cards. The hardware is based on the IDEX-Infineon reference platform described in Section 6.1.4.1. The complete solution adds elements of proprietary software, including IDEX's JavaCard operating system, special-purpose Java applets, biometric algorithms, and enrolment solutions. The Company believes that its expanding capabilities in software development have the potential to meaningfully add to the Company's value proposition, broadening customer engagements and increasing revenue.

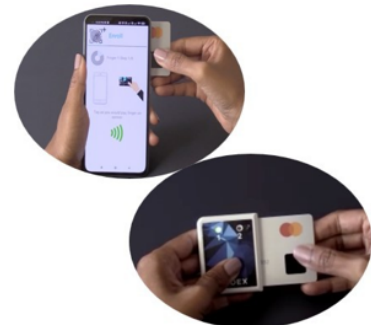


6.1.4.3 IDEX Pay complete solution for card manufacturers

IDEX Pay is a manufacturer-agnostic end-to-end biometric smartcard solution, providing all the necessary biometric performance, functionality and security certifications required by payment schemes such as Mastercard and VISA. It enables IDEX's customers and partners to take their own card manufacturing processes and complete a fast-track certification by incorporating IDEX Pay technology and leveraging IDEX's certified smartcard reference design into their own card manufacturing lines.

The IDEX Pay biometric solution is offered with a suite of enrollment methods to enable issuers to deploy turnkey biometric activation and on-boarding solutions allowing user to enroll via their smartphone, with a dedicated device at home, in a branch or at Point of Sale (PoS).

By using one of IDEX's proprietary solutions, a user can complete the enrolment process in less than a minute, following simple instructions. Enrollment is completed entirely within the biometric smart card and, importantly, the encrypted fingerprint template is immediately stored only on the card, never in the cloud or on any connected device such as a smart phone or PC.



6.2 Principal Markets

The IDEX biometric platform solution can be applied in multiple market segments using smart cards with the use cases of biometrics expanding to new segments. The Company has three main target markets with an accelerating need for biometric identity solutions: banking and payment, enterprise security and public services. IDEX believes that it currently is a leader in biometrics technology in financial applications and access control, offering decentralized authentication solutions.

As the market matures and technology on cards gets more powerful, IDEX expects the solution for different use cases will converge. IDEX's biometric card technology can already be seen in solutions that combine physical and digital access. The abilities to attach attributes related to ID and health records are emerging. Fiat and digital currencies could soon co-exist on the same card, and there are many other examples.

Our enrolment solutions enable the creation of a user fingerprint template, which is encrypted and stored only on the smart card, never in the cloud.

6.2.1 Payment

IDEX sees that the market for biometric payment cards evolves in stages, with affluent consumers taking the role of early adopters. A product segment related to this is the metal card market of more than 40 million cards/year and a double-digit annual growth⁵. As the IDEX biometric solution expands beyond metal and into the traditional market of PVC cards, economy of scale will most probably drive prices down and allow for biometric card services to become ubiquitous.

The global market for chip enabled payment cards is currently nearly 3 billion cards annually and estimated to be greater than the 12 billion EMV cards in circulation today⁶. The growth in the markets is driven by the rising adoption of contactless payments, increased use of digital payments and growing e-commerce.

The payment market is heavily regulated, with standardization and certifications requirements. Initiatives by EMVCo and its members are well under way to set further industry standards, which should accelerate adoption of biometric smart cards.

There have not been any material changes in the Company's regulatory environment since 31 December 2023.

6.2.2 Access Control

Investments in enterprise security continue to grow at a double-digit rate and biometric technologies are quickly becoming necessities in solutions targeting access control and identity management. With growing cyber security threats, and higher potential liabilities, enterprises are stepping up their efforts to authenticate every person they let into their systems and onto their premises.

IDEX believes that on-card biometric authentication is the most secure and convenient solution for multi factor authentication. It is practically and economically efficient and reduces the risk for cloud-based data threats putting the user in total control of his/her own digital identity. In addition, the card form factor is well known and accepted and can in practice also function as an employee identity badge and be visibly worn.

In compliance with reinforced cybersecurity and data privacy regulations, biometric identity solutions protect assets and secure access for enterprises, governments, and individuals, by removing the need for PINs and passwords. Biometric authentication cards enable decentralized biometric identification and meet the demand for secure identity solutions with use cases for biometric access solutions expanding. With the global cost for cybercrimes reaching USD 8 trillion in 2023⁷, secure access control solutions have become one of the highest priorities for CISO's and other decision makers.

6.2.3 Customers and Business go-to market model

Customers of IDEX are manufacturers of payment cards, access cards, and other products using fingerprint sensors as the key to prove identity. The Company's customers are part of a large ecosystem with a multiparty supply chain to reach the final customer. Payments and access are separate ecosystems albeit there are similarities in the cards' appearance and components. IDEX's

⁵ ABI Research, Innovative Payment Card Materials, Q3 2023

⁶ ABI Research, Smart Card Technologies, Q1 2024; EMVCo Report Aug 2023

⁷ Astra Security Cybercrime Statistics 2024

engagement strategy is to enable the ecosystems and enter into business relationships and implement go-to-market models tailored to the respective value chains.

The IDEX go-to-market strategy is scalable with a nimble structure effectively serving the global market. IDEX Biometrics sells its products and solutions directly to manufacturers or enterprises and in some cases through distributors and resellers. IDEX's customers are smart card manufacturers and system integrators of the Company's hardware and software biometric technologies.

6.3 Organization

6.3.1 Research and Development

The Group's research and development activities have since 2018 been conducted primarily in the United Kingdom and the United States. During the second quarter of 2024, IDEX has concentrated its research and development activities to its facility in the United Kingdom. As of 30 June 2024, the Group had an engineering staff of 30 employees and five individual contractors, representing approximately 60% of IDEX's staff. As of 31 December 2023, the numbers were 54 employees and seven individual contractors, representing 70% of the staff. While IDEX maintains a high level of development activities, IDEX has made a moderate shift of resources to commercialization activities.

IDEX's verticalized approach to product development covers the entire biometric smartcard technology stack from high level solution and system architectures, through secure biometric algorithms and software, down to the lowest level sensor and silicon hardware.

6.3.2 Manufacturing and Supply Chain

IDEX has a fabless business model, using external manufacturing partners for the fabrication, assembly and testing of its products. IDEX's operational strategy is to maximize efficiency and cost competitiveness by using industry standard design processes, incorporating verified high-volume components and materials, and outsourcing manufacturing to partners using established production processes. IDEX has established a supply chain capable of scaling to satisfy expected future demand growth. This limits IDEX's financial exposure, while creating better economies of scale. IDEX's solution is developed and managed in accordance with the WEEE directive, following the supply chain policies and audit requirements of the IDEX ESG policy.⁸

IDEX currently relies on TSMC, the leading producer of semiconductor wafers, as the sole source of wafers for the Company's proprietary ASICs.⁹ The Company relies on a limited number of providers of semiconductor packaging, design, and test services, mainly Amkor Technology, Inc., a leader in outsourced semiconductor assembly and test services.¹⁰

IDEX further develops the production test solutions for use by its assembly and test partners. To accelerate the development of future mass production test solutions for IDEX's products, IDEX has invested in sophisticated test equipment which allows for production test routines to be fully verified in-house, prior to installation on production lines at partners' facilities. This reduces cycle time, engineering support, and costs.

⁸ Waste Electrical and Electronic Equipment; EU Directive

⁹ <https://www.counterpointresearch.com/insights/global-semiconductor-foundry-market-share/>

¹⁰ <https://www.thebusinessresearchcompany.com/report/outsourced-semiconductor-assembly-and-testing-global-market-report>

IDEX selects its manufacturing partners based on a comprehensive supplier capability analysis in order to meet the high quality and reliability standards required of the Company's products.

IDEX's engineers and supply chain personnel work closely with manufacturing and supply chain partners to increase yield, reduce manufacturing costs, improve product quality, and ensure that component sourcing strategies are in place to support the Company's manufacturing needs.

IDEX selects customers – card manufacturing partners – based on their card material policy with the criteria of being able to produce and transition towards r-PVC. IDEX's metal card partners are considered based on their environmental policies including recycling readiness.

IDEX believes its fables manufacturing model enables the Company to focus its resources and expertise on the design, development, sales, marketing and support of its products. IDEX also believes this manufacturing model provides the flexibility required to grow the Company's business and quickly respond to new market opportunities and shifts in customer demand. It also simplifies the scope of the Company's operations and administrative processes and significantly reduces the Company's working capital requirements.

6.3.3 Intellectual Property

IDEX's intellectual property rights cover individual inventions and complete biometric systems ranging from measurement principles, algorithms, sensor design, and system solutions. The extensive patent portfolio consisted of more than 200 patents across applicable jurisdictions worldwide as of 31 December 2023. The patent portfolio is a critical enabler of IDEX's strategy and competitive positioning. IDEX maintains a program designed to identify technology appropriate for patent and trade secret protection, and IDEX files patent applications in the United States and certain other countries for inventions that are considered significant. IDEX continuously seeks to protect aspects of its technology that may provide significant competitive advantage.

Although the Company's business is not materially dependent upon any single intellectual property right, the Company's intellectual property rights and the products made and sold under them, taken as a whole, are a significant element of IDEX's business and its ability to compete. The Company relies on patents, trademark and copyright laws, trade secret protection efforts, contractual terms, and confidentiality agreements to protect its intellectual property rights. In addition, IDEX requires employees and consultants to execute appropriate non-disclosure and proprietary rights agreements. These agreements acknowledge IDEX's exclusive ownership of intellectual property developed for, and by, the Company, requiring confidential treatment of all proprietary information.

In addition to patents, IDEX also possesses other forms of intellectual property rights, including trademarks, know-how, trade secrets, design rights and copyrights. IDEX controls access to and use of its software, technology, and other proprietary information. The Company's software is protected by the copyright, patent, and trade secret laws of appropriate jurisdictions. Despite the Company's efforts to protect its software, technology, and other proprietary information, unauthorized parties may copy or otherwise obtain and use its software, technology, and other proprietary information. In addition, as the Company further expands its international operations and markets, effective patent, copyright, trademark and trade secret protections may not be available, may be limited, or may not be enforceable in certain foreign countries.

The wordmark “IDEX,” the IDEX logo, and the brand name TrustedBio are registered trademarks of, and owned by, IDEX Biometrics ASA.

6.4 Business progress, recent trends and outlook

IDEX’s competitive positioning is based on continuous advances in biometric technologies, innovations in design, and achievements in performance, enabled by the Company’s focus on research and development. IDEX has evolved from being a component supplier towards providing the complete biometric solution for card based fingerprint biometric sensing solutions. The Company believes that its differentiated characteristics provides demonstrable and sustainable competitive advantages, reducing IDEX’s exposure to commoditization price pressure. IDEX’s focus today is on incorporating fingerprint authentication into smart cards. Smart cards present challenging form factors, demanding performance requirements, and strict power limitations for which IDEX’s solutions are believed to be ideally suited.

The transition from components to solution provider has led to revenue going down from the second half of 2023 into 2024, with quarterly revenue as shown in the table below. Selling prices have been stable, as have manufacturing costs. Margins do vary between quarters based on product and customer mix. The adoption of biometrics on smart cards has not to date grown as expected, but IDEX believes a strong market growth will eventually take place.

Due to the reduction in revenue, the Company has reduced its number of staff and other costs, resulting in lower operating expenses (opex)¹¹. The gross margin and opex numbers in the fourth quarter of 2023 were impacted by impairment cost of inventory of discontinued products and earned government support of research and development activities.

In 2021 there was components and manufacturing capacity shortage and IDEX therefore placed orders on its suppliers in anticipation of an imminent market growth for its products, to enable delivery capability to customers without delay caused by long manufacturing cycle times in the electronics industry. This caused increased inventory level in 2022 and the first part of 2023. Because of this, the production activity – which is outsourced – has been reduced since the third quarter of 2023 in order to bring down inventory level.

Quarterly sales and inventory	2023	2023	2024	2024
Amounts in USD 1,000	Third quarter	Fourth quarter	First quarter	Second quarter
Product sales in the quarter	950	477	372	275
Cost of materials, net of inventory change	733	1 116	237	233
Gross margin	23%	-134%	36%	15%
Inventory at the end of the quarter	7 343	6 384	6 428	6 308
Total operating expenses, excluding materials, amortization, depreciation and impairment	6 596	4 167	5 715	5 027

While the business outlook for the second half of 2024 is modest, the Company considers the outlook to be favourable in the longer term, based on the following overarching trends.

IDEX addresses large and well-established markets, with exposure to market mega-trends as trusted identity is a top priority in payments and for enterprises. There is demand for secure online transactions and convenient multi factor authentication solutions.

¹¹ In the table, operating expenses excluding cost of materials and excluding amortisation and depreciation

Credentials are increasingly stored online, together with other user information. This exposes people, enterprises and society to new types of threats. The costs of cybercrimes are escalating, especially considering the emerging capabilities of AI and deep fake technologies. IDEX believes this is an alarming global trend representing an opportunity at scale for the Company to offer a trustworthy and efficient solution.

Protection of individual identity and integrity is a rising concern. This is manifested by increasing focus and actions by regulators, governments and corporations. Significant investments are made by enterprises, and regulators and governments promote stronger authentication, while maintaining adequate data privacy.

Biometric smart cards provide multi factor authentication by design. Biometric authentication, using unique physical characteristics is a solution that protects individuals and the society efficiently and represents an untapped market potential. The user's biometric data is encrypted and stored only on the card making the biometric card the ultimate hack-resistant authentication device as it is never connected to the internet.

6.5 Material contracts outside the ordinary course of business

During the last two calendar years and up until the date of this Prospectus, neither IDEX nor any Group company, has entered into any material contracts outside of the ordinary course of business. The Company or any Group company has not entered into any other contract which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date of the Prospectus.

6.6 Regulatory disclosures

In addition to annual and interim reports, and associated announcements, the Company has made the following public disclosures pursuant to the requirements of the Norwegian Securities Trading Act and the Market Abuse Regulation, over the last 12 months that are relevant as of the date of this Prospectus:

Capitalization issues and other corporate actions

Date	Title	Description
1 September 2023	IDEX Biometrics: Employee Share Purchase Plan	Announcement that the Board had resolved to issue 1,935,611 ordinary shares at NOK 0.55 per share to employees who participate in the Company's 2022 Employee Share Purchase Plan (ESPP). The ESPP was approved by the annual general meeting on 12 May 2022.
25 September 2023	IDEX Biometrics appoints new Chief Financial Officer	Announcement that the Company had appointed John T. Kurtzweil as Chief Financial Officer effective as of 25 September 2023.

15 November 2023	IDEX Biometrics ASA: Private Placement of NOK 35 million successfully placed	A private placement raising gross proceeds of around NOK 35 million, through the allocation of 78,651,685 new shares at the price of NOK 0,4450 per share, had been successfully placed in one tranche.
21 November 2023	IDEX Biometrics ASA: subscription rights exercise	The Board had resolved to issue a total of 389,608 shares at an average price of NOK 0.15 per share to an employee who had exercised incentive subscription rights issued under the Company's 2019 incentive subscription rights plan.
30 November 2023	Notice of extraordinary general meeting in IDEX Biometrics on 21 December 2023	An extraordinary general meeting would be held in the Company on 21 December 2023 to consider and resolve a share consolidation, issuance of convertible loan, as well as renewal of authorizations to the Board to issue shares, and amendment of the 2023 subscription rights incentive plan
21 December 2023	Extraordinary general meeting in IDEX Biometrics held on 21 December 2023	An extraordinary general meeting had been held on 21 December 2023 which, inter alia, had approved and resolved all resolutions as proposed in the notice of the meeting.
1 March 2024	IDEX Biometrics: Employee Share Purchase Plan	Announcement that the Board had resolved to issue 358,525 ordinary shares at NOK 1.32 per share to employees who participate in the Company's 2023 Employee Share Purchase Plan (ESPP). The ESPP was approved by the annual general meeting on 23 May 2023.
20 March 2024	IDEX Biometrics: subscription rights exercise	The Board had resolved to issue a total of 365,900 shares at an average price of NOK 0.75 per share to an employee who had exercised incentive subscription rights issued under the Company's 2019 incentive subscription rights plan.
25 April 2024	Notice of IDEX Biometrics 2024 annual general meeting on 16 May 2024	The annual general meeting would be held in the Company on 16 May 2024 at 12:00 hours as an online meeting.

16 May 2024	Annual general meeting in IDEX Biometrics held on 16 May 2024	The annual general meeting had been held on 16 May 2024 which had approved and resolved all resolutions as proposed in the notice of the meeting.
29 May 2024	Notice of IDEX Biometrics extraordinary general meeting on 19 June 2024	An extraordinary general meeting would be held in the Company on 19 June 2024 to consider and resolve Tranche Two of the Private Placement, to consider and resolve the Subsequent Offering, as well as renewal of authorizations to the Board to issue shares.
19 June 2024	IDEX Biometrics extraordinary general meeting held on 19 June 2024	An extraordinary general meeting had been held on 19 June 2024 which, inter alia, had approved and resolved all resolutions as proposed in the notice of the meeting.
14 August 2024	Cancellation of Subsequent Offering in IDEX Biometrics	The proposed subsequent offering, as announced by IDEX on 15 May 2024, had been cancelled due to IDEX's shares having traded below the proposed offer price of NOK 1.65 for a substantial period and at sufficient volumes.
19 August 2024	Catharina Eklof appointed as Chief Executive Officer of IDEX Biometrics	Announcement that Catharina Eklof had been appointed as the new Chief Executive Officer in the Company.
20 August 2024	Private placement of shares in IDEX Biometrics successfully placed - 20 Aug 2024	Announcement that a private placement of 16,166,667 shares, each at NOK 0.60 per share, has been completed. The private placement was announced to raise NOK 9.7 million before expenses.

Inside information

Date	Title	Description
30 August 2023	IDEX Biometrics payment card solution fully certified by Mastercard	IDEX had successfully completed the full Mastercard certification and received Conformity Compliance Statement (CCS) for its IDEX Biometrics Payment Card solution.
7 November 2023	IDEX Biometrics issues a Convertible Bond to	IDEX had entered into a non-binding term sheet with a new institutional investor

	prepare for commercial ramp-up	group to issue a senior convertible bond for up to 100 million NOK. The convertible bond structure is subject to approval of the formal agreements and shareholder approval.
15 November 2023	IDEX Biometrics ASA – Contemplated Private Placement	IDEX had retained Arctic Securities AS as sole managers to advise on and effect a private placement of new shares in the Company to raise gross proceeds of up to NOK 35 million. The net proceeds from the Private Placement will be used to fund the Company's commercialization phase, necessary product development and market development expenses, working capital requirements, as well as other general corporate purposes.
15 November 2023	IDEX Biometrics ASA – Private Placement of NOK 35 million successfully placed	IDEX had successfully placed a private placement. On this basis, the Private Placement was upsized to NOK 35 million, through the issue of 78,651,685 new shares at a price of NOK 1.65 per share.
19 December 2023	EBL launches world's first biometric metal card with IDEX Biometrics	Eastern Bank PLC. (EBL), headquartered in Dhaka, the capital city of Bangladesh and a market leader in corporate, retail and SME banking, is set to launch the world's first biometric metal card, powered by the IDEX Biometrics Mastercard certified technology, IDEX Pay. EBL customers will have the biometric metal cards in their hands by early 2024.
26 December 2023	IDEX Biometrics has entered into convertible loan agreement	IDEX had entered into an agreement with an entity managed by Heights Capital Management, Inc. to issue NOK 100 million in principal amount of senior convertible amortizing bonds. The subscription price for the convertible bond will be 92% of the principal amount.
15 March 2024	IDEX Biometrics receives IDEX Access production order from Sentry Enterprises	IDEX has received a production order from US-based Sentry Enterprises for IDEX Access biometric solutions. The order, which will be delivered over three quarters, will support scaling of Sentry's industry leading biometric card product line for combined digital and physical access as well as crypto cold storage.

18 March 2024	Turkish bank launches biometric payment cards based on IDEX Pay	An international financial services group and a frontrunner in digital banking and innovation is launching biometric payment cards in Turkey in collaboration with Mastercard. These biometric payment cards are leveraging sensor and biometric technology from IDEX Biometrics.
18 March 2024	DenizBank launches biometrics payment cards in Turkey based on IDEX Pay	IDEX confirms that DenizBank, an international financial services group and a frontrunner in digital banking and innovation, boasting 18 million customers, are launching biometric payment cards in Turkey in collaboration with Mastercard. These biometric payment cards are leveraging sensor and biometric technology from IDEX Biometrics.
2 April 2024	Mutual Trust Bank launches biometrics cards with IDEX Biometrics in Bangladesh	Mutual Trust Bank Limited (MTB) in Bangladesh is launching biometric payment cards based on IDEX Pay, the biometric solution from IDEX Biometrics.
13 May 2024	New market launch of biometric payment cards in South Asia with IDEX Biometrics	Another milestone for IDEX Pay as we open a new market in South Asia, with an innovative challenger bank. This will be the first launch of biometric payment cards in this country at scale.
15 May 2024	IDEX Biometrics ASA – Contemplated Private Placement	IDEX had retained Arctic Securities AS as sole managers to advise on and effect a private placement of new shares in the Company to raise gross proceeds of up to NOK 40-50 million. The net proceeds from the Private Placement will be used to fund the Company's commercialization phase, necessary product development and market development expenses, working capital requirements, as well as other general corporate purposes.

15 May 2024	IDEX Biometrics ASA – Private Placement successfully placed	IDEX has successfully placed a private placement. The transaction attracted strong interest and was significantly oversubscribed. On this basis, the Private Placement was upsized to NOK 55 million, through the issue of 33,333,333 new shares at a price of NOK 1.65 per share.
17 June 2024	IDEX Biometrics receives production order for IDEX Pay as Beautiful Card Corporation is granted Mastercard Letter of Approval	IDEX has received a production order from Beautiful Card Corporation (BCC), in support of bank launches in Asia. BCC has obtained the Letter of Approval (LoA) from Mastercard for its biometric payment card built on the IDEX Pay Platform, allowing the issuance and deployment of biometric cards globally.
26 August 2024	IDEX Pay biometric card solution certificated by Visa	IDEX Pay has passed Visa’s certification using Visa’s latest Visa Biometrics Sensor-on-Card Specification (VBSS) biometric payment application. The IDEX Pay biometric solution includes the IDEX Biometrics proprietary card operating system and latest technology fingerprint sensor with Infineon’s SLC38 secure element.

Further, in the period from 21 August 2023 and up to the date of the Prospectus, two announcements have been issued by IDEX in relation to changes in shareholdings by primary insiders and six announcements have been made on behalf of large shareholders in respect to transactions in the share causing a statutory threshold to be reached or passed by such shareholders.

7 BOARD OF DIRECTORS AND MANAGEMENT

7.1 Board of Directors, management, and other corporate committees

7.1.1 Board of Directors

The Company's Articles of Association provide that the number of directors shall be between three and seven members, as decided by the general meeting of shareholders in the Company.

At the general meeting of shareholders, the Board members are elected to serve for a term of two years from the time of election. At the 2024 annual general meeting, the number of board members was reduced from six to three, including the Chair. Mr. Morten Opstad was elected to continue for the second year of his term, taking the role as Chair of the Board. Ms. Annika Olsson and Ms. Adriana Saitta were elected to continue as Board members for the second year of their terms.

Morten Opstad, Chair

Mr. Opstad has served as chair of the Board in IDEX from March 1997 until the Annual General Meeting in 2023, at which time Mr. Opstad became a Board member. At the Annual General Meeting in 2024 Mr. Opstad was reelected to the Board and appointed chair. He is a partner in Ræder Bing advokatfirma AS in Oslo, Norway. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies within this line of business. He is board member in Ensurge Micropower ASA, a publicly listed technology company, where he served as Chair for a number of years until May 2023. His directorships over the last five years include current Board positions in Nikki AS (Chair), Marc O Polo Norge AS (Chair), Dobber Corporation AS (Chair), K-Konsult AS (Chair), Bikeloop AS (Chair), Forenede Industrier Finans AS (Board member), Hammerfestgaten 1 AS (deputy), and Chaos Capital AS (deputy). He previously served as Chair of the Board of Directors in Cxense ASA and Advokatfirmaet Ræder AS, in addition to previous directorships in Fileflow Technologies AS, Solli Consultants I AS, and A. Sundvall ASA. Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953, is a Norwegian citizen and maintains a business address at Dronning Eufemias gate 11, NO-0191 Oslo, Norway.

Annika Olsson Roth, Board member

Ms. Olsson was elected as a Board member in May 2021. Ms. Olsson is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Olsson is the CEO of Ekspres Bank A/S, a unit of the BNP Paribas Group. Ms. Olsson will step down from this CEO position during 2024. During her 20-year career in consumer financial services, Ms. Olsson has held various executive positions. Before joining Ekspres Bank A/S in 2010, she served as Commercial Director for Resurs Bank, a leader in retail finance in the Nordic region. Ms. Olsson also serves on the board of directors of Finans & Leasing (the Association of Danish Finance Houses), and she has been a board member of Finansbolagens Förening/Finansbolagens Service AB, a branch organization for financial companies, since May 2022. She holds a B.S. in finance and marketing from IHM Business School. Ms. Olsson was born in 1976, is a Swedish citizen and maintains a business address at Oldenburg Allé 3, DK-2630 Taastrup, Denmark.

Adriana Saitta, Board member

Ms. Saitta has served as a Board member of IDEX since May 2023. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Saitta has extensive experience in the banking and business sectors, both as a board member and in executive positions. She was from 2015 to 2023 the General Manager of Intesa Sanpaolo Paris, a business operating in the large corporate business in France. She is currently, and has been since 2020, an independent board member at Covivio Hotels, a listed European investment and development company. Ms. Saitta has formerly been an independent board member at Beni Stabili (Groupe Covivio), located in Italy, chair of the supervisory board at Intesa Sanpaolo Card d.o.o., located in Croatia, and chair of the supervisory board at Consumer Finance Holding, located in Slovakia. In addition, Ms. Saitta has held several other positions within the Intesa Sanpaolo system, prior to this she was Associate Principal at McKinsey. She graduated summa cum laude with a bachelor's degree in business administration from Università Commerciale Luigi Bocconi in 1994, and with an M.B.A from INSEAD in 1998. Ms. Saitta is an Italian citizen, resides in France, and maintains a business address at 5 Avenue Bosquet, F-75007 Paris, France.

The composition of the Board complies with Oslo Stock Exchange's terms of listing and the applicable independency requirements. The Board also meets the statutory gender requirements.

The Board has appointed an Audit Committee and a Compensation Committee. As of the date of this Prospectus, reflecting the size of the Board, the full Board serves as the committees.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the Board or management was selected as a member of the administrative, management or supervisory bodies or member of senior management.

7.1.2 Management

Catharina Eklof, Chief Executive Officer

Ms. Eklof was appointed Chief Executive Officer ("CEO") on 18 August 2024. Before the promotion, she served as IDEX's Chief Commercial Officer since June 2021. Prior to joining IDEX, Ms. Eklof held the position as Chief Commercial Officer at Defentry, a cyber safety solutions provider, for which she led market and sales, leading the company's international expansion. Ms. Eklof has over 20 years of experience as a global executive leading business transformation across financial services, retail, travel, and information security. Notably, she had roles of increasing responsibility over 12 years with Mastercard. Ms. Eklof previously served on the board of directors of Avanza Bank Holding AB (Nasdaq Stockholm: AZA). Ms. Eklof holds an M.B.A. in International Business and a M.S. in Economics from the University of Uppsala, Sweden, resides in Belgium and maintains a business address at Dronning Eufemias gate 16, 0191 Oslo, Norway.

John T. Kurtzweil, Chief Financial Officer

Mr. Kurtzweil became IDEX's Chief Financial Officer on 25 September 2023. He currently serves on the board of directors of Axcelis Technologies, Inc, a semiconductor capital equipment manufacturer. Prior to this, he served as CFO at Metabolon, a US life science company. He has more than 20 years of experience and has served as CFO for leading technology companies such as Wolfspeed / CREE, Cirrus Logic and ON Semiconductor. He lead strategic planning / financial planning as well as several M&A transactions. Mr. Kurtzweil holds an M.B.A. in Business Administration from University of St. Thomas and a B.A in Accounting from Arizona State University and is a Certified Public Accountant. He is a US citizen and maintains a business address

at c/o Tonneson & Co. Attn: Client Services, 401 Edgewater Place, Suite 300, Wakefield, MA 01880-5208, USA.

Anthony Eaton, Chief Technology Officer

Mr. Eaton has served as IDEX's Chief Technology Officer ("CTO") since March 2019. Mr. Eaton served as our Vice President of Systems Engineering from February 2017 to February 2019, and our Senior Director of Engineering from August 2016 to January 2017. Prior to joining us, he served as Director of System Engineering at Atmel, where he was responsible for building and running the System Engineering function for the MaxTouch Business Unit. Earlier, Mr. Eaton held senior engineering roles at NVIDIA Corporation, Mirics Semiconductor, Inc. and Sony Semiconductor Solutions Group. Mr. Eaton holds Bachelor's and Master's degrees in Engineering from Cambridge University, is a British citizen and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

7.2 Conflict of interest

The Chair of the Board, Morten Opstad, is a partner in Ræder Bing advokatfirma AS, which in the past has rendered and currently renders legal services for IDEX. Mr. Opstad and the Board are attentive to the fact that this, arguably, could represent a potential conflict of interest and monitor the situation closely to ensure that no conflict of interest materializes. No commitment has been made by the Board in relation to the use of Ræder Bing advokatfirma AS for future legal services and the Board selects the Company's professional advisors with the Company's best interests as the overriding priority. The legal services rendered by Ræder Bing advokatfirma AS are to a large degree performed by other lawyers than Mr. Opstad. Mr. Opstad abstains from voting on any Board matters concerning the Company's affiliation with Ræder Bing advokatfirma AS.

Members of the Board and management hold a number of Shares and/or Subscription Rights in the Company. The following table sets forth the number of such Shares and/or Subscription Rights held or controlled by the members of the Board and management as of the date of this Prospectus. The numbers include Shares and Subscription Rights held or controlled by the respective persons' close associates, as that term is defined in the Norwegian Securities Trading Act. The number of shares and subscription rights are restated to reflect the 5:1 share consolidation that became effective on record date 10 January 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

Name	Title	Shares	Subscription Rights
Morten Opstad	Chair	1,459,786	0
Annika Olsson	Board Member	10,527	0
Adriana Saitta	Board Member	0	0
Catharina Eklof	CEO	684,604	3,718,240
John Kurtzweil	CFO	0	100 000
Anthony M. Eaton	CTO	56,928	3,818,240
TOTAL		2,211,845	11,370,640

Other than the foregoing, there are no potential conflicts of interests between any duties to the Company and private interest or other duties of the members of the Board or management. There are no family relationships among the Board members, management or key employees.

7.3 Convictions for fraudulent offences, bankruptcy, etc.

None of the members of the Board or management have during the last five years preceding the date of this Prospectus:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership, liquidation or companies put into administration in his or her capacity as a founder, director or senior manager of a company.

8 FINANCIAL INFORMATION

8.1 Overview and basis of presentation

The financial information in the summary has been extracted from the Group's audited consolidated financial statements as of and for the year ended 31 December 2023 (the "**Financial Statements**"), including comparison numbers as of and for the year ended 31 December 2022 included in those Financial Statements, and the unaudited consolidated interim financial statements as of 30 June 2024 and 30 June 2023, for the six months' periods ended 30 June 2024 and 30 June 2023 (the "**Interim Financial Statements**"), together referred to as the "**Financial Information**"). The Financial Information is incorporated herein by reference (see Section 14.5 "*Incorporation by reference*").

The Company prepares its Consolidated Financial Statements on a historical cost basis and in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the European Union and the Norwegian Accounting Act of 17 July 1998 no 56 ("**Norwegian Accounting Act**"). The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting ("**IAS 34**"). The Interim Financial Statements do not include all the information and disclosures required in full-year Financial Statements and should be read in conjunction with the Financial Statements.

The Financial Information is presented in USD, rounded to the nearest thousand unless otherwise stated. USD is the functional currency of IDEX and the presentation currency for the Group and for IDEX. The accounting policies applied in the preparation of the Financial Information are presented in note 3 to the Financial Statements.

8.2 Auditor and information subject to audit

The Group's auditor, Ernst & Young AS, as stated in Section 14.2, has audited the Financial Statements for the financial year 2023. The auditor's opinion for 2023 included a matter of emphasis related to going concern:

"We draw attention to Note 3 in the consolidated financial statements and in the parent company separate financial statements. As discussed in the Notes, the Company has incurred significant losses and negative cash flows from operations. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in the Notes. These events or conditions, along with other matters as set forth in the Notes, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

The auditor's reports are included in the Financial Statements. Ernst & Young AS has not audited, reviewed or produced any report on the Interim Financial Statements, or any other information provided in this Prospectus.

8.3 Significant changes since 30 June 2024

There have not been any significant changes in the financial performance of the Group since 30 June 2024 and until the date of this Prospectus.

Further, to the best of the Company's knowledge and belief, there have been no material changes in recent trends as regards the operations of the Group since 30 June 2024 and until the date of this Prospectus.

Since 30 June 2024, there have been two events which represent significant change in the financial position of the Group or the value of its assets and liabilities:

- Following request from the lender, the Company paid an advanced term on the Convertible Loans on 16 July 2024. The term was settled in cash for a total of NOK 4.8 million or USD 0.5 million, reducing the cash position and the financial debt correspondingly. The final maturity date of the Convertible Bond was thus advanced to 28 December 2026.
- The Company successfully completed a private placement of shares on 20 August 2024, raising NOK 9.7 million or USD 0.9 million before expenses. The capital injection improved the liquidity in the short term, and added to the equity.

There have been no significant changes in the Group's financial position, or the value of its assets and liabilities, other than the two events mentioned above.

IDEX has not disclosed nor does the Company intend to disclose any revenue or profit estimates or forecasts.

8.4 Investments

The Group invested USD 0.3 million in property, plant and equipment in 2023, and sold equipment for USD 0.2 million in the first half of 2024. The new assets comprised of scientific and test equipment, engineering tools, leasehold outfitting, office equipment and furniture with useful lives of 3 to 7 years, as well as new or extended financial leases of office and laboratory space. No significant investments have been made between 30 June 2024 and the date of this Prospectus. There are no significant fixed assets ordered at the date of this Prospectus. The Group does not have any firm plans or obligations to make significant future investments in tangible or intangible assets, or financial assets. IDEX acknowledges that in order to ramp production, it may need to invest in certain bespoke manufacturing and test equipment to be placed on manufacturing partners' sites.

The future development activities to progress the technology and product roadmap will be conducted by the Group, its production partners and various technical and academic laboratories and institutions. The future programs are committed only insofar as the staff has been employed and hired. External assignments to providers of development services are normally for shorter periods than 12 months and included in the Group's budget. Such activities will be expensed unless the results satisfy the criteria for capitalization. There is little or no basis for estimating whether the results of future development projects will satisfy the criteria for capitalization. The Group has therefore not capitalized any development expenses in the first half of 2024, or in 2023 or 2022.

Please refer to section 9.2 "Working capital statement" regarding funding of future development activities and investments.

8.5 Dividend policy

The Company's aim and focus is to enhance shareholder value and provide an active market in its Shares. IDEX has no established dividend policy.

IDEX has not to date declared or paid any dividends on its Shares and does not anticipate paying any cash dividends for 2024 or the next few years. IDEX intends to retain future earnings to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operations and capital requirements.

9 CAPITAL RESOURCES AND INDEBTEDNESS

9.1 Capitalization and indebtedness of the Group

The Group is funded by equity, convertible debt and supplier credit. The unsecured current debt, which comprises financial liabilities as reported in the balance sheet, consists of accounts payable, accrued expenses and similar working capital items, as well as the recognized value of the convertible debt. The convertible debt is a hybrid financial instrument consisting of a derivative (the conversion right) and a host contract. The host contract is accounted for at the implicit effective interest rate, while the derivative is accounted for at fair value at each balance sheet date. The non-current debt is the long-term lease liabilities related to office leases. The liabilities are held at discounted net present value. The outstanding warrants that were issued as part of the private placement of shares on 15 May 2024, are also recognized as a financial liability.

The Group is net financially indebted, and the current cash position is small. The Group's current financial debt consists of current lease liabilities, accounts payable, accrued expenses and similar working capital items, as well as the recognized value of the convertible debt and the warrants. The full value of the convertible debt and the warrants is recognized as current, because the bonds are callable at any time, and the warrants are exercisable in less than 12 months from the balance sheet date. The Company's cash balance amounted to USD 2.1 million as of 30 June 2024, and the company's balance sheet solvency, defined as the value of cash plus accounts receivable, less short-term liabilities, was negative USD 7.0 million as of June 30, 2024.

The Group does not have any non-current debt to banks, financial institutions or other financial lenders. The Group has no indirect or contingent financial indebtedness.

The following tables have been derived from the consolidated Interim Financial Statements of the Group as of 30 June 2024. There have not been any other significant changes in the financial performance of the Group since 30 June 2024 and until the date of this Prospectus

The tables set forth the Group's capitalization and indebtedness and net indebtedness, respectively, as of 30 June 2024 and adjusted for an advanced term payment on the convertible loan made on 16 July 2024, and the private placement of shares on 20 August 2024, which are the only material changes to the Group's capitalization and indebtedness position since 30 June 2024.

9.1.1 Capitalization and indebtedness

Amounts in USD 1,000	Note	30 June 2024 (unaudited)	Adjustments (unaudited)	As adjusted (unaudited)
Total current debt (including current portion of non-current debt)		11 135	- 408	10 727
Guaranteed		-	-	-
Secured		-	-	-
Unguaranteed / Unsecured	1	11 135	-408	10 727
Total non-current debt (excluding current portion of non-current debt)		968	-	968
Guaranteed		-	-	-
Secured		-	-	-
Unguaranteed / Unsecured		968	-	968
Shareholder equity		2 495	887	3 382
Share capital	2	10 591	230	10 821
Legal reserve(s)	3	345 987	681	346 668
Other reserves	4	-354 083	-24	-354 107
Total		14 598	479	15 077

1. The reduction in debt reflects (i) the net of the paid advanced term, USD 442 thousand decrease, the increased accounting valuation of the host contract, USD 287 thousand increase, (ii) the value change of the embedded derivative of the convertible debt, USD 263 thousand decrease, both on 16 July 2024, and (iii) costs related to the private placement on 20 August 2024, USD 9 thousand increase

2. The increase in share capital is share capital in the private placement on 20 August 2024

3. The increase in legal reserve (share premium) is net additional proceeds from the private placement on 20 August 2024, after deduction of expenses USD 9 thousand

4. Other reserves include retained earnings (losses); the value change of the host contract, USD 287 thousand negative, and the embedded derivative, USD 263 thousand favourable

The information in the table above has not been subject to audit.

9.1.2 Net financial indebtedness

Consolidated net financial indebtedness

Amounts in USD 1,000

	Note	30 June 2024 (unaudited)	Adjustments (unaudited)	As adjusted (unaudited)
A. Cash	1	2 057	479	2 536
B. Cash equivalents		-	-	-
C. Other current financial assets		2 056	-	2 056
D. Liquidity (A + B + C)		4 113	479	4 592
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	2	10 540	-408	10 132
F. Current portion of non-current debt		596	-	596
G. Current financial indebtedness (E + F)		11 135	-408	10 727
			-	
H. Net current financial indebtedness (G - D)	3	7 022	-887	6 135
I. Non-current financial debt (excluding current portion and debt instruments)		-	-	-
J. Debt instruments		-	-	-
K. Non-current trade and other payables		968	-	968
L. Non-current financial indebtedness (I + J + K)		968	-	968
M Net financial indebtedness (H + L)	3	7 990	-887	7 103

1. The increase in cash is the net of (i) the advanced term payment on 16 July 2024, USD 442 thousand decrease and (ii) the gross proceeds from the private placement on 20 August 2024, USD 920 thousand increase with rounding effect +1

2. The reduction in debt reflects (i) the net of the paid advanced term, USD 442 thousand decrease, the increased accounting valuation of the host contract, USD 287 thousand increase, (ii) the value change of the embedded derivative of the convertible debt, USD 263 thousand decrease, both on 16 July 2024, and (iii) costs related to the private placement on 20 August 2024, USD 9 thousand increase

3. Negative sign on lines H and M means favourable cash position

The information in the table above has not been subject to audit.

9.2 Working capital statement

The Company is of the opinion that the working capital available to the Group is not sufficient for its present requirements for a period of at least 12 months from the date of this Prospectus.

IDEX anticipates that the Group will continue to incur operating losses and consume cash through 2024 and into 2025. Because IDEX intends to continue pursuing the Company's product and business strategy and to grow its revenue, IDEX anticipates that additional capital will be required also for the funding of increased working capital requirements.

There are a number of factors impacting the Company's generation of working capital:

- Cash flow from planned operations and investments for the next 12 months
- The possibility of obtaining co-funding from joint development agreements with other companies, and earning revenue from so-called non-recurring engineering activities. As outlined in Section 2

Risk factors, the timing and rate of revenue increase is dependent on factors that are outside of the Company's control and therefore uncertain.

- The possibility of increasing product revenues in 2024 and into 2025. As outlined in Section 2 Risk factors, the timing and rate of revenue increase is dependent on factors that are outside of the Company's control and therefore uncertain.

As of the date of this Prospectus, the Group has run out of working capital, and as of the date of the Prospectus, the shortfall is USD 0.2 million. At 12 months from the date of this Prospectus, the shortfall will be about USD 10 million.

The Company successfully completed a private placement of shares on 20 August 2024, raising NOK 9.7 million or USD 0.9 million before expenses. The capital injection improved the liquidity in the very short term.

IDEX plans to raise sufficient funding for the longer term by private placement(s) of shares or rights issue(s), or taking up debt. There is currently work in progress jointly with the Company's financial advisers to analyse alternatives and identify possible routes forward, with the purpose of partial or full implementation by the end of October. The transaction details will be decided closer to the event(s), based on advice from the Company's financial advisers and capital market conditions at the time. By way of background, IDEX has in the past been able to raise funds through private placements of shares, as well as one issuance of convertible debt. During 2023, IDEX raised USD 14.3 million (net of expenses) through private placements, and USD 8.6 million net of expenses and discount from debt issuance. IDEX raised gross NOK 55 million or USD 5.1 million in the Private Placement resolved on 15 May 2024 (in respect of Tranche One) and 19 June 2024 (in respect of Tranche Two). The Private Placement included issuance of the Warrants, one Warrant per Share subscribed for in the Private Placement, at NOK 1.65 per share. The Warrants have a duration of 12 months and are exercisable in periods after interim report publications. If and when exercised, the Warrants would raise gross proceeds of NOK 55 million or USD 5.2 million.

While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX will be successful in raising capital in the future. If or when it should become clear that adequate funding cannot be obtained, the Board will need to consider and implement strategic options like restructuring, sale, or controlled closure of the Group's activities, disposal of assets and dissolution of the Company.

10 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

10.1 Company corporate registration

The Company's registered name is IDEX Biometrics ASA. Commercially the Company is often referred to as "IDEX" or "IDEX Biometrics". The Company is organized as a public limited liability company in accordance with the Norwegian PLCA. The Company's legal entity identifier (LEI) is 5967007LIEEXZXHECW11.

The Company's registered office is at Dronning Eufemias gate 16, 0191 Oslo, Norway. The Company can be reached at telephone +47 67 83 91 19.

The Company's website can be found at www.idexbiometrics.com. Other than the documents incorporated by reference as set out in Section 14.5 "*Incorporated by reference*", the information on the Company's website does not form part of the Prospectus.

10.2 The Shares and the share capital

The number of shares and subscription rights are throughout this Prospectus restated to reflect the 5:1 share consolidation taking effect on 10 January 2024, unless otherwise stated. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

As of the date of this Prospectus, IDEX's share capital is NOK 49,443,983.25 divided into 329,626,555 ordinary Shares, each Share fully paid and having a par value of NOK 0.15. The foregoing includes the 16,166,667 new Shares issued in a private placement on 20 August 2024, whereby 2,904,261 of the new Shares will be transferred to IDEX's ordinary ISIN and be tradable on the Oslo Børs under the ticker code "IDEX" following approval and publication of this Prospectus.

The Company's Shares have been listed on Oslo Stock Exchange since 11 May 2015 under the ticker symbol IDEX.

In the period 1 March 2021 to 10 August 2023, IDEX had ADSs listed and traded on the Nasdaq Capital Market, under the symbol "IDBA", each ADS representing 75 ordinary shares of the Company.

Other than the foregoing, IDEX's Shares or other securities are not listed on any other regulated marketplace and IDEX does not intend to seek such listing.

The Shares are freely transferable according to Norwegian law and the Company's Articles of Association. There are no voting restrictions in IDEX. The Articles of Association of IDEX do not contain any provisions restricting foreign ownership of the Shares.

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may result in a change of control in IDEX. To the best of IDEX's knowledge, no shareholders, or group of shareholders, own or control the Company, directly or indirectly. The Shares have not been subject to any takeover bids by third parties during the current or last financial year.

10.3 Board authorizations to issue shares

On 19 June 2024, the Extraordinary General Meeting approved a board authorization to issue new shares for purposes of private placements and/or rights issues with a maximum total nominal value of NOK 4,701,898.32 (representing 10% of the share capital of the Company following the share capital increases approved at such general meeting), i.e. a maximum of 31,345,988 new Shares at NOK 0.15. The Board resolved on 20 August 2024 to issue a total of 16,166,667 Shares in the Company in a private placement, raising gross proceeds of NOK 9.7 million. The Board's resolution was made pursuant to the board authorization resolved by the 19 June 2024 Extraordinary General Meeting. As of the date of this Prospectus, NOK 2,425,000.05 of the authorization has been used.

A board authorization to issue new shares for purposes of the 2023 Employee Share Purchase Plan was approved at the 2023 Annual General Meeting on 23 May 2023, with a maximum total nominal value of NOK 8,767,311.90 (representing 5% of the registered share capital of the Company at the time of the authorization) (the “**2023 ESPP Authorization**”), of which NOK 53,778.75 has been used as of the date of this Prospectus. The 2023 ESPP Authorization is valid until 30 September 2024. The Board closed the 2023 Employee Share Purchase Plan for contributions effective 1 March 2024 and, as of the date of this Prospectus, the further use of the 2023 ESPP Authorization is not contemplated.

In case the Board should wish to resume the ESPP, a board authorization to issue new shares for purposes of the 2024 Employee Share Purchase Plan was approved on the 2024 Annual General Meeting on 16 May 2024, with a maximum total nominal value of NOK 2,100,949.16 (representing 5% of the registered share capital of the Company at the time of the authorization), i.e. a maximum of 14,006,327 new shares at NOK 0.15 (the “**2024 ESPP Authorization**”). The authorization is valid until 30 September 2025.

The 2023 ESPP Authorization and the 2024 ESPP Authorization may be used in connection with issuances of shares in the Company to employees in the Company or any of its Subsidiaries under the terms and conditions of the 2023 Employee Share Purchase Plan and the 2024 Employee Share Purchase Plan, respectively, whereby such employees may convert a certain portion of the employee's cash remuneration from the Company or its Subsidiaries to shares in IDEX. The number of shares that may be issued to the employee shall under both plans be calculated based on the lowest of (i) the closing price of the shares, as reported by Oslo Stock Exchange, on the first day of the applicable contribution period, as determined in the Plan documents (or the first trading day immediately preceding the first day in such contribution period, if the first day is not a trading day), and (ii) the closing price of the share, as reported by Oslo Stock Exchange, on the last trading day of the applicable contribution period, with, at the Board's discretion, a discount of, at a maximum, 15% from such subscription price. For US employees and with respect to applicable US tax regulation, the subscription price may not be less than 85% of the lower of the fair market value (as determined in a manner consistent with US tax regulation) on the first day of the applicable contribution period and the last day of the applicable contribution period.

As of the date of this Prospectus, the 2024 ESPP Authorization has not been used.

All previous authorizations have been withdrawn by the shareholders or used in their entirety, and there are therefore no other board authorizations to issue shares in effect as of the date of this Prospectus.

10.4 Board authorization to acquire own shares

On the Annual General Meeting held on 16 May 2024, the shareholders approved a board authorization to acquire the Company's own shares, through ownership or charge, for a total nominal value of NOK 4,201,898.33 (representing 10% of the Company's share capital at the time of the authorization), i.e. a maximum of 28,012,655 shares at NOK 0.15.

If the Company acquires own shares in accordance with the authorization, the price per share to be paid by the Company shall be minimum NOK 0.15 and maximum equal to the closing price per share, as reported by Oslo Stock Exchange, as of the close of trading on the day the offer of acquisition is made; provided, however, that the amount shall not exceed the amount of NOK 1,000 per share. The Board is authorized to decide upon the manner and terms of the acquisition, disposition, transfer and sale of own shares, while, however, taking into consideration the statutory requirement of equal treatment of shareholders. The authorization is valid until the 2025 Annual General Meeting, but no later than 30 June 2025.

10.5 Subscription Rights, Convertible Loan, Warrants and other Financial Instruments

10.5.1 Subscription Rights

At the 16 May 2024 Annual General Meeting, the shareholders adopted an incentive subscription rights plan available for employees in the Company and its Subsidiaries, and to individual contractors performing similar work (the “**2024 Plan**”). The Company has had annual corresponding subscription right plans for the years 2020 (the “**2020 Plan**”), 2021 (the “**2021 Plan**”), 2022 (the “**2022 Plan**”) and 2023 (the “**2023 Plan**”) (collectively the “**Prior Plans**”). Upon adoption of a new plan, the former plans have been closed for further grants.

To enable four years vesting period, IDEX renews its subscription right plans each year at the Annual General Meetings, whereby the preceding plan is closed for new grants when the new plan takes effect. The maximum number of Subscription Rights, which may be issued under the 2024 Plan, is 28,012,655 Subscription Rights; provided, however, that the maximum number of Subscription Rights that may be outstanding under all the plans may not collectively exceed 10 % of the registered number of shares in the Company at any given time.

Upon vesting, each Subscription Right entitles the holder to demand the issuance of one share in IDEX. As consideration for the shares to be issued in the Company upon exercise of the Subscription Rights issued under the 2024 Plan, the holder of the Subscription Rights shall pay to the Company a price per share, which at least shall equal the greater of (i) the average closing price on the Company's share, as reported on Oslo Stock Exchange, over a period of 10 (ten) trading days immediately preceding the date of grant of the Subscription Right, and (ii) the closing price of the Company's share, as reported by Oslo Stock Exchange, on the trading day immediately preceding the date of grant of the Subscription Rights. Notwithstanding the foregoing, if the Subscription Right holder is an owner of 10 % or more of the Company's Shares, in the case of a grant which is an “*Incentive Stock Option*” under the US Internal Revenue Code, the exercise price shall be not less than at least 110 % of the greater of (i) the average closing price of the Company's Share reported by Oslo Stock Exchange over ten trading days immediately preceding the date of grant of the Subscription Rights and (ii) the closing price of the Company's Share reported by Oslo Stock Exchange on the trading day immediately preceding the date of grant of the Subscription Rights.

In particular circumstances, subject to the Board's discretion, the Subscription Right price per Share may be lower than stated above, provided that the price per Share shall not be less than the par value

per Share at any given time. The maximum number of Shares that may be issued with a lower price per share, shall not exceed 2,801,265 Shares. The Subscription Rights under the 2024 Plan will expire five years after the resolution by the 2024 Annual General Meeting implementing the 2024 Plan.

The Subscription Rights shall become exercisable in installments during the individual's period of employment or service and will be subject to earlier termination if the individual is no longer employed or retained by IDEX or any of its Subsidiaries. The Subscription Rights vest 25% each year, beginning one year after the vesting commencement date, being the latest of the following dates preceding a grant: i) 15 January, ii) 15 April, iii) 15 July or iv) 15 October. The Board may determine an accelerated vesting schedule, if deemed appropriate. The 25% per year vesting is chosen as it balances the short-term incentives and the long-term attractiveness. In case the subscription right holder is terminated for cause, all vested and non-exercised Subscription Rights will expire on the date of termination. In case the subscription right holder resigns or is terminated, without cause, he or she will be entitled to exercise, within three months after end of employment or service, the subscription rights that were vested at the end of the employment or service notice period. The Subscription Rights are non-assignable other than by will or by the laws of descent and distribution. The terms and conditions for vesting and exercise of subscription rights under the Prior Plans are substantially the same as the terms and conditions under the 2024 Plan.

A substantial number of subscription rights outstanding under the Prior Plans have exercise prices significantly higher than the current market price of the Company's Shares, which cause these subscription rights to have no intrinsic value. The 2024 Annual General Meeting therefore resolved that the Company, at any time up to 31 December 2024, may offer employees and individual contractors who hold subscription rights under the Prior Plans to receive new subscription rights under the 2024 Plan against waiver of their existing subscription rights under the Prior Plans. The vesting schedule for the replacement subscription rights would be 1/3 per year, with vesting commencement date and vesting schedule otherwise like for ordinary subscription rights as stated in the preceding paragraph. As consideration for the shares to be issued in the Company upon exercise of any such replacement subscription rights, the holders of the subscription rights shall pay to the Company, at a minimum, NOK 2.22 per Share and, in respect of US employees, not lower than fair market value per Share as of the date of grant, as same is defined in respect of incentive stock options under US tax laws. Furthermore, the 2024 Annual General Meeting resolved that holders of subscription rights under the Prior Plans that were originally granted with an exercise price lower than fair market value at the time of grant, may receive a pro-rata number of new subscription rights under the 2024 Plan in return for waiving their rights under the subscription rights under the Prior Plans, which new subscription rights have an exercise price lower than fair market value at the new grant date. As of the date of this Prospectus, no such replacement subscription rights have been granted by the Company

In order for the 2024 Plan to qualify under the US Tax Code, the plan document was approved by the Company's shareholders on the Annual General Meeting held on 16 May 2024.

As of the date of this Prospectus, there are 27,229,855 issued and outstanding Subscription Rights in the Company, of which 13,292,230 subscription rights have been granted under the 2024 Plan. If all the issued and outstanding Subscription Rights in the Company are exercised, IDEX's share capital will increase by NOK 4,084,478.25.

10.5.2 Convertible Loans

The Company has issued and outstanding the Convertible Loans, whereby the outstanding principal amount of the Convertible Loans is NOK 71,400,000 as of 15 August 2024. Installments of NOK

4,760,000 together with accrued interest is payable bi-monthly (unless deferred or advanced or converted into Convertible Loan Shares). The conversion price for the Convertible Loans is subject to customary adjustment provisions, and is currently NOK 1.65 per share, which equals 100 % of the subscription price in the Private Placement. The maturity date of the Convertible Loans are 3,5 years following disbursement of the Convertible Loans to the Company. As of the date of this Prospectus, no part of the Convertible Loans has been converted into Convertible Loan Shares. As the date of this Prospectus, the final maturity date of the Convertible Loans is 28 December 2026.

10.5.3 Warrants

At the Extraordinary General Meeting on 19 June 2024, it was resolved that the subscribers in the Private Placement shall receive one Warrant (Nw. "frittstående tegningsrett") issued by the Company for every Share allocated to, and paid by, them in the Private Placement, thereby totalling 33,333,333 Warrants. Each Warrant gives the holder a right to subscribe for one new share in the Company at a subscription price equal to the subscription price in the Private Placement. The Warrants may be exercised during four exercise periods: (i) within the first 14 days after the Company's announcement of its first half 2024 financial report (published on 15 August 2024), (ii) within the first 14 days after the Company's announcement of its Q3 2024 financial report (expected on 14 November 2024), (iii) within the first 14 days following the Company's announcement of its Q4 2024 financial report (expected on 27 February 2025), and (iv) within the first 14 days following the Company's announcement of its Q1 2025 financial report (expected mid-May 2025). Following expiry of the last exercise period, all Warrants not exercised will lapse without compensation to the holder. The Warrants will be registered in the VPS but will not be transferable or tradable.

10.5.4 Other Financial Instruments

The Company currently has no other outstanding warrants, rights shares, convertible loans, convertible securities, exchangeable securities, securities with warrants or other financial instruments in issue giving the holder the right to subscribe for Shares in IDEX. No third party has any financial instruments or rights entitling them to subscribe for or acquire shares in any Group company.

10.6 The Employee Share Purchase Plans

In accordance with the 2023 ESPP Authorization and the 2024 ESPP Authorization, as described in Section 10.3 above, the Company has operated employee share purchase plans. The 2023 ESPP was cancelled effective 1 March 2024. In the ESPPs, the employees of the Company or any of its Subsidiaries, for such period as determined by the Board, may convert a certain portion of the employee's cash remuneration from the Company or its Subsidiaries to shares in IDEX (the "ESPP").

The ESPP is structured around two contribution periods a year, each of six (6) calendar months, each starting on the first day of the calendar month following each planned public disclosure on Oslo Børs of the half-yearly and fourth quarter financial results of the Company, respectively. The Company's 2023 ESPP was cancelled by the Board as of in the contribution period March through August 2024. The 2024 ESPP Authorization, if activated by the Board, will apply to the contribution periods September 2024 through February 2025 and March through August 2025. During the contribution period, a fixed amount (maximum 20% of the employees' gross base salary) is withheld from the employees' salary. The employees may sign up to participate in the ESPP from the date of a public disclosure of a half-yearly or fourth quarter financial results until the date before the commencement of a contribution period following such disclosure. Unless the employee explicitly withdraws from the ESPP, the employee's participation in the plan is automatically renewed for the same amount for subsequent contribution periods.

The share price for shares acquired by employees under the ESPPs is explained in Section 10.3 above.

10.7 Major shareholders

Pursuant to the Norwegian Securities Trading Act, shareholders that obtain holdings of shares that exceed 5% of the Company's share capital or a corresponding portion of the votes, have an interest in the issuer's capital or voting rights which is notifiable. As of the date of the Prospectus¹², the following registered shareholders have holdings in excess of the statutory thresholds for disclosure requirements. Note: The list may include nominee shareholders, which holding may belong to one or more beneficial owners. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares.

Name of registered shareholder	Number of Shares	%
Robert Keith ¹³	21,562,655	6.88
Sundt AS	17,274,419	5.51

Other than the foregoing and primary insiders' mandatory obligation to disclose trades, the Board is not aware of any person having an interest in the Company's share capital or voting rights that must be disclosed under Norwegian law.

All Shares in the Company have equal voting rights, with each Share carrying the right to one vote at the General Meetings.

¹² The overview is based on data from the VPS as of 23 August 2024.

¹³ Mr. Keith disclosed on 29 May 2024 that he and close relations held 34,710,479 Shares or rights to Shares or 11.3% of the share capital.

11 SHAREHOLDER MATTERS AND COMPANY AND SECURITIES LAW

11.1 Introduction

This section includes certain aspects of Norwegian legislation relating to shareholding in a Norwegian public limited liability company, with its shares listed on Oslo Børs, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares.

The Company is a Norwegian public limited company and is as such subject to, inter alia, Norwegian company and securities law, including the PLCA, MAR and the Norwegian Securities Trading Act with regulations regarding disclosure of inside information and ongoing disclosure requirements, market abuse, mandatory take-overs, squeeze-out, etc.

11.2 Voting rights

Each Share in the Company (other than treasury shares) gives the holder the right to cast one vote at general meetings of shareholders. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

As a general rule, resolutions that shareholders are entitled to make pursuant to the PLCA or the Company's Articles of Association require a simple majority of the votes cast. In the case of election of directors to the Board of Directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with share issues, to approve a merger or de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting.

Norwegian law further requires that certain decisions which have the effect of substantially altering the rights and preferences of any Shares or class of Shares receive the approval of the holders of such Shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, under Norwegian law, only shareholders registered in the VPS have been entitled to vote for shares. Beneficial owners of shares that are registered in the name of a nominee have generally not been entitled to vote for shares under Norwegian law, nor have persons who have been designated in the VPS register as the holders of such nominee-registered shares. Readers should note that there have been varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered shares, and that the legal status on this point, used to be unclear. Readers should also note that the Norwegian Parliament has passed new legislation on the topic, which entered into force on 1 July 2023. The introduced legislation affirms the right to attend and vote on general meetings for holders of nominee-registered Shares, and in addition make it easier for holders of such Shares to exercise this right.

11.3 Additional issuances and preferential rights

All issuances of Shares by the Company, including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association. Furthermore, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new shares issued against cash contribution. The preferential rights to subscribe in an issue may be waived by a resolution in a general meeting by the same vote as required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be affected either by issuing Shares or by increasing the par value of the Shares outstanding.

11.4 Dividends

Dividends may be paid in cash or in some instances in kind. Pursuant to the PLCA, a public limited liability company may only distribute dividends to the extent it will have net assets covering the company's share capital and other restricted equity after the distribution has been made. The calculation shall be made on the basis of the balance sheet in the Company's last approved financial statements, provided, however, that it is the registered share capital at the time of decision that applies. Further, extraordinary dividend payments may be resolved by the general meeting of shareholders based upon an interim balance sheet not older than six (6) months and distribution to the shareholders may only be made when the interim balance has been announced by the Norwegian Accounting Register.

In the amount that may be distributed, a deduction shall be made for (i) the aggregate nominal value of treasury shares that the company has acquired as pledge created by an agreement before the balance day, with an amount equivalent to the accounts receivable secured by the pledge (but this shall however not apply if a deduction has been made for the accounts receivable in accordance with (ii) below), (ii) credit and collateral pursuant to Sections 8-7 to 8-10 of the PLCA, with the exception of credit and collateral repaid or settled prior to the time of decision or credit which is settled by a netting in the dividend and (iii) other dispositions after the balance sheet date which pursuant to law shall lie within the scope of the funds that the Company may use to distribute dividend. Even if all other requirements are fulfilled, the Company may only distribute dividend to the extent that it after the distribution has a sound equity and liquidity.

Distribution of dividends is resolved by the general meeting of shareholders with simple majority, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors. The general meeting can also, following its approval of the annual financial statement, provide the Board of Directors with an authorization to resolve distribution of dividends on the basis of the company's financial statement. Such authorization is however limited in time to the next ordinary General Meeting.

According to the PLCA, there is no time limit after which entitlement to dividends lapses. Under the Norwegian Limitations Act, the general period of limitation is three years from the date on which an obligation is due. The payment date may not be set later than six months from the resolution to distribute dividends. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the PLCA.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval except for the physical transfer of payments in currency, which is restricted to licensed banks. Consequently, a non-Norwegian resident may receive dividend payments without Norwegian exchange control consent if such payment is made only through a licensed bank.

Any potential future payments of dividends on the Shares will be denominated in NOK and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar based on information received from the VPS. Investors registered in the VPS with an address outside Norway who have not supplied VPS with their bank account details or who do not have valid bank account number will receive a letter from the Company's VPS registrar, which needs to be returned before the dividend payment can take place.

11.5 Rights on liquidation

Under the PLCA, a company may be liquidated by a resolution in a general meeting of the Company passed by a two thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. It is assumed that if a company is insolvent, it cannot be dissolved under the PLCA. The Shares rank *pari passu* in the event of a return on capital by the Company upon a liquidation or otherwise.

11.6 Disclosure obligations

If a shareholder's proportion of the total issued shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, as a result of acquisition, disposal or other circumstances, the shareholder in question has an obligation under the Norwegian Securities Trading Act to notify the Financial Supervisory Authority (Finanstilsynet) or the person designated by the Financial Supervisory Authority, as well as the issuer. The lending and borrowing of shares and the return and receipt of borrowed shares shall be regarded as acquisition and disposal in this context.

The notification requirements apply accordingly to those who directly or indirectly hold, acquire, or dispose of certain financial instruments which give the holder a right to acquire already issued shares, including, *inter alia*, derivatives.

Holdings must be consolidated with, *inter alia*, the holdings of third parties with whom the party, subject to the notification requirements, has an agreed joint and long-term strategy regarding the exercise of voting rights, or persons or entities who, according to more detailed criteria, are controlled by the party.

11.7 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is an electronic book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Børs are both wholly-owned by Euronext N.V.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is prima facie evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's by-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Financial Supervisory Authority on an on-going basis, as well as any information that the Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

11.8 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Norwegian shareholders are not allowed to register their shares in VPS through a nominee. Foreign shareholders may, however, register their shares in the VPS either in their own name or in the name of a nominee (bank or other nominee) approved by the Financial Supervisory Authority. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. Reference is made to the legislation which has been passed, but which has not yet entered into force, described in Section 11.2, regarding the right to attend and vote on general meetings for holders of nominee-registered Shares.

11.9 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Børs through any broker that is a member of Oslo Børs, whether Norwegian or foreign.

11.10 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement

to such dispositions, must not be undertaken by anyone who has inside information, pursuant to Articles 7 and 8 of the Market Abuse Regulation, and as implemented in Norway in accordance with Section 3-1 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

11.11 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four (4) weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and Oslo Børs decides that this is regarded as an effective acquisition of the shares in question. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Børs and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. A notification informing about a disposal can be altered to a notice of making an offer within the four (4) week period, while a notification stating that the shareholder will make an offer cannot be amended and is thus binding.

The offer and the offer document required are subject to approval by Oslo Børs before the offer is submitted to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK) or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Børs may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Børs may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly

if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above-mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

11.12 Compulsory acquisition

Pursuant to the PLCA and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Norwegian Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four (4) weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the PLCA completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless special circumstances indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

11.13 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the Directorate of Labour and Welfare and the Financial Supervisory Authority have electronic access to the data in this register.

12 LEGAL MATTERS

12.1 Legal and arbitration proceedings

The Group is not involved in any governmental, legal or arbitration proceedings, nor is the Company aware of any such pending or threatened proceedings, nor has the Group during a period covering the previous 12 months been involved or threatened to be involved in any governmental, legal or arbitration proceedings, which may have or have had any significant effects on the Company or Group's financial position or profitability. For the sake of completeness, IDEX wishes to mention that the Company has requested arbitration at the Oslo Chamber of Commerce concerning a receivable from a customer who has not yet paid. The possible loss for IDEX depends on the outcome of the case and is difficult to estimate reliably. The receivable is held a best estimated value.

12.2 Related party transactions since 31 December 2023 and until the date of this Prospectus

There are no unusual or significant transactions with any senior managers in the Group or with any Subsidiaries in the group. Payroll and intra-group transactions have been conducted as per normal procedures.

Larry Ciaccia, chair of the Board until 16 May 2024, no longer serves on the Board as of such date. Mr. Ciaccia provided consulting services to IDEX beyond board duty until 30 April 2024. The fees paid to Mr. Ciaccia for his services from 1 January 2024 through 30 April 2024 amounted to \$21 thousand. There are no amounts outstanding with Mr. Ciaccia.

Morten Opstad, board member until 16 May 2024 and chair of the Board as of that date, is a partner in Ræder Bing advokatfirma AS. Ræder Bing advokatfirma AS provides services to the Company on an ongoing basis. In the period 1 January 2024 through 30 June 2024, IDEX has incurred USD 103 thousand for legal services provided by Ræder Bing advokatfirma AS, including services delivered and not yet billed. A limited part of the services invoiced by Ræder Bing advokatfirma AS has been provided by Mr. Opstad. As of 30 June 2024 the amount outstanding to Ræder Bing advokatfirma AS amounted to USD 67 thousand.

In connection with the Private Placement conducted in the Company, IDEX entered into share lending agreements with two shareholders in order to facilitate settlement of the new shares in the Private Placement. Each lender receives a fee equaling 5% per annum of the sum of the subscription price per new share in the Private Placement multiplied by the number of borrowed shares lent by the

respective lender, for the period the shares were lent. Shares were lent separately to settle Tranche 1 and Tranche 2. In total, the Company paid NOK 86 thousand under the share lending agreement of which NOK 28 thousand was paid to Sundt AS, and NOK 58 thousand was paid to Mr. Robert N. Keith.

Following approval by the Annual General Meeting held on 16 May 2024, IDEX paid in June the Board and committee remuneration for the period from the 2023 Annual General Meeting to the 2024 Annual General Meeting.

Other than the above-mentioned transactions, the Company has not, as of the date of this Prospectus, entered into any other related party transactions since 31 December 2023. As of 30 June 2024 there were no other open balances with any related party of the Group.

13 TAXATION

13.1 General

Set out in this chapter 13 is a summary of certain tax matters related to purchase, holding and disposal of shares. The statements herein are, unless otherwise stated, based on the laws, rules and regulations in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis. Tax rates indicated below are applicable for the income year 2024. The tax legislation of the investor's member state in the European Economic Area or country of residence/incorporation and of the Company's country of incorporation may have an impact on the income received from the securities.

The following summary is of a general nature and does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose Shares or Subscription Rights. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (individual shareholders and limited liability companies). Shareholders are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of shares. The summary does not address foreign tax laws. In particular, this document does not include any information with respect to U.S. taxation. Prospective investors who may be subject to tax in the United States are urged to consult their tax adviser regarding the U.S. federal, state, local and other tax consequence of owning and disposing of shares in IDEX.

13.2 Norwegian shareholders

13.2.1 Taxation of dividends – Individual shareholders

Dividends distributed to Norwegian individual shareholders are taxable as general income. The taxable dividend, less a calculated tax-free allowance, will be multiplied by 1.72 which amount is taxed at the general income tax rate of 22% ($22\% \times 1.72$ resulting in an effective tax rate of 37.84 %). The tax-free allowance shall be calculated on a share-by-share basis, and the allowance for each share will be equal to the cost price of the share, multiplied by a risk-free interest rate. This risk-free interest rate is set in January of the year following the income year. Any part of the calculated allowance one year exceeding the dividend distributed on the share will be carried forward to the following years and reduce the taxable dividend income. Unused allowance will also be included in the basis for calculating the tax-free allowance later years. The tax-free allowance is calculated for each calendar year and is allocated solely to Norwegian individual shareholders holding shares at the expiry of the relevant income year.

13.2.2 Taxation of dividends – Corporate shareholders (Limited liability companies)

Dividends distributed to a shareholder which is a limited liability company tax-resident in Norway ("**Norwegian corporate shareholders**") and holding more than 90% of the shares and votes in the distributing company are fully exempt from taxation. To other corporate shareholders 3% of the dividends shall be subject to general income tax at the 22% rate (resulting in an effective tax rate of 0.66%).

13.2.3 Taxation on realization of shares – Individual shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of disposal. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The capital gain is calculated on the consideration received less the cost price of the share and transactional expenses. The taxable gain, less any unused calculated tax-free allowance, will be multiplied by 1.72, which amount is taxed at the general income tax rate of 22% ($22\% \times 1.72$ resulting in an effective tax rate of 37.84%). The tax-free allowance for each share is equal to the total of any unused tax-free allowance amounts calculated for this share for previous years (ref. “Taxation of dividends – Individual shareholders” above), which exceeded dividends distributed on this share. The calculated tax-free allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share and may not be deducted in order to produce or increase a loss for tax purposes.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

13.2.4 Taxation on realization of shares – Corporate shareholders (Limited liability companies)

Norwegian corporate shareholders are not taxable for capital gains related to realization of shares in a Norwegian company, and losses related to such realization are not tax deductible.

13.2.5 Taxation related to independent subscription rights – Individual shareholders

A Norwegian individual shareholder’s subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription right.

Exercise of independent subscription rights is not taxable; the cost price of the subscription right shall be added to the tax base of the shares acquired.

Sale and other transfer of subscription rights is considered as realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a realization of independent subscription rights is taxable or tax deductible in Norway. Such capital gain or loss is generally included in or deducted from the basis for computation of general income in the year of disposal. The general income will be multiplied by 1.72 and taxed at the rate of 22% ($22\% \times 1.72$ resulting in an effective tax-rate of 37.84%).

However, please note that the gains related to independent subscription rights granted to employees as a consequence of their employment will be included in the basis for calculating their salary payments. Such salary payments are subject to taxation at a marginal tax rate of 47.4%. (2023). In addition, the employer will be obligated to pay social security contributions at a rate normally of 14.1%. For annual salary in excess of NOK 850,000 the rate for employer’s social security contributions is 19.1%. In the revised national budget for the year 2024, presented on 14 May 2024, the government has proposed that the additional employer’s contribution of 5% should cease from 1 January 2025.

13.2.6 Taxation related to independent subscription rights – Corporate shareholders

A Norwegian corporate shareholder’s subscription for independent subscription rights is not subject to taxation in Norway. Costs related to the subscription for independent subscription rights will be added to the cost price of the independent subscription rights.

Norwegian corporate shareholders are generally exempt from tax on capital gains upon the sale or other realization of independent subscription rights to shares in a Norwegian company, and losses are not tax deductible.

13.2.7 Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual shareholders. The marginal wealth tax rate is 1% of the value assessed, above a limit of NOK 1,700,000 for singles and NOK 3,400,000 for spouses. The wealth tax rate for wealth over NOK 20 million is 1.1%. The value for assessment purposes for shares on Oslo Børs is 80% (from 1 January 2023) of the listed value as of 1 January in the year of assessment. Norwegian corporate shareholders are not subject to net wealth tax.

13.2.8 Inheritance tax

Effective 1 January 2024, there is no inheritance tax in Norway.

13.3 Non-resident shareholders

This section summarizes Norwegian tax rules relevant to shareholders who are not tax-resident in Norway (“**Non-resident shareholders**”). Non-resident shareholders’ tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

13.3.1 Taxation of dividends

Dividends distributed to shareholders who are individuals not tax-resident in Norway (“**Non-resident individual shareholders**”), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends. Note that there are requirements for documentation if the shareholder requests a reduced withholding tax rate. Shareholders in publicly traded companies who hold shares in an account in the VPS, which is registered directly in the shareholder's own name, must submit the documentation to the account agent. Shareholders in publicly traded companies, who have shares registered in an account in the VPS in the name of a nominee, must submit the documentation to the nominee.

The above generally applies also to shareholders who are limited liability companies not tax-resident in Norway (“**Non-resident corporate shareholders**”). However, dividends distributed to Non-resident corporate shareholders tax-resident within the EEA are exempt from Norwegian withholding tax, provided the shareholder genuinely is established and conducts business activity within the EEA.

Note that non-resident individual shareholders tax-resident within the EEA area are subject to ordinary withholding tax, but are entitled to apply for a partial refund of the withholding tax, equal to a calculated tax-free allowance similar to the calculated allowance used by Norwegian individual shareholders, ref above.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the shareholder has fulfilled specific documentation requirements and the nominee has obtained approval from the Norwegian Tax Administration for the dividend to be subject to a lower withholding tax rate. Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Non-resident shareholder is carrying on business activities in Norway, and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

13.3.2 Taxation on realization of shares or independent subscription rights

Realization of shares or independent subscription rights by a Non-resident individual or corporate shareholder will not be subject to taxation in Norway unless the Non-resident shareholder is holding the shares or warrants in connection with the conduct of a trade or business in Norway, in which case the tax treatment is as described for Norwegian shareholders.

13.3.3 Net wealth tax

Shareholders not tax-resident in Norway are not subject to Norwegian net wealth tax. Foreign individual shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.4 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

14 ADDITIONAL INFORMATION

14.1 Auditors

The Company's auditor, who also audits the Group's Financial Statements, is Ernst & Young AS, Stortorvet 7, NO-0155, Oslo, Norway, who has acted as the Company's auditors since being elected at the Extraordinary General Meeting on 13 November 2000. The partners of Ernst & Young AS are members of the Norwegian Institute of Public Accountants. Accordingly, no auditor of the Group has resigned, been removed or failed to be re-appointed during the period covered by the historical financial information discussed herein.

The auditor's report on the Financial Statements is included together with the Financial Statements as incorporated hereto by reference; see Section 14.5 "*Incorporation by reference*". Other than Ernst & Young's report on the Financial Statements, neither Ernst & Young nor any other auditor has audited, reviewed or produced any report on any other information provided in this Prospectus.

14.2 Expert Statements

There are no reports, letters, valuations or statements prepared by any expert at the Company's request referred to in the Prospectus.

14.3 Third party information

The Company confirms that where information has been sourced from a third party, it has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no fact has been omitted which would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of information has been identified.

14.4 Documents available

The following documents are available at the Company's website at www.idexbiometrics.com. The documents (or copies thereof) will also be available for inspection during normal business hours at any business day free of charge at the offices of the Company's legal advisor Ræder Bing advokatfirma AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway:

- a) This Prospectus;
- b) The Company's Certificate of Incorporation and Articles of Association of the Company; and
- c) Any reports, letters and other documents, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in the Prospectus.

The above documents are available for inspection for the life of this Prospectus.

14.5 Incorporation by reference

The information incorporated by reference in the Prospectus shall be read in connection with the cross-reference list as set out in the table below. Except as provided in this section, no other information is incorporated by reference in this Prospectus.

The following documents have been incorporated hereto by reference:

Section in the Prospectus	Disclosure Requirements of the Prospectus	Reference document and link
Section 8.1	Audited historical financial information 2023	https://www.idexbiometrics.com/investors/annual-reports/
Section 8.1	Interim financial information 1H 2024	https://www.idexbiometrics.com/investors/interim-results/
Section 8.1	Interim financial information 1H 2023	https://www.idexbiometrics.com/investors/interim-results/

15 DEFINITIONS AND GLOSSARY OF TERMS

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus. Words importing the plural shall be construed to include the singular and vice versa.

“ADS”	American Depositary Shares
“ASIC”	Application Specific Integrated Circuit
“Articles of Association”	The Articles of Association of IDEX
“Board”	Board of Directors of the Company
“CCO”	Chief Commercial Officer
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“Company” or “IDEX”	IDEX Biometrics ASA, the parent company of the IDEX Group
“Company Registry”	The Norwegian Register of Business Enterprises or “Foretaksregisteret”
“Convertible Loans”	The Convertible Loans, issued with in the principal amount of NOK 100,000,000 by the Board on 22 December 2023
“Convertible Loan Shares”	Issuance of up to 478,533,333 Shares on Oslo Børs in connection with conversion of the Convertible Loans, at a conversion price which is subject to customary adjustment provisions, but which is currently NOK 1.65
“CTO”	Chief Technology Officer
“EMV”	Technical standard for smart payment cards and terminals
“ESPP”	The Group’s Employee Share Purchase Plan
“EU Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as incorporated in Norway by Section 7-1 of the Norwegian Securities Trading Act
“Existing Shares”	Existing and unencumbered shares in the Company, listed on Oslo Børs prior to the Private Placement
“FAR”	False Acceptance Rate
“Financial Information”	The Financial Statements and Interim Financial Statements together
“Financial Statements”	The Goup’s consolidated financial statements as of and for the year ended 31 December 2023
“Financial Supervisory Authority”	Financial Supervisory Authority of Norway or “Finanstilsynet”
“Forward-looking Statements”	Statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy, plans and objectives

“FRR”	False Rejection Rate
“Group or IDEX Group”	IDEX Biometrics ASA and its Subsidiaries consolidated
“IAM”	Identity and Access Management
“IAS 34”	The International Accounting Standard 34 - Interim Financial Reporting
“IC”	Integrated Circuit
“IFRS”	International Financial Reporting Standards
“Interim Financial Statements”	The unaudited consolidated interim financial statements as of 30 June 2024 and 30 June 2023, for the six months’ periods ended 30 June 2024 and 30 June 2023
“IOT”	Internet of Things
“IP”	Intellectual property
“IPR”	Intellectual property rights
“ISIN”	International Securities Identification Number
“ISO”	International Organisation for Standardization
“LEI”	Legal Entity Identifier
“Manager”	Arctic Securities AS
“MAR” or “Market Abuse Regulation”	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (Market Abuse Regulation)
“NFC”	Near Field Communications
“Norwegian kroner” or “NOK”	Norwegian Kroner, the lawful currency of the Kingdom of Norway
“Non-resident shareholders”	Shareholders who are not resident in Norway for tax purposes
“Non-resident corporate shareholders”	Shareholders who are limited liability companies not resident in Norway for tax purposes
“Non-resident individual shareholds”	Shareholders who are individuals not resident in Norway for tax purposes
“Norwegian Accounting Act”	The Norwegian Accounting Act of 17 July 1998
“Norwegian Securities Trading Act”	The Norwegian Securities Trading Act of 29 June 2007 No. 752 (as amended from time to time)
“Oslo Børs”	Oslo Børs ASA, being the Oslo Stock Exchange
“PIN”	Personal Identification Number
“PLCA”	The Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 48 (as amended from time to time)

“Private Placement”	The private placement of 33,333,333 New Shares in IDEX as resolved by the Board on 15 May 2024 as to the Tranche One Shares and by the Extraordinary General Meeting on 19 May 2024 as to the Tranche Two Shares
“Prospectus”	This prospectus dated 29 August 2024
“SAC”	IDEX’s Strategy Advisory Council
“SE” or “Secure Element”	Industry-standard, certified chip for managing payment applications in smart cards. Designed to be tamper-proof.
“Shares”	The Shares in the Company
“Share Lending Agreement”	Agreement between the Managers, the Company and certain existing shareholders in the Company, pursuant to which Existing Shares in the Company were used to settle the New Shares in the Private Placement on a payment versus delivery basis
“Subscription Price”	NOK 1.65 per New Share
“Subscription Rights”	Independent subscription rights or “frittstående tegningsretter” issued in accordance with Section 11-12 of the PLCA.
“Subsidiaries”	The wholly-owned (directly or indirectly) subsidiaries of IDEX: IDEX Biometrics Holding Company Inc., a corporation incorporated and organized under the laws of the State of Delaware, IDEX Biometrics America Inc., a corporation incorporated and organized under the laws of the State of Delaware, IDEX Electronics (Shanghai) Co., Ltd, a company incorporated and existing under the laws of the People’s Republic of China, and IDEX Biometrics UK Ltd., a company incorporated and organized under the laws of England and Wales with organization number 9193617.
“TCO”	Total Cost of Ownership
“Tranche One” and the “Tranche One Shares”	The 27,940,213 new Shares resolved issued by the Board on 15 May 2024
“Tranche Two” and the “Tranche Two Shares”	The 5,393,120 new Shares resolved issued by the Extraordinary General Meeting held in the Company on 19 June 2024
“USD”	United States dollar, the official currency of the United States

“VPS”	The Norwegian Central Securities Depository or “Verdipapirsentralen”, which organizes the Norwegian paperless securities registration system
“Warrants”	The 33,333,333 warrants (or independent subscription rights) issued to the participants in the Private Placement, as resolved by the Extraordinary General Meeting dated 19 June 2024
“Warrant Shares”	Up to 33,333,333 new Shares that may be issued by the Company upon exercise of the Warrants
“2020 Plan”, “2021 Plan” , “2022 Plan”, “2023 Plan” and “2024 Plan”	The Group’s Subscription Rights Incentive Plans
“2024 ESPP Authorization”	The Board authorization to issue new shares in connection with an Employee Share Purchase Plan resolved by the Annual General Meeting on 16 May 2024



IDEX Biometrics ASA

2023 Annual report

Statutory annual report in accordance with Norwegian requirements
for IDEX Biometrics ASA for the year ended December 31, 2023.

This annual report is published to the company's shareholders and the general public as well as the European Regulatory Network which includes the Oslo Børs. The document is filed with the Norwegian Register of company accounts. This report and other public information about IDEX Biometrics ASA are available at the company's web site www.idexbiometrics.com.

All of the company's disclosures to the market and the general public are available at Oslo Børs's web sites live.euronext.com/en or www.newspoint.no.

References included in this document or other documents are intended as an aid to where information can be found and the documents referenced are not incorporated by reference into this document unless explicitly stated.

IDEX Biometrics ASA prepares its consolidated and separate parent company financial statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU.

Date: April 24, 2024

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REPORT FROM THE BOARD OF DIRECTORS

We were incorporated as a public limited company under the laws of the Kingdom of Norway on July 24, 1996. Our ordinary shares have been listed for trading on the Oslo Børs under the symbol “IDEX” since March 12, 2010. Our principal executive offices are located at Dronning Eufemias gate 16, NO-0191 Oslo, Norway, which is also our registered office address, and our telephone number is +47 6783 9119. We currently have subsidiaries in the United Kingdom, the United States and China.

Description of IDEX Biometrics

IDEX Biometrics is a global technology leader in biometric authentication solutions for smart cards, offering secure and convenient solutions for payments, access control, and digital identity. Through our patented and proprietary sensor technologies, integrated circuit designs, and software we make our biometric solutions unique and innovative, delivering secure, fast and seamless user experiences to customers worldwide.

IDEX Biometrics partners with leading card manufacturers, technology companies and payment networks, bringing solutions to the market. IDEX’s flexible technology platform supports a wide range of applications and use cases. Together with our partners, we provide end-to-end solutions to banks and other organizations seeking to launch their own biometric cards for payment or to support other authentication needs.

IDEX Biometrics ASA is the Group parent, headquartered in Oslo, Norway. The group also has offices in the United Kingdom, the United States and China.

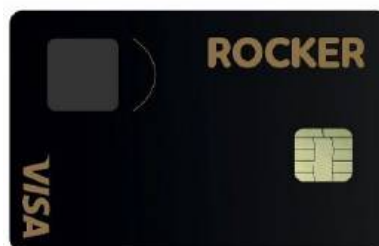
Description of Business model and Strategy

Biometrics solutions as trusted proof of identity for all - Our commitment is to provide trusted proof of identity for all individuals. In an era where security and trust are paramount, our advanced biometric technology ensures that everyone, regardless of their background or circumstance, can rely on a secure and accurate means of confirming their identity, fostering inclusivity, and safeguarding personal information in an increasingly interconnected world.

Providing universal authentication through scalable and trusted biometric solutions - We offer trusted biometric technology solutions that are scalable and meet the diverse needs of industries and applications. We are dedicated to market and consumer relevant innovation, research, and development, to provide resource optimized state-of-the-art biometric platforms.

IDEX is uniquely positioned as a provider of completely decentralized authentication solutions for card-based fingerprint biometric sensing technology. The IDEX Biometrics technology was purpose-built for biometric payment and access smart cards in response to the highest security standards and other requirements of these markets, such as power harvesting, transaction speed, durability, and cost effectiveness. The IDEX Biometrics technology is based on the biological markers of a person’s unique fingerprint and confirms the user’s identity through a ‘handshake procedure’ with the payment terminal, access reader or mobile phone. The biometric card solution eliminates the need for less secure credentials such as passwords, pins or the many costly and cumbersome multifactor authentication methods used today.

IDEX fingerprint biometrics card solution is an industry leading authentication solution based on trust, providing a secure and frictionless user experience. IDEX Biometrics has evolved from a component company to an end-to-end solution company. With our own card operating system capabilities, the product offering supports additional market verticals, broadening the target markets and creating new market opportunities.



A standard-format smart card, utilizing our fingerprint authentication solution, offered by Rocker AB and manufactured by our customer, IDEMIA France SAS

Market Overview and Global Market Trends and Regulatory

IDEX Biometrics addresses large and well-established markets, with exposure to market mega-trends as trusted identity is a top priority in payments and for enterprises. There is demand for secure online transactions and convenient multi factor authentication solutions.

Credentials are increasingly stored online, together with other user information. This exposes people, enterprises and society to new types of threats. The costs for cybercrimes are accelerating, especially considering the emerging capabilities of AI and deep fake technologies. We believe this is an alarming global trend representing an opportunity at scale for IDEX to address.

Protection of individual identity and integrity is a rising concern in today's society, manifested by increasing focus from regulators, governments and corporations. A proof of this is all the investments made not only by enterprises, but by regulators and governments to promote stronger authentication, yet with the necessary integrity and data privacy.

Regulatory landscape and industry standardization initiatives favor biometrics

The regulatory landscape world-wide strives to enhance end-user control and improve data accessibility for consumers. EU has recently sharpened directives and regulations¹, bringing stricter enforcement of multi factor authentication among organizations, who must upgrade their current IT infrastructures and find the right balancing between frictionless customer experiences and stricter security measures.

US Cybersecurity and Infrastructure Security Agency are promoting multifactor authentication including biometrics as a key ingredient to raise the bar against cyber threats across businesses and in society. Similar initiatives and mandates can be seen among governments globally.

Within payments, EMVCo, the industry governing body, is now intensifying efforts for global standards for biometric payment cards. IDEX Biometrics is an engaged member and participates in EMVCo's industry expert group for biometric payment cards. IDEX is also an associate level member of the FIDO Alliance, a global consortium developing standards for password-less authentication¹.

Biometric smart cards provide multi factor authentication by design. Biometric authentication, using unique physical characteristics is a solution that protects individuals and the society efficiently and represents an untapped market potential. The user's biometric data is encrypted and stored only on the card making the biometric card the ultimate hack-resistant authentication device as it is never connected to the internet.

¹Examples: EU Payment Services Directive, EU Payment Services Regulation, NIS2, DORA

Market opportunity in/and target markets

The IDEX Biometric unique biometric platform solution can be applied in multiple market segments using smart cards with the use cases of biometrics expanding to new segments. The company has three main target markets with an accelerating need for biometric identity solutions: banking and payment, enterprise security and public services. IDEX Biometrics is today a fintech leader in biometrics technology offering decentralized authentication solutions across payments and access control.

As the market matures and technology on cards gets more powerful, we expect the solution for different use cases will converge. Our biometric card technology can already be seen in solutions that combine physical and digital access. The abilities to attach attributes related to ID and health records are emerging. Fiat and digital currencies could soon co-exist on the same card, and there are many other examples.

Payment

We see the market for biometric payment cards evolve in stages, with affluent consumers taking the role of early adopters. A product segment related to this is the metal card market of more than 40 million cards/year and a double-digit annual growth. As the IDEX biometric solution expands beyond metal and into the traditional market of PVC cards, economy of scale will drive prices down and allow for biometric card services to become ubiquitous.

The global market for chip enabled payment cards is currently near 3 billion cards annually and estimated to be greater than 12 billion EMV cards in circulation today. The growth in the markets is driven by the rising adoption of contactless payments, increased use of digital payments and growing e-commerce.

The payment market is heavily regulated, with standardization and certifications requirements. Initiatives by EMVCo and its members are well under way to set further industry standards, which should accelerate adoption of biometric smart cards.

Access Control

Investments in enterprise security continue to grow double digit and biometric technologies are quickly becoming necessities in solutions targeting access control and identity management. With growing cyber security threats, and higher potential liabilities, enterprises are stepping up their efforts to authenticate every person they let into their systems and onto their premises.

Biometric on-card authentication has proven to be the most secure and convenient solution for multi factor authentication. It is economically viable and reduces the risk for cloud-based data threats putting the user in total control of their own digital identity. In addition, the card form factor is ideal as it can also function as an employee identity badge and be visibly worn.

In compliance with reinforced cybersecurity and data privacy regulations, biometric identity solutions protect assets and secure access for enterprises, governments, and individuals, by removing the need for PINs and passwords. Biometric authentication cards enable decentralized biometric identification and meet the demand for secure identity solutions with use cases for biometric access solutions expanding. With the global cost for cyber-crimes reaching \$8 trillion in 2023, secure access control solutions have become one of the highest priorities for CISO's and other decision makers.

Supply Chain

IDEX has an asset light, fabless business model, using external manufacturing partners for the fabrication, assembly and testing of its products. The majority of our card manufacturing partners are present in both payment and access.

The IDEX Biometrics operational strategy is to maximize efficiency and cost competitiveness by using industry standard design processes, incorporating verified high-volume components and materials, and outsourcing manufacturing to partners using established production processes. IDEX Biometrics has established a supply chain capable of scaling to satisfy expected future demand growth. This limits IDEX financial exposure, while creating better economics of scale and faster path to profitability. The IDEX Biometrics solution is developed and managed in accordance with WEEE² directive, following the supply chain policies and audit requirements of the IDEX Biometrics ESG policy.

² *Waste Electrical and Electronic Equipment; EU Directive*

The IDEX Biometrics go-to-market Business Model

Customers of IDEX Biometrics are manufacturers of payment cards, access cards, and other products using fingerprint sensors as the key to prove identity. Our customers are part of a large ecosystem with a multiparty supply chain to reach the final customer. The ecosystem is different for payments and access. IDEX Biometrics therefore has a distinct engagement strategy to enable the eco system and have business relationships and go-to-market models for various parties in the value chain. Our flexible solutions for smart card manufacturers, our implementation programs, and our user-friendly suite of enrollment solutions meet demands from various customer types and use cases, accelerating time to market.

The IDEX Biometrics go-to-market strategy is scalable with a nimble structure effectively serving the global market. IDEX Biometrics sells its products and solutions directly to manufacturers or enterprises and in some cases through distributors and resellers. Our prime customers are smart card manufacturers and system integrators of our hardware and software biometric technologies.

Our diverse employee base is one of our key success factors, and employee engagement is a critical pillar to our ESG framework. As our solutions span from components to a full, complete end-to-end solutions, we have a full-stack engineering team covering hardware, software system and solutions. Our executive leadership and commercial teams have international industry experience from payments and the broader authentication ecosystem.

Product development, Innovation

The company has adopted to customer needs when developing products and solutions, focusing on seamlessly user experiences. Our industry leading solutions are software defined and we have the development expertise, plus over 200 patents, to fully support the end-to-end solutions recently certified.

Product development

Our verticalized approach to product development covers the entire biometric smartcard technology stack from high level solution and system architectures, through secure biometric algorithms and software, down to the lowest level sensor and silicon hardware.

Our differentiated approach to capacitive fingerprint sensing is based on an ultra-thin polymer substrate with an embedded array of sense electrodes along with a small, full-custom silicon chip. This approach enables the sensing area to be an order of magnitude larger than the typical silicon footprint, enabling the use of advanced semiconductor technology and a high-volume assembly and test supply chain. Thanks to the combination of our large area sensor and its highly efficient, on-board image, biometric and security processor, we are able to achieve industry leading user experience and security.

This approach to capacitive fingerprint sensing contrasts with that of the conventional all-silicon capacitive sensor which integrates its sensing pixels directly within the silicon chip itself. These devices typically only support small sensing areas and limited functionality due to the use of older, less efficient semiconductor technologies.

Our biometric algorithms and software run on both the sensor's on-board biometric processor and within our secure biometric software stack on the smartcard's secure microcontroller (referred to as a Secure Element, or SE). These algorithms and software implement a wide range of both proprietary and industry-standard cryptographic security functions for privacy and tamper protection, as well as implementing critical biometric enrollment, liveness detection and authentication features. Our proprietary biometric algorithms are optimized to achieve best-in-class performance, security, and user experience within the power and processing constraints of the battery-free smartcard platform; they are differentiated by a multitude of patented features that ensure highly accurate and reliable biometric performance across enrollment, authentication, and liveness detection.

Since the introduction of our first fingerprint sensor and software optimized for smartcard applications in 2016, we have systematically increased the scope of our offerings to the market to add increased levels of value while enabling market adoption. This journey has included the development of biometric algorithms, a secure biometric stack for Secure Element integration, and biometric card operating systems and applications.

IDEX Pay is a manufacturer-agnostic end-to-end biometric smartcard solution, providing all the necessary biometric performance, functionality and security certifications required by payment schemes such as Mastercard and VISA. It enables our customers and partners to take their own card manufacturing processes and complete a fast-track certification by incorporating IDEX Pay technology and leveraging our certified smartcard reference design into their own card manufacturing lines.

The IDEX Pay biometric solution is offered with a suite of enrollment methods to enable issuers to deploy turnkey biometric activation and on-boarding solutions allowing user to enroll via their smartphone, with a dedicated device at home or in a branch.

IDEX Biometrics Software Platform solution strategy supporting multiple markets

Our biometrics technology platform for payments was specifically designed and purpose built for the card form factor to enable a seamless user experience for contactless biometric payment transactions while significantly increasing security.

The Mastercard certification of the IDEX Pay solution marked a major milestone in the development of our Biometric Software Platform for cards. Over the last years we have focused our engineering resources on the development of value-added systems and solutions. We have taken the foundation of our core patented, biometric sensor technology and enriched it, through a full-stack software approach, with advanced algorithms, high-assurance biometric card operating system and a host of card applications.

This has yielded a versatile, software-defined biometric card platform able to address multiple applications across payment, access, cyber-security and digital ID markets. Taking this Software Platform approach also

enables IDEX to remain at the forefront of driving both user experience and security through the development and deployment of new technologies such as seamless-activation and next generation liveness detection.

IDEX biometric software platform, IDEX Pay, and access, IDEX Access are built on the same biometric platform, serving two different markets. The solution can be layered with different applets to provide new functions and capabilities for supporting payment, crypto wallets, and other digital authentication solutions such as digital access. The full card solution from IDEX Biometrics is complete with hardware (sensor, secure element modules and all accompanying components) and software (OS, applets, SDKs). The OS developed by IDEX allows our customers to provide their own customized applet for application specific functions.

The IDEX Pay platform enables payment schemes and partners to seamlessly integrate and scale.

Using our proprietary remote solutions for fingerprint activation, cardholders can easily scan and activate their fingerprint on their cards remotely without the need to visit a bank branch or ATM, and without communicating sensitive biometric information to third parties. An encrypted template of the fingerprint is stored directly on the card's secure encryption chip. Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are committed to investing in patents and other intellectual property protection measures that ensure our products are, and remain, the leading solution in our target markets.

Sustainability

Providing secure authentication to the world through sustainable technology solutions, IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model.

Sustainability framework based on UN SDGs

IDEX Biometrics company strategy for sustainability reporting is based on the United Nations Sustainable Development Goals (SDGs). This framework is part of our business and operating models, aimed at contributing to secure value, trust and predictability for our operations.

Our ESG strategy is summarized under the umbrella of Sustainable Tech and is based on seven defined development goals from UN's Sustainable Development Goals, relating to business relevant environmental (E), social (S), and corporate governance (G) areas, falling into five categories:

1. **Financial and Societal Inclusion:** We provide solutions that support financial, digital, and societal inclusion
2. **Supply Chain Responsibility:** We manage our suppliers in a responsible and transparent manner
3. **Employee Wellbeing and Diversity:** We prioritize staff wellbeing, and a diverse and inclusive culture
4. **Ethical Responsibility:** We operate with highest ethical standards
5. **Environmental Footprint:** We minimize our environmental footprint

The regulatory environment mandates IDEX Biometrics to apply EU Sustainable Finance Legislation; taxonomy and Corporate Reporting Directive (CSRD), as of 2026. During 2023 evaluation of the reporting requirements for the Sustainability Accounting Standards Board (SASB) and the Sustainable Finance Disclosure Regulation (SFRD) was initiated, alongside a scope and materiality classification. The Euronext Sustainability Reporting was implemented during the year.

I - Governance and policies

IDEX Biometrics has, as per our governance section in our annual report and as disclosed on our website, during the year reviewed and reinforced governance and policies within the following areas: ethics policies and training, employee and supplier code of conduct, diversity and inclusion policy, whistleblowing policy, fair pay and leave policies, and executive remuneration policy and reporting.

IDEX Biometrics gender targets have been reached for the board, with a balanced board of directors with 50% women. The executive team is currently at 35% female representation, with continued efforts based on our policies and targets.

II - Environmental impact

IDEX Biometrics sensor solutions are being managed in accordance with the Waste Electrical and Electronic Equipment (WEEE) EU Directive. Significant effort has been made within the scope two supply chain management, where audits were formalized and implemented. The results have been satisfactory with close to 90% of suppliers in scope being audited and 100% of the critical supplier KPIs being met. IDEX Biometrics also passed all partner evaluations where we were subject to audits.

Our manufacturing partners are carefully selected based on their card material policy with the criteria of being able to produce and transition towards r-PVC. Our metal card partners are considered based on their environmental policies including recycling readiness.

To meet growing demand of sustainable enrollment solutions, a suite of alternatives such as mobile enrollment and rechargeable sleeves have been developed, providing banks with solutions combining user friendliness with environmental production and waste requirements.

III Social Impact

Inclusive payments are driven by regulations, financial development, and technology advancements. Biometric payment cards are a direct response to EU regulations, driving inclusivity and non-dependency on smartphones as per pan EU directives such as PSD3 and European Accessibility Act. Our bank partners across the globe are leveraging IDEX Pay and IDEX Access to bridge mobile and cloud-based solutions with off-cloud secure payment safeguarding the identity and access to digital payments to all parts of society. As expressed by Ali Reza Iftikhar, Managing Director and CEO of Eastern Bank Limited when announcing their biometric payment card launch in December 2023: *'We believe biometric payment cards will become the new payment standard, supporting secure contactless payments, and ultimately bringing financial empowerment to all'*. With biometric smart card solutions as an accelerating driver for financial inclusivity, a variety of socially impactful use cases are currently in motion, making payments easier and driving social impact for visually- and memory impaired, elderly and digitally excluded and supporting women with salary cards and programs to be economically in control and financially empowered. Several initiatives began in 2023 and will continue to develop and scale in 2024 and onwards.

OPERATING AND FINANCIAL REVIEW

IDEX has established customer relationships with innovators and early adopters sharing our vision for the potential of fingerprint authentication in smart card applications, and, over the last three years, we have experienced increasing strategic momentum, successfully attracting new customers and increasing our revenue year on year since 2020.

Since we released a reference design integrating our TrustedBio™ fingerprint authentication module and the SLC38, the latest SE from Infineon Technologies, we have marketed this reference design to smart card manufacturers.

IDEX recorded revenue of \$4.1 million for 2023, \$4.1 million for 2022, and \$2.8 million for 2021. Product revenue, as a percentage of total revenue, represented 99.8 %, 95.0 % and 99.9 % for 2023, 2022, and 2021, respectively. Revenue associated with our early-adopting customer in the digital access market represented 48.2%, 85.4%, and 89.7% of our total revenue for 2023, 2022, and 2021, respectively.

We do not own or operate manufacturing facilities, but operate as a *fabless* manufacturer, outsourcing manufacturing and product assembly activities. We currently rely on TSMC, the leading producer of semiconductor wafers, as the sole source of wafers for our proprietary ASICs. We also rely on a limited number of providers of semiconductor packaging, design, and test services, including Amkor Technology, Inc., and Silicon Precision Industries Limited, both of which are leaders in outsourced semiconductor assembly and test services. Like many other companies in the electronics markets we experienced some disruptions in the supply chain in 2022, which led us to order and hold relatively high values of raw materials and carry relatively large quantities of finished goods with the aim that customer delivery schedules can be met. Following normalisation of the supply situation in 2023, we expect to return to normal inventory levels by the end of 2024.

Variable costs are associated primarily with cost of materials, net of inventory change. Our operating cost structure is largely fixed, reflecting our business model and strategic focus on development. Because we believe the Company's leadership in fingerprint authentication technologies is an important competitive differentiator, we intend to maintain development activities to maintain this leadership.

We utilize a direct sales force and have customers around the world. We do not sell our products through stocking distributors. Given the early-stage characteristics of the market segments we are targeting, including the extended and unpredictable sales cycles frequently associated with marketing new and innovative technology-based products, we expanded our marketing and sales staff in 2021-2022 and maintained the activity level in 2023.

As a Norwegian public company, with Ordinary Shares listed on the Oslo Børs, and an SEC registrant, with ADSs listed on Nasdaq Capital Markets until August 2023, we were required to comply with two sets of applicable laws, rules, and regulations. Recognising that US investors generally traded the IDEX share on Oslo Børs, leading to small trading volume on Nasdaq, the listing on Nasdaq was voluntarily discontinued in order to streamline internal workflows and save operating expenses.

Our largest expenses are associated with staff costs. Our total staff, consisting of employees and individual contractors located in countries in which we do not have operations, totaled 93, 99, and 111 as of December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023, 20 were assigned to our head office in Oslo, 35 were assigned to our two offices in the United States, 33 were assigned to our office in the United Kingdom, and five were assigned to our offices in China. We expect to reduce staff in the first half of 2024 with the aim to reach operating costs below \$4 million per quarter.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below \$4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs.

Revenue

Revenue in 2023 was \$4.1 million, consisting of \$4.1 million of revenue from product sales and \$8 thousand from services. The increase in product sales of \$0.2 million from 2022 to 2023, representing an annual increase of 6%, is associated with growth in sales to customers in the card market, while sales to the customized digital access solution were lower than in the previous year. Service revenue is a minor element of customer engagement. Our two largest customers represented 47% and 20%, respectively, of total revenue for the year.

We aim to increase shipments of our TrustedBio modules through 2024. Such shipments are expected to contribute to important diversification of our customer base. We also expect that shipments to the access market will increase in 2024.

Revenue in 2022 was \$4.1 million consisting of \$3.9 million of revenue from product sales, and \$203 thousand amount of revenue from services. Our two largest customers represented 48% and 25%, respectively, of total revenue for the year.

Revenue in 2021 was \$2.8 million, consisting of revenue from product sales, and a negligible amount of revenue from services, associated with the completion of development of a customized digital access solution to an existing customer. As such, this single customer represented approximately 85% of our revenue for 2021. Our second largest customer represented approximately 9% of total revenue for the year.

We categorize origin of revenue based on the billing addresses of our deliveries. Certain customers may request delivery to other countries than the customer's domicile. Customers' contract manufacturers may place orders with us under the terms of the customer's contract. We are potentially exposed to the risks associated with the countries to which delivery is requested and in countries where the contract manufacturers are domiciled (e.g., risks associated with customs delays and other logistical delays).

Cost of materials, net of inventory change

Cost of materials, net of inventory change, rose 20% from 2022 to 2023, to \$3.9 million, reflecting the 6% increase for the year in product revenue and a one-time inventory write-off for end-of-life products. For 2022, the figure was \$3.2 million, a sequential increase of 159%, reflecting a 37% increase for the year in product revenue. For 2021, services represented 7% of total revenue, in 2022 and 2023 almost nil. Because we present our Consolidated Financial Statements reflecting the nature of expenses, the costs of personnel delivering engineering services associated with services revenue are not included in Cost of materials, net of inventory change.

Certain costs typically associated with manufacturing and manufacturing overhead, such as personnel costs and depreciation charges, are excluded from Cost of materials, net of inventory change, given the presentation of

operating expenses based on the nature of expenses rather than by function. These excluded costs are not material. Because of our presentation of operating expenses based on the nature of expenses, we do not present in our Consolidated Statements of Profit and Loss a line representing “gross margin”. We assess product-level profitability by calculating a *proxy* gross margin based on subtraction of Cost of materials, net of inventory change, from revenue derived from product sales. Under IFRS, the gross margin and ratio figures are alternative performance measures (“APMs”). In 2023, such a product gross margin to product revenue was 5% . For 2022, and 2021, the product gross margins were 17% and 56% respectively. The declining gross margin ratios reflect sequentially higher shipment volumes and shifts in product mix. In 2022 and 2023, the margin was additionally adversely impacted by several factors: higher component prices have not yet been passed on to customers, manufacturing costs have not yet achieved high-volume level, and write-off of inventory of discontinued products.

Compensation and benefits

Compensation and benefits expenses include, for all departments and activities, also cost of share-based remuneration.

Compensation and benefits expenses for 2023 were \$14.3 million, as compared to \$19.2 million for 2022, a decrease of \$4.9 million or 26%, reflecting a reduction in number of employees, a lower level of share-based compensation costs and reduction of variable incentives. Compensation and benefits expenses for 2021 were \$21.1 million. The decrease from 2021 to 2022 was due to a reduction in number of employees, and a lower level of share-based compensation costs.

The year-end numbers of employees for 2023, 2022, and 2021 were 69, 82, and 93, respectively, reflecting staff reductions and attrition in engineering during the three years and the expansion of our marketing and sales team during 2021 and 2022. We expect staffing levels to be reduced in the first half of 2024 in order to reduce operating expenses.

For more information regarding compensation and the composition of our staff, see Note 5 to our Consolidated Financial Statements.

Research and development

Research and development expenses are presented on a net basis, reflecting the recognised government grants. We regularly apply for and receive grants under government programs, in Norway and the United Kingdom, supporting research and development activities.

Research and development expenses include the cost of individual contractors assigned to engineering roles. As of December 31, 2023, December 31, 2022, and December 31, 2021, compensation for six, six, and eight individual contractors, respectively, were included in Research and development expenses.

In 2023, research and development expenses were \$2.4 million, reflecting gross expenses of \$3.5 million, offset by government grants of \$1.1 million. In 2022, research and development expenses were \$3.2 million, reflecting gross expenses of \$4.0 million, offset by government grants of \$0.7 million. In 2021, research and development expenses were \$2.7 million, reflecting gross expenses of \$3.4 million, offset by government grants of \$0.7 million.

The variations in gross research and development costs between the years reflect primarily the use of third-party service providers for outsourced engineering activities, particularly related to ASIC development and initiation of fabrication. Variances in the values of government grants approved reflect the amount of qualifying projects and expenses in the respective years.

For 2023, we have focused our research and development activities on a narrower range of priorities associated with near-term product introduction objectives. Going forward we expect gross expenses associated with these activities will be lower than gross expenses incurred in 2023.

Other operating expenses

This category consists of costs associated with our marketing and sales activities and costs associated with administrative activities, including external services related to these functions.

Other operating expenses in 2023, were \$8.7 million, as compared to \$8.4 million in 2022, an increase of \$0.3 million or 4%. Other operating expenses in 2021 were \$7.3.

The costs of individual contractors assigned to such roles are included in marketing and sales expenses. The number of individual contractors in marketing and sales roles expanded to eleven as of December 31, 2023, up from nine at the end of 2022 with the continued focus on strategic growth markets in Asia.

Other operating expenses increased significantly from 2020 to 2021 and into 2022 also because of higher professional services fees associated with the Company's listing of ADSs on the Nasdaq during the first quarter of 2021, as well as the related expanded scope of regulatory compliance and investor relations. Expanded liability insurance coverage for our Directors and Executive Officers caused insurance costs to rise significantly from 2020 to the following years. Following the voluntary delisting from Nasdaq Capital Markets in July 2023, we expect these expenses to be reduced in 2024.

Finance income and Finance cost

Finance income includes interest received on bank balances, the net gain associated with aggregated foreign exchange translation adjustments in the period, and upward adjustments of the fair values of financial assets or liabilities. Finance cost includes interest expenses on lease liabilities and the effective interest on the convertible debt, and the net loss associated with aggregated foreign exchange translation adjustments for the period, and downward revisions to the recorded fair values of financial assets or liabilities. The valuation change on the embedded derivative in the convertible loan, is credited/expensed to finance income and cost as applicable.

In 2023, Finance income totaled \$842 thousand, consisting primarily of interest income on our bank deposits. Finance expense was \$0.6 million consisting primarily of the net amount of losses associated with foreign exchange translation adjustments. The interest expense for the convertible loan at year end was \$21 thousand, while the gain on the embedded derivative was \$87 thousand.

In 2022 and 2021, Finance income of \$97 thousand and \$11 thousand, respectively, consisted primarily of interest income, while Finance cost in those years, \$1.4 million and \$1.1 million, respectively, were net of foreign exchange translation losses.

Income tax expense (benefit)

The provision for income tax presented in the Consolidated Statements of Profit and Loss represents the sum of payable taxes and changes in deferred tax. Payable taxes represents the sum of income tax expense (benefit) for our taxable entities. Income tax expense (benefit) for each entity is calculated using the income tax rates of the tax jurisdiction in which it operates.

Changes in deferred tax represent the periodic reconciliation of differences between financial reporting values and tax reporting values. The Company does not capitalize any deferred tax asset. Hence, any potential gain from increase in deferred tax asset is not recognized. For further details of tax calculations, see Note 9 to our Consolidated Financial Statements.

In the years 2023, 2022, and 2021, the provision for income tax presented in the Consolidated Statements of Profit and Loss was a benefit of \$16 thousand, a benefit of \$36 thousand and an expense of \$90 thousand. During the years 2023, 2022 and 2021, the parent company did not record or pay income taxes in Norway.

Net loss for the year

Net loss for the years 2023, 2022, and 2021 was \$26.6 million, \$32.7 million, and \$32.6 million, respectively.

On a per share basis for these three years, based on the shares outstanding after the 5:1 consolidation (reverse split) of shares effective on record date January 10, 2024, these losses were \$0.11, \$0.16, and \$0.18 per share, respectively. Pursuant to IAS 33 *Earnings per Share*, these loss per share figures are the same on a basic and fully-diluted basis. Because the Company has recorded a loss, loss per share on a fully-diluted basis excludes any Ordinary Shares issuable upon exercise of outstanding subscription rights, as doing so, given the loss, would be anti-dilutive (i.e., reduce loss per share).

Liquidity and Capital Resources

Since our establishment, we have incurred significant operating losses and negative cash flows. We anticipate we will continue to incur operating losses and consume cash at least through 2024.

We expect our revenue for 2024 will be higher than the level in 2023. We expect shipments of our TrustedBio modules will expand through 2024. We aim to improve product-level profitability in 2024 compared to 2023.

IDEX Biometrics completed one private placement transaction in the second quarter of 2023 and another one in the fourth quarter of 2023. We also entered into a convertible loan agreement in December 2023 which generated \$8.6 million net of expenses

As of December 31, 2023, we had cash and cash equivalents of \$11.4 million, representing approximately 45% of total assets.

We have no other debt to banks or financial lenders than the convertible loan that was entered into in 2023. Other financing commitments are limited to the lease agreements we have entered into associated with our office and lab facilities.

Cash Flows

We present our Consolidated Statements of Cash Flow following the indirect method.

Net cash flow used in operating activities

During 2023, operating activities consumed cash of \$27.0 million, primarily as a consequence of our net loss before tax of \$26.6 million, and a net working capital decrease of \$3.3 million, partially offset by non-cash charges of \$2.9 million included in the net loss for the year.

Operating activities during 2022 consumed cash of \$31.9 million, primarily as a result of our net loss before tax of \$32.7 million and a net working capital decrease of \$2.3 million partially offset by non-cash charges of \$4.1 million included in net loss for the year.

Operating activities during 2021 consumed cash of \$27.5 million primarily as a result of our net loss before tax of \$32.5 million and a net working capital decrease of \$0.1 million, partially offset by non-cash charges of \$4.6 million included in net loss for the year.

Net cash flow used in investing activities

During the year ended December 31, 2023, investing activities consumed cash of \$4 thousand reflecting the use of \$243 thousand for capital expenditures for engineering equipment, partially offset by the receipt of \$254 thousand of interest income associated with higher interest rates for the period.

Investing activities during 2022 consumed cash of \$160 thousand, reflecting the use of \$267 thousand for capital expenditures for engineering equipment, partially offset by \$97 thousand interest income.

Investing activities during 2021 consumed cash of \$143 thousand, reflecting the use of \$141 thousand for capital expenditures for engineering equipment.

Net cash flow provided by financing activities

During the year ended December 31, 2023, share issuance generated net cash of \$14.3 million, which included the proceeds from private placements of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling \$671 thousand. In December 2023, IDEX Biometrics entered into a convertible debt financing agreement with net cash received of \$8.6 million.

Financing activities during 2022 generated cash of \$14.0 million, which included the proceeds from a private placement of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling \$400 thousand.

Financing activities during 2021 generated cash of \$54.1 million, which included the net proceeds from two private placements of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling \$844 thousand.

Operating and Capital Expenditure Requirements

We have not achieved profitability since our inception. While we expect our revenue for 2024 will be higher than the revenue in 2023, we also expect to incur net losses and consume cash for the year. We aim to reduce our operating expenses in 2024 to a level below \$4 million per quarter.

We do not anticipate an increase in capital expenditures above the level incurred during 2023 and 2022. We also are not planning to acquire intangible assets or have significant investment activities for the foreseeable future.

Our future funding requirements will depend on many factors, including but not limited to:

- the working capital requirements;
- the gross margin earned on products sold;
- the operating expenses of the Company;

Additional information on the operating and capital expenditure requirements is provided in the going concern comment below.

Parent Company Financial Statements

The Financial Review above of the consolidated profit and loss statements, as well as the consolidated statements of financial position, largely apply to the parent company itself. The parent company holds all intellectual property rights. It is also the group's party to all trade relations with manufacturing partners and customers for the products and services offered by the Company. All revenues and cost of goods sold accrue in the parent company. The subsidiaries provide development services, market facilitation services, supply-chain and administrative services to IDEX Biometrics ASA and do not trade with external customers. The subsidiaries are funded through a combination of equity and advances, as required.

Only two of the group's 69 employees as of December 31, 2023, are employed in the parent company. Hence, the parent has a small share of the group's payroll expenses. The parent company purchases development services from the subsidiaries, whose charges include the payroll cost of the development staff. Thus, the parent company reports higher development costs than the consolidated group. The parent company purchases marketing and other services from the subsidiaries, whose charges include the payroll cost of the staff performing the service. In addition, most of the commercial team, who work and live in various countries where IDEX does not have a subsidiary, are individual contractors to the parent company, and the cost is included in Other operating expenses. Thus, the parent company reports higher Other operating expenses than the consolidated group.

The short-term receivables from group companies are mainly from IDEX UK. IDEX UK carries its development cost in order to qualify for SME research and development tax relief in the UK, and the parent company has provided funding for the expenses. Other aspects of the parent company's balance sheet are covered by the comments for the consolidated balance sheet for the group.

Allocation of the Net Loss for the Year

The net loss for 2023 of the parent company IDEX Biometrics ASA was \$25.1 million compared to a net loss of \$31.0 in 2022. The board proposes that the loss shall be added to Accumulated loss. \$13 million of the Share premium has been transferred to Capital reduction reserve to partly absorb Accumulated loss. The board does not propose any dividend payments for 2023.

Going Concern

The going concern assumption has been applied in the preparation of the consolidated financial statements. The going concern assumes the realization of assets and liquidation of liabilities in the normal course of business.

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. The accumulated losses, net of capital reduction reserve amounted to \$29.5 million as of December 31, 2023, and the net cash outflow amounted to \$4.8 million after obtaining new equity and a loan amounting to \$22.9 million. Net equity amounted to \$11.3 million and the balance sheet solvency, defined as cash plus current receivables less current liabilities, amounted to \$890 thousand on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve

months. The Company is exploring further options to fund its commercialization efforts. While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics will be successful in raising capital the future. The Company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on the Company's ability to continue as a going concern.

As an ongoing activity, we monitor liquidity and the board is prepared to take appropriate measures if and when required. We have been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt, the board has on balance concluded that the conditions for the going concern assumption are met.

HEALTH AND SAFETY

Talented, highly-motivated contributors are important to executing the Company's strategy. In order to maintain our leadership position in fingerprint authentication in a highly competitive employment market, attracting and retaining the best employees and individual contractors worldwide is a priority. Accordingly, we offer compelling compensation and benefits, and seek to foster a culture of innovation in which personnel are empowered to do (and are rewarded for) their best work. The board and management seek to create a working environment that is pleasant, stimulating, safe and to the benefit of all employees. The working environment complies with the existing rules and regulations. IDEX offers flexible working hours for all employees. The board has not found reason to implement special measures.

As of December 31, 2023, the Company had 93 individuals on staff, consisting of 72 employees and 21 individual contractors (individual contractors typically reside in countries in which we do not have business operations). Of this total, 20 were assigned to our Oslo office, 35 were assigned to our two offices in the United States, 33 were assigned to our office in the United Kingdom, and five were assigned to our office in China.

Some of our staff serve on a part-time basis. We assess staffing needs based on a full-time equivalent ("FTE") basis. As of December 31, 2023, we had 69 FTE employees and 18 FTE individual contractors. Of this total of 87 FTEs:

- 61 were engaged in engineering functions (hardware design, systems design, and software development);
- 12 were engaged in marketing and sales functions;
- seven were engaged in administrative and financial functions; and
- seven were engaged in production planning and supply chain management.

None of our employees are represented by a labor union or covered by a collective bargaining agreement and we have not experienced any work stoppages in 2023.

No employee has suffered work-related injury resulting in sick leave. No accidents or incidents involving the assets of IDEX have occurred. The sick leave in the group was 1.6% in 2023, compared to 1.2% in 2022. Due to the low number of employees, statistics for the parent company are not presented. The sick leave data are not considered reason for concern.

IDEX practices equal opportunities in all aspects. All facilities at IDEX are equally well equipped for females and males. Traditionally, fewer women than men have graduated in IDEX's fields of work. The management structure reflects the composition of the technical staff. The board has not taken any special measures in these respects.

Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals, and create long-term value for our holders of our equity securities. We provide employees with compensation packages including a competitive base salary and benefits, which may vary from country to country, such as life and health insurance, supplemental insurance, paid time off, paid parental leave, and an Employee Share Purchase Plan (suspended in 2024) in which eligible employee may participate. Generally (and subject to local laws), new employees and individual contractors are awarded subscription rights for the purchase of the Company's Ordinary Shares. Staff members also generally are eligible to participate in an annual performance-based variable compensation plan, as well as be eligible for periodic awards of subscription rights based on the performance of the Company and that of the staff member. We believe a compensation program with the

appropriate balance of short- and long-term incentives aligns the interests of holders of our equity securities and our personnel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We acknowledge and embrace the importance of Environmental, Social, and Governance (“ESG”) considerations in the development and execution of the Company’s strategy, which must be sustainable and contribute to the well-being of the communities in which we operate.

Our values are set forth in our Code of Conduct and Code of Ethics (“the Code,” available on our website). The Code states, “The purpose of the Company is to create value for the shareholders, while the business shall also be to the benefit for the Company’s customers, staff, suppliers, other business relations and the society at large.”

The Code also states, “IDEX makes every reasonable effort to secure a healthy, safe, and lawful work environment, and that the Company complies with all applicable laws, rules, and regulations concerning occupational health, safety, and environmental protection. The Company promotes equality and non-discrimination, non-harassment, fairness, and ethical behavior. The Company offers a pleasant, well-equipped, and safe work environment, maintains fair and balanced employment practices and equal employment opportunity policies, and complies with all applicable labor laws. IDEX encourages and also expects similar commitment from its suppliers, partners, and customers.”

As a *fabless* developer and supplier of high-technology products, we outsource all manufacturing activities. We select manufacturing partners and other providers of products and services that follow responsible practices in all ESG aspects. Our own operations do not have a significant impact on the natural environment, and the end-products in which our fingerprint authentication solutions are used (e.g., PVC smart cards) can be efficiently recycled. The Company is committed to minimizing use of energy, raw materials, water, and other resources, and makes every reasonable effort to minimize the waste we generate. We have recycling programs in place in all our facilities.

As set forth in our Code, we consider shareholders, staff, customers, business partners, authorities, and society in general to be important stakeholders, with interests to be protected and served. We consider how we interact with and treat our stakeholders to be the most efficient way we can have a meaningful impact on their wellbeing. As such, IDEX is committed to fulfill its obligation to be a responsible member of society through the conduct of its business in an ethical, socially-responsible, and transparent manner.

As of December 31, 2023, women represented 18% of our staff, and three departments are led by women. The composition of our Board meets Norwegian statutory requirements, with three women among our seven members.

ESG risks are not considered to be material to our financial statements. We have not identified any such risks that could have the potential to materially harm our business in a non-financial manner.

As our business grows, our operations and the elements of our ESG profile likely will evolve. When our ESG profile evolves to include measurable and material matters, we will supply investors and other stakeholders with decision-useful information regarding our ESG objectives and indicators of our progress toward those objectives.

The current corporate governance review is included in the 2023 annual report to Norway and is also available at the company’s website, <https://www.idexbiometrics.com/about-idex/>.

The Company will publish its annual due diligence review of the Company’s impact on human rights and working conditions, pursuant to the Norwegian transparency act, by June 30, 2024. The review will be available at the Company’s web site, <https://www.idexbiometrics.com/>.

MANAGEMENT REMUNERATION, DIRECTORS’ AND OFFICERS’ INSURANCE

The annual general meeting in 2021 resolved a policy for executive remuneration. The full policy is available at the company’s website, <https://www.idexbiometrics.com/about-idex/>. The actual remuneration in 2023 has been disclosed in a note to the parent company financial statements. The executive remuneration report will be presented to the 2024 annual general meeting in a separate document.

Since the company's shares were admitted to listing on Oslo Børs, the company has had a conventional Norway-based insurance policy covering directors' and officers' liability world wide, except for liabilities arising from U.S. Securities Act. ADSs representing the company's shares were listed on the Nasdaq Capital Market in the United States from March 2021 to August 2024. The company and its directors and officers are subject to incremental liability in the U.S. In order to attract and retain qualified individuals to the board and executive management, the company maintains also a U.S.-based liability insurance with worldwide coverage to protect directors and officers in the company from certain liabilities. The company has contractually obligated itself to indemnify, and to advance expenses on behalf of, the directors and officers to the fullest extent permitted by applicable Norwegian law so that they will serve the company free from undue concern. The U.S.-based insurance and the indemnification agreements were authorized by the extraordinary general meeting of the company on December 15, 2020. Subject to various terms and sub-limits, the total insured amount is up to NOK 50 million in the Norway-based policy and USD 5.0 million for liabilities exceeding USD 5.0 million or USD 10.0 million, as the case may be, in the U.S.-based policy.

OUTLOOK

2023 was a year of transformation as we continued to execute on our strategy to evolve IDEX Biometrics from a component supplier into a biometric solution company. This year focused on laying the foundation for biometric smart cards at scale. Bringing to market a suite of scalable enrollment solutions and working closely with our manufacturing partners around the world getting them ready to launch solutions with IDEX Pay and IDEX Access.

We introduced IDEX Pay, certified by Mastercard, and IDEX Access, further advancing our position as a full solution company for biometric smart card manufacturers and partners. We are confident that IDEX Pay is the key to unlocking the potential of this large market opportunity. We introduced IOS mobile enrollment, which integrates seamlessly with the banks' mobile banking app and supports banks overall digital strategies. Mobile enrollment is a fundamental accelerator for scaling biometric payment cards. In addition to an excellent user experience, the mobile-based enrollment solutions are further decreasing costs along with the continued efficiency of the supply chain to enable scaled launches. The success of this strategy has led to an expanding number of card manufacturing partners around the world who are in final stages of getting their Letters Of Authorization ("LOA"). Early demand for biometric smart cards is coming from the premium payment card segment and digital access solutions for multifactor authentication. Several card manufacturers and partners across the globe are currently in the process of commercializing their biometric solutions, many of which are based on IDEX Pay and IDEX Access.

Within the digital and physical access, the IDEX Access software platform supports the highest FIDO2 certification level, representing a product category quickly taking over as the de facto standard for digital access control. Propelled by surging number of data breaches, costs and high-stake risks, cyber security and specifically access control is quickly emerging as top priority for enterprises and governments. It is a dynamic and rapidly evolving market and so is the landscape of solution providers. IDEX Biometrics has added multiple new customers for digital and physical access during 2023, some with products just being released with prototypes and others that are finalizing the preparations for launch. We anticipate multiple new initiatives in this space throughout 2024.

With several of our manufacturing partners in the process of obtaining their certification, we anticipate our partners worldwide to launch biometric payment and access authentication solutions in the coming quarters.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia
Lawrence John Ciaccia
Chair

/s/ Deborah Lee Davis
Deborah Lee Davis
Board member

/s/ Annika Olsson
Annika Olsson
Board member

/s/ Morten Opstad
Morten Opstad
Board member

/s/ Adriana Saitta
Adriana Saitta
Board member

/s/ Stephen Andrew Skaggs
Stephen Andrew Skaggs
Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

CONSOLIDATED FINANCIAL STATEMENTS**IDEX Biometrics ASA**
Consolidated Statements of Profit and Loss
(\$000s, except per share amounts)

	Note	Year Ended December 31,		
		2023	2022	2021
Revenue:				
Product		\$ 4,131	\$ 3,889	\$ 2,837
Service		8	203	3
Total revenue	4	4,138	4,091	2,840
Operating expenses:				
Cost of materials, net of inventory change		3,908	3,244	1,254
Compensation and benefits	5	14,305	19,213	21,107
Research and development	6, 7	2,393	3,250	2,680
Other operating expenses	8, 25	8,743	8,402	7,347
Amortization and depreciation	11, 12, 13	1,635	1,352	1,802
Total operating expenses		30,986	35,460	34,190
Loss from operations		(26,847)	(31,369)	(31,350)
Finance income		842	97	11
Finance cost		(639)	(1,425)	(1,123)
Loss before tax		(26,644)	(32,698)	(32,462)
Income tax expense (benefit)	9	(16)	(36)	90
Net loss for the year		<u>\$ (26,629)</u>	<u>\$ (32,662)</u>	<u>\$ (32,552)</u>
Loss per share, basic and diluted	10	<u>\$ (0.11)</u>	<u>\$ (0.16)</u>	<u>\$ (0.18)</u>

Consolidated Statements of Comprehensive Income (\$000s)

	Note	Year Ended December 31,		
		2023	2022	2021
Net loss for the year		\$ (26,629)	\$ (32,662)	\$ (32,552)
Other comprehensive income that may be reclassified to profit (loss) in subsequent periods:				
Foreign currency translation adjustment		(436)	680	10
Total comprehensive income (loss) for the period (net of tax)		<u>\$ (27,065)</u>	<u>\$ (31,981)</u>	<u>\$ (32,542)</u>

The accompanying notes are an integral part of these consolidated financial statements.

IDEX Biometrics ASA**Consolidated Statements of Financial Position (\$000s)**

	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets:			
Goodwill	11	\$ 968	\$ 968
Intangible assets	11	1,011	1,488
Property, plant, and equipment	12	812	1,107
Right-of-use assets	13	1,779	1,545
Non-current receivables		81	73
Total non-current assets		4,651	5,181
Current assets:			
Prepaid expenses		648	986
Inventory	19	6,384	4,447
Accounts receivable, other	14	949	929
Accounts receivable, trade	14	979	1,349
Cash and cash equivalents	20	11,352	16,124
Total current assets		20,312	23,835
Total assets		<u>\$ 24,962</u>	<u>\$ 29,016</u>

Equity and liabilities

Share capital (NOK 0.15 par value per share, 1,397,010,650 and 1,166,326,584 shares issued and outstanding at December 31, 2023 and 2022, respectively)

	22	\$	25,955	\$	22,762
Share premium			2,118		4,036
Share-based payment reserve			24,858		23,576
Foreign currency translation effects			(12,068)		(11,632)
Capital reduction reserves			300,500		287,500
Accumulated loss			(330,030)		(303,401)
Total equity			11,334		22,841
Non-current liabilities:					
Non-current lease liabilities	13, 16		1,238		1,142
Total non-current liabilities			1,238		1,142
Current liabilities:					
Accounts payable	16		688		1,540
Current lease liabilities	13, 16		624		402
Public duties payable			283		394
Interest-bearing loans	17		5,076		—
Other current financial liabilities	17		3,545		—
Other current liabilities	16		2,174		2,697
Total current liabilities			12,390		5,033
Total liabilities			13,628		6,175
Total equity and liabilities		\$	24,962	\$	29,016

The accompanying notes are an integral part of these consolidated financial statements.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia
Lawrence John Ciaccia
Chair

/s/ Deborah Davis
Deborah Davis
Board member

/s/ Annika Olsson
Annika Olsson
Board member

/s/ Morten Opstad
Morten Opstad
Board member

/s/ Adriana Saitta
Adriana Saitta
Board member

/s/ Stephen A. Skaggs
Stephen A. Skaggs
Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

IDEX Biometrics ASA**Consolidated Statements of Changes in Equity (\$000s)**

	Share capital	Share premium	Share based payment	Foreign currency translation effects	Capital reduction reserve *	Accumulated loss *	Total equity
Balance at December 31, 2020	\$ 17,251	\$ 3,608	\$ 18,664	\$ (12,322)	\$223,500	\$ (238,187)	\$ 12,514
Share issuance	3,107	51,205	—	—	—	—	54,312
Share-based compensation	52	639	2,750	—	—	—	3,441
Net loss for the year	—	—	—	—	—	(32,552)	(32,552)
Transfer of share premium	—	(46,000)	—	—	46,000	—	—
Other comprehensive income	—	—	—	10	—	—	10
Balance at December 31, 2021	\$ 20,410	\$ 9,452	\$ 21,414	\$ (12,312)	\$269,500	\$ (270,739)	\$ 37,725
Share issuance	2,273	12,103	—	—	—	—	14,376
Share-based compensation	79	481	2,161	—	—	—	2,721
Net loss for the year	—	—	—	—	—	(32,662)	(32,662)
Transfer of share premium	—	(18,000)	—	—	18,000	—	—
Other comprehensive income	—	—	—	680	—	—	680
Balance at December 31, 2022	\$ 22,762	\$ 4,036	\$ 23,576	\$ (11,632)	\$287,500	\$ (303,401)	\$ 22,841
Share issuance	3,128	11,009	—	—	—	—	14,137
Share-based compensation	65	73	1,282	—	—	—	1,420
Net loss for the year	—	—	—	—	—	(26,629)	(26,629)
Transfer of share premium	—	(13,000)	—	—	13,000	—	—
Other comprehensive income	—	—	—	(436)	—	—	(436)
Balance at December 31, 2023	<u>\$ 25,955</u>	<u>\$ 2,118</u>	<u>\$ 24,858</u>	<u>\$ (12,068)</u>	<u>\$300,500</u>	<u>\$ (330,030)</u>	<u>\$ 11,334</u>

*Refer also to Note 2: Basis of Preparation and to Note 15: Share Capital to the consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

IDEX Biometrics ASA**Consolidated Statements of Cash Flow (\$000s)**

		Year Ended December 31,		
	Note	2023	2022	2021
Operating activities				
Profit (loss) before tax		\$ (26,644)	\$ (32,698)	\$ (32,462)
Amortization and depreciation expense	11, 12, 13	1,635	1,352	1,802
Share-based compensation expense	23	1,283	2,721	2,750
(Increase) decrease in inventories	19	(1,937)	(3,215)	(375)
(Increase) decrease in accounts receivable	14	370	(548)	(314)
Increase (decrease) in accounts payable	16	(852)	858	53
Change in other working capital items		(899)	564	577
Interest paid		(5)	(33)	(11)
Taxes paid (received)		46	(372)	447
Net cash flows from operating activities		(27,005)	(31,370)	(27,533)
Investing activities				
Purchases of property, plant, and equipment	12	(243)	(267)	(141)
(Payment) collection of non-current receivables		(6)	9	(13)
Interest received		254	97	11
Net cash flows from investing activities		4	(160)	(143)
Financing Activities				
Net proceeds from issuance of shares	22, 23	14,275	14,376	54,992
Proceeds from borrowings	17	8,621	—	—
Payment of principal portion of lease liabilities		(671)	(400)	(844)
Net cash flows from financing activities		22,225	13,976	54,148
Net change in cash and cash equivalents		(4,776)	(17,555)	26,472
Effect of foreign exchange on cash balances		3	(80)	(11)
Opening cash and cash equivalents balance		16,124	33,759	7,298
Cash and cash equivalents at December 31	20	\$ 11,352	\$ 16,124	\$ 33,759

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

IDEX Biometrics ASA and its wholly-owned subsidiaries (collectively, “IDEX” or the “Company”) specialize in the design, development, and sale of fingerprint authentication solutions. The Company’s fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies.

IDEX Biometrics ASA, the parent company, is a public limited liability company incorporated in 1996 in Norway. The address of the head office is Dronning Eufemias gate 16, NO-0191 Oslo, Norway. The Company’s Ordinary Shares, representing the only class of equity securities issued and outstanding, are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker symbol IDEX.

IDEX Biometrics ASA’s American Depositary Shares (“ADSs”) representing its ordinary shares, were listed on Nasdaq Capital Market until a voluntary delisting was effective on August 10, 2023. The delisting concerned only the ADSs listed on Nasdaq. There was no impact on the ordinary shares listed on the Oslo Stock Exchange. The ADS delisting had no impact on the Company’s accounting standards or disclosures to the Norwegian financial market.

IDEX is comprised of the Norwegian parent company and its subsidiaries in the United States (IDEX Biometrics Holding Company Inc. and IDEX Biometrics America Inc. (together, “IDEX America”)), the United Kingdom (IDEX Biometrics UK Ltd. (“IDEX UK”)), and China (IDEX Electronics (Shanghai) Co., Ltd. (“IDEX China”)). The parent company is the owner of all intellectual property of IDEX and is the contractual party to all customer and manufacturing partner agreements. All sales are generated by the parent company, and the parent company is the supplier to the customers. The subsidiaries provide various services to the parent company, mainly associated with engineering, supply-chain administration, and customer service functions.

2. Basis of Preparation

IDEX Biometrics prepares its Financial Statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU. The financial statements are presented in U.S. Dollars (“USD” or “\$”), and all amounts are rounded to the nearest thousand (\$000), unless otherwise indicated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown in the primary financial statements due to rounding.

IDEX Biometrics ASA is the parent company in the IDEX group. The parent company’s Financial Statements are published separately.

3. Significant Accounting Policies

Accounting policies that are significant to the Company’s results and financial position, in terms of the materiality of the items to which the policy is applied, are discussed below.

The significant accounting policies described in these consolidated financial statements have been applied consistently for all periods presented, except as otherwise noted in the disclosure related to the impact of policy changes following the adoption of new accounting standards and voluntary changes in 2023.

The statements of profit and loss are presented by the nature of expense. The cash flow statements are presented by the indirect method.

There have not been any changes to the Company’s accounting policies applied in the financial statements for 2023 compared to those applied in the annual financial statements for 2022.

The Consolidated Financial Statements for 2023 were approved by the Board on April 24, 2024.

a. Going Concern

The going concern assumption has been applied in the preparation of the consolidated financial statements. The going concern assumes the realization of assets and satisfaction of liabilities in the normal course of business.

IDEX has incurred significant operating losses and negative cash flows during the development stage of the business. The future viability of the Company is dependent on its ability to generate cash from operating activities and to raise additional capital to finance its operations. The accumulated losses, net of capital reduction reserve amounted to \$29.5 million as of December 31, 2023, and the net cash outflow in 2023 amounted to \$4.8

million after obtaining new equity and a loan amounting to \$22.9 million combined. Net equity amounted to \$11.3 million, and the balance sheet solvency, defined as cash plus current receivables less current liabilities, amounted to \$890 thousand on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company is exploring further options to fund its commercialization efforts. While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX will be successful in raising capital the future. The Company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on the Company's ability to continue as a going concern.

As an ongoing activity, the Company monitors liquidity and the Board is prepared to take appropriate measures if and when required. IDEX has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

b. Consolidation

The Company's Consolidated Financial Statements are comprised of the financial statements of IDEX Biometrics ASA and its wholly-owned subsidiaries, with all intercompany transactions, balances, revenue, expenses, and unrealized internal profit or losses eliminated upon consolidation.

c. Equity

Equity is comprised of the following:

- Share Capital: comprised of the nominal amount of the parent's ordinary shares. This capital is not distributable in the form of dividends under the Norwegian Public Limited Liability Companies Act (the "PLLC Act") (refer to Note 15 – Share Capital and Share Premium).
- Share Premium: comprised of: (1) the amount received attributable to Share Capital, in excess of the nominal amount of shares issued by the parent company, reduced by; (2) issuance costs directly attributable to the capital increase and; (3) transfers into the Capital Reduction Reserve, (refer to Note 22 – Share Capital and Share Premium).
- Share Based Payment Reserve: comprised of Share-based payment reserve.
- Foreign Currency Translation Effects: comprised of Currency Translation Difference.
- Capital Reduction Reserve: comprised of the absorption of accumulated losses of the Company by the Share Premium, as resolved by the Board of Directors (refer to Note 15 – Share Capital and Share Premium).
- Accumulated Loss: is comprised of cumulative historical losses of the Company.

d. Cost of materials, net of inventory change

Cost of materials, net of inventory change, consists of the costs of raw materials, components, contract manufacturing, and transportation associated with production and storage of products for sale to customers, net of inventory change.

e. Foreign currencies

The Company's Financial Statements are presented in USD. The functional currency of the parent company is USD, while the functional currency for each foreign subsidiary is its local currency. Transactions involving the translation to the respective functional currencies of values denominated in foreign currencies are classified as monetary or non-monetary, thereby defining the measurement and recognition of foreign currency translation gains and losses applicable to a transaction.

Monetary assets and liabilities generally have values fixed by explicit or implicit contract. Examples include bank deposits, debt, accounts receivable, and accounts payable. Monetary assets and liabilities subject to foreign currency adjustments are measured on the initial transaction date using the exchange rates in effect at that date. At each subsequent reporting date and through the date of settlement (i.e., payment) or derecognition, such monetary assets and liabilities are remeasured using the then-current exchange rate, and any foreign currency translation gains or losses are recorded by the entity within Financial income or Financial cost.

Non-monetary assets and liabilities generally are those assets and liabilities for which the recorded values are not subject to contractual or other formal definitions (i.e., those assets and liabilities that are not classified as monetary assets or liabilities). Non-monetary assets and liabilities are not subject to foreign currency adjustments at the entity level.

Assets and liabilities in entities with another functional currency than the USD, including goodwill and fair value adjustments, if any, are translated into USD using the exchange rates in effect at the reporting date of the Consolidated Statements of Financial Position. Amounts reported on the Consolidated Statements of Profit and Loss are translated to USD using the average exchange rates in effect for the reporting period. Significant, large transactions may be translated using the rate at the transaction date.

Foreign exchange differences arising on translation from functional currency to presentation currency are reported in Other comprehensive income ("OCI"). Translation gains or losses previously recognized in OCI are reversed and recognized in the Consolidated Statements of Profit and Loss if and when the entity is disposed.

f. Research and development expenses

Expenses in this category consist primarily of the costs of services and materials used in engineering activities and certain outsourced development activities. Payroll costs related to research and development employees are classified as Compensation and benefit expenses, not as research and development expenses, on the Consolidated Statement of Profit and Loss. However, the compensation paid to individual contractors serving in engineering roles is included in Research and development expenses.

Research costs are expensed as incurred. Development expenses that do not meet the criteria of capitalization are expensed as incurred. Development expenses are capitalized when (i) the technical feasibility of completing development has been demonstrated, (ii) the costs of development can be measured reliably, (iii) it is probable that IDEX will realize future economic benefits from the asset, and (iv) IDEX has committed to complete the development. Once the development is complete and the resulting asset is available for use, the capitalized development cost (i.e., the asset value) is amortized over its expected useful life.

The Company applies for and has received government grants associated with certain research and development projects. The recognized value of government grants applicable to research and development activities are credited against research and development costs. Generally, the applications or claims for such grants are submitted after completion of the qualifying activities. When it is realistic that the application or claim will be successful and the amount can be determined reliably, the Company credit the value of the grant against research and development expenses for that reporting period. Due to the timing difference between the completion of the qualifying activities, the approval of our grant application or claim, and the receipt of the funds associated with the grant, we may record, pending receipt of funds, the value of the grant as an Account receivable, other.

g. Convertible debt

The terms of the convertible debt agreements are evaluated to determine whether the instruments contain both liability and equity components, in which case the instrument is a compound instrument. Convertible debt agreements are evaluated to determine whether they contain embedded derivatives, in which case the instrument is a hybrid financial instrument. Based on evaluation of the terms in our convertible debt agreements, the Company determined that the conversion option was an embedded derivative and, therefore, the convertible debt was accounted for as a hybrid financial instrument. The Company has elected to assign transaction costs entirely to the financial liability host (principal).

Estimation methods are used to determine the fair value of embedded derivatives included in hybrid financial instruments. The determination of the effective interest used for the host contracts of hybrid financial instruments and the liability components of compound financial instruments is dependent on the outcome of such estimations. Evaluating the reasonableness of these estimations and the assumptions and inputs used in the valuation methods requires a significant amount of judgment and is therefore subject to an inherent risk of error.

h. Finance income and finance cost

Finance income and finance cost consists of interest income, interest expense, valuation change of the embedded derivative, and net foreign exchange losses (gains) arising from settlement of obligations denominated in foreign currencies during the period and foreign currency translation adjustments recognized at period end.

i. Accounting estimates, based on the use of judgment and assumptions

The application of certain accounting standards requires management to make accounting judgments, estimates and assumptions affecting reported amounts of assets, liabilities, income and expenses.

The main areas where the Company has made significant judgments when applying the accounting policies and that have the most material effect on the amounts recognized in the financial statements have been described in the following notes:

- Revenue Recognition
- Leases

Estimates used in the preparation of these financial statements are prepared based on bespoke models, while the assumptions on which the estimates are based rely on historical experience and other factors that management assesses to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most important matters in understanding the key sources of estimation uncertainty are described in each of the following notes:

- Intangible assets
- Inventory
- Accounts receivable, trade
- Share-based compensation
- Embedded derivative in convertible debt

Intangible assets

IDEX's patents and other intellectual property rights created by the Company are capitalized only when they satisfy the criteria for capitalization. No development costs have been capitalized in 2023, 2022, or 2021. Acquired intangible assets are capitalized initially at fair value, normally the purchase price. Intangible assets are amortized over their useful economic lives. An assessment of impairment losses on non-current assets is made when there is an indication of a decrease in value. An intangible asset's carrying amount is compared to the asset's recoverable amount. The recoverable amount is the higher of the fair value (less costs to sell to an independent third party) or the calculated value based on the discounted estimated cash flow from continued use. The estimate is based on judgments of when and whether there will be an economic benefit from the asset, and assumptions about the amounts. As of December 31, 2023, the Company determined that there were no indicators of impairment, and no impairment was recorded.

Inventory

Inventories consist of raw materials, work in process, and finished goods. Inventory is recorded at the lower of cost and net realizable value. Impairment is assessed quarterly, based on management's judgment of when and whether the inventory may be sold, and assumptions about the sales price and selling costs. The estimate is uncertain, because timing of sales are subject to many risks. Selling prices are uncertain in the market for IDEX's products. Reselling components or other commodity raw materials at any value may not be easily achieved, and elements of work in progress and finished goods, if impaired (i.e., considered excess or obsolete inventory), generally have no resale value and are held for disposal.

Accounts receivable, trade

Trade accounts receivable consist of invoiced amounts owed by customers, net of minor prepayments received and allowances for doubtful accounts. Regarding allowances for doubtful accounts, see section *Credit and Liquidity Risk* below.

Share-based compensation

IDEX estimates the fair value of incentive subscription rights ("SRs") at the grant date by using the Black-Scholes option pricing model, and record share-based remuneration cost over the vesting period of the SRs. The valuation is based on share price and exercise price, share price volatility, interest rates, and the expected term of the SRs, based on historical data. The parameters may in the future deviate from the historical observations. The accrued cost of the employment taxes associated with the earned intrinsic value of the SRs will vary with share price, which is a highly unpredictable parameter.

IDEX estimates the fair value of the Employee Share Purchase Plan (“ESPP”) at the grant date, i.e. the first date of the contribution period, by using the Black-Scholes option pricing model. The share-based compensation is expensed over the contribution period. The valuation is based on share price and exercise price, share price volatility, interest rates, and the term of the contribution period. The parameters may in the future deviate from the historical observations.

Embedded derivative in convertible debt

Estimation methods are used to determine the fair value of the embedded derivative included in the convertible debt. The effective interest used for the host contract and the embedded derivative is dependent on the estimations. The estimations and the assumptions and inputs used in the valuation methods at original recognition of the host contract and the embedded derivative, as well as revised valuation of the embedded derivative at each balance sheet date. A significant amount of judgment is exercised in determining the inputs and the result is therefore subject to an inherent risk of error.

j. Accounting Standards

Amendments to IAS 1 and IFRS Practice statement 2—Replacing Significant accounting policies with Material accounting policies — The amendments replace the requirement to disclose the ‘significant’ accounting policies with a requirement to disclose the ‘material’ accounting policies. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023. The Company has revised the accounting policy information disclosures for 2023 to become consistent with the amended IAS 1.

Other amendments to standards or interpretations of standards effective as of January 1, 2023 and adopted by the Company were not material to the Company’s financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact, or are not expected to be relevant to, the Company’s financial statements upon adoption.

Climate Change

As of December 31, 2023, the possible future financial impact to the Company resulting from climate change is uncertain. Given the nature of the Company’s operations and products, the Company believes any such impact not to be material. The Company is monitoring current and expected climate change effects, as well as measures considered or implemented by government and industry, in order to minimize any negative impact and to take advantage of any favorable opportunities that may arise.

Financial risks

IDEX emphasizes capital preservation and liquidity in managing its cash, which is held in bank accounts, which are denominated in USD, NOK, GBP, and CNY.

Short-term capital requirements include funding operating losses and supporting net working capital requirements. Reflecting the Company’s operating model, investments in property, plant, and equipment are modest, and have been funded with proceeds from issuance of Ordinary Shares. IDEX has been funded through the issuance of Ordinary Shares since it was established in 1996. In 2023, the parent company took up a convertible loan.

The current cash position and financial forecasts indicate that in 2024, the Company will need significant funding in the form of equity injection, debt or other. The Board is considering various funding options and believes that the Company will obtain further financing for its planned operation, growth and working capital requirements. Refer to the section above regarding going concern.

Interest Rate Risk

As of December 31, 2023, IDEX had cash of \$11.4 million. The Company’s exposure to interest rate sensitivity is influenced primarily by changes in the underlying bank interest rates in the various currencies. IDEX’s cash is held in bank accounts, all of which are considered highly liquid. Accordingly, an immediate one percentage point change in interest rates would not have a material effect on the fair market value the Company’s cash accounts.

The convertible loan is the only debt to financial lenders. The Company is not exposed interest rate associated with variable rate debt because the interest rate is fixed for the duration of the loan.

When calculating the recorded and carrying values of leases, interest rates are a variable in the calculations of these values, but do not represent a meaningful level of risk of material changes in these values.

Currency Risk

The Company's trading transactions are denominated in U.S. Dollars ("USD"), which is the Company's consolidation and presentation currency. The functional currency of the parent company, IDEX Biometrics ASA, is USD, while the functional currencies of the subsidiaries are the currency in their respective domiciles. The Company incurs a portion of its expenses in currencies other than the USD, primarily British Pounds ("GBP"), Norwegian Krone ("NOK"), Euro ("EUR"), and Chinese Yuan ("CNY"). The Company's cost level is exposed to changes in the rates of exchange between the USD and these currencies. IDEX seeks to minimize this exposure by maintaining currency cash balances at targeted levels appropriate to meet foreseeable short-term expenses in these other currencies. The remaining cash balance is held in USD-denominated accounts. The Company does not use forward exchange contracts or other hedging strategies to manage exchange rate exposure.

Each subsidiary's assets and liabilities are naturally hedged by being held and denominated in the functional currency of the subsidiary.

In addition to USD, the parent company holds bank deposits in NOK and GBP; receivables in NOK, GBP and EUR; and payables in NOK, GBP and EUR, and convertible debt in NOK. A 10% change in the relative value of USD to NOK would have had a corresponding effect on the carrying value of the Company's debt of approximately \$800 thousand at December 31, 2023, and was not material at December 31, 2022. A 10% change in the value of USD to CNY or EUR was not material at December 31, 2023 or December 31, 2022. A 10% increase in the value of the GBP relative to the USD would have had a corresponding effect on the carrying value of the net financial assets and liabilities in foreign currencies at December 31, 2023 of approximately \$980 thousand.

Credit and Liquidity Risk

IDEX extends customary credit terms to customers, reflecting its assessment of their individual creditworthiness. The Company does not believe there is significant credit risk at large associated with its Accounts receivable, trade, balance as of December 31, 2023. (See Note 14 – Accounts receivable.) A general reserve for doubtful accounts has not been recognized. If revenue continues to increase, receivable balances from a broadening customer base will increase, potentially increasing the credit risk at large. Based on review of all customer accounts as of December 31, 2023, a specific reserve for possible loss has been recognized.

The Company believes it faces minimal risk on its cash position, as IDEX's cash is on deposit with reputable, regulated banks.

The Company aims to increase revenue generation through sales of its products; however, it does not currently have the cash resources to fully meet its operating commitments for the twelve months following the date of the financial statements. This casts significant doubt on the Company's ability to continue as a going concern.

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to a customer, in an amount reflecting the consideration the Company expects to be entitled to in exchange for those goods or services. Sales, value added, and other taxes incurred concurrent with revenue producing activities are excluded from revenue. Shipping and handling charges to customers are included in revenue, and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as revenue reductions.

The Company's primary source of revenue comes from the sale of its products, which principally are biometric fingerprint modules consisting of a sensor and an ASIC in a single package. Each module also contains embedded software. The hardware and the embedded software are interdependent in that each needs the other to provide the intended fingerprint authentication function to the customer. The primary customers for the Company's products are smart card manufacturers and similar solution integrators. The Company currently does not use distributors for the resale of its products.

The Company may license its intellectual property under right to use licenses, in which royalties due to the Company are based upon a percentage of the licensee's sales and/or unit volumes. For the years 2023, 2022, and 2021, the Company recognized no revenue from licensing its intellectual property.

Certain contracts with customers contain multiple performance obligations, which typically may include a combination of non-recurring engineering ("NRE") services, prototype units, and production units. For these contracts, if the individual performance obligations are distinct, they are accounted for separately. Generally, the

Company has determined the NRE services and prototype units represent one distinct performance obligation, and the production units represent a separate distinct performance obligation. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price, based on prices charged to other customers or based on expected cost plus a customary profit margin. The Company generally recognizes revenue for NRE services and prototype units at the point in time when a defined milestone under the arrangement is completed and control is transferred to the customer, which is generally the shipment or delivery of the prototype units.

The Company also recognizes revenue from contracts with customers associated with the delivery of certain services, ranging from standalone NRE to advisory services. Generally, these contracts include a single performance obligation (i.e., service element), and revenue is recognized upon the completion of the defined service element and final acceptance by the customer of any project deliverable. However, revenue from services may be recognized over time, if recognition of multiple service elements is based on completion of substantive and results-based contractual milestones, and acknowledgement by the customer of such completion. The Company does not have material obligations or reserves for warranties, returns, or customer refunds.

The Company does not have material obligations or reserves for warranties, returns, or customer refunds. There were no contract asset or contract liability balances at December 31, 2023, 2022 or 2021.

4. Segment reporting

IDEX manages its operations as a single segment for the purposes of assessing performance and making operating decisions. IDEX operates as one operating segment, fingerprint imaging and authentication technology. IDEX has determined that its chief operating decision maker is its Chief Executive Officer. The Company's chief operating decision maker reviews the Company's financial information on an aggregated basis for the purposes of allocating resources and assessing financial performance.

IDEX categorizes customers by geographic region utilizing the addresses to which the Company invoices its products or services. The Company's product and service revenue by geographic region is as follows:

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Product Revenue:			
Europe, Middle East, and Africa	\$ 3,029	\$ 3,574	\$ 2,807
Americas	975	252	0
Asia-Pacific	126	63	30
Total product revenue	4,131	3,889	2,837
Service Revenue:			
Europe, Middle East, and Africa	2	10	3
Americas	—	193	0
Asia-Pacific	6	0	—
Total service revenue	8	203	3
Total Revenue	\$ 4,138	\$ 4,091	\$ 2,840

The Company's revenue has in the past come from a limited number of customers. During 2023, the top two customers accounted for approximately 47% and 20% of the Company's revenue, respectively, and in 2022, the top two customers accounted for 48% and 24% of revenue, respectively. In 2021, the top two customers accounted for 85% and 9% of revenue, respectively.

5. Compensation and benefits

Compensation and benefits expenses consist of costs for direct employees of the Company. Compensation of individual contractors is reported as Research and development expenses or Other operating expenses, as applicable, based on the roles assigned to the individuals.

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Salary, payroll tax, benefits, other	\$ 13,026	\$ 17,389	\$ 18,197
Share-based compensation	1,280	1,824	2,910
Total	\$ 14,305	\$ 19,213	\$ 21,107

The table below sets forth the number of employees and individual contractors by their function, measured in full-time equivalents. Most of the contractors live and work in countries in which the Company does not have a formal business presence.

	December 31, 2023		December 31, 2022		December 31, 2021	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	53	5	64	6	77	8
Marketing and sales	4	11	6	9	6	9
General and administrative	5	2	5	2	8	1
Supply chain and distribution	7	—	7	-	2	—
Total staff	69	18	82	17	93	18

The average number of employees for the years 2023, 2022, and 2021 were 76, 90 and 95 full-time equivalents, respectively.

The Company provides health and other benefits to employees consistent with common practice in the countries in which it operates. No such benefits are provided to individual contractors.

The parent company contributes to a pension insurance plan for all its Norwegian employees. The plan satisfies the Norwegian mandatory service pension rules. The pension plan is a fully insured, defined contribution plan.

Employees of IDEX America may participate in a health, dental, and vision insurance plan. IDEX America also offers employer-funded plans for life insurance, short-term disability, and long-term disability. IDEX America does not offer or plan to offer any pension plans, except for a 401(k) defined-contribution plan. The Company currently does not match participant contributions to this plan.

IDEX China contributes to the mandatory social security plans in China, including contribution of 21% of eligible salary to each employee's personal retirement fund.

IDEX UK contributes up to 6% of an employee participant's base salary to IDEX UK's pension plan, subject to the employee contributing the same percentage through a salary reduction arrangement. The pension plan is a fully insured, defined-contribution plan.

Share-based compensation includes non-cash expenses associated with the recognition of the costs of share-based awards granted pursuant to the Company's subscription rights plans and its employee share purchase plan ("ESPP"). See Note 16.

Compensation of Key Management

In 2023 and 2022 key management consisted of the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Technology Officer ("CTO"), and Chief Commercial Officer ("CCO"). In 2021, key management consisted of the CEO, CFO, and CTO.

	Year Ended December 31,		
	2023	2022	2021
	(in thousands)		
Compensation and short-term benefits	\$ 1,487	\$ 1,362	\$ 1,425
Medical and similar benefits, contributions to pension schemes	52	62	73
Share-based compensation	221	271	443
Total compensation of key management	<u>\$ 1,760</u>	<u>\$ 1,695</u>	<u>\$ 1,941</u>

Compensation and other short-term benefits, whether cash or in kind, are the amounts declared for tax purposes for the respective years. Pension cost and share-based remuneration are expensed amounts in the respective years. Gains on exercise of incentive subscription rights, if any, are not included. Employers' tax is not included.

The variable incentive pay paid in one year relate to achievements in the previous year. No officers exercised incentive subscription rights in 2023, 2022, or 2021.

Key management held the following subscription rights to Ordinary Shares under the subscription rights incentive plans with the following expiration dates and exercise prices:

Grant Date	Expiration Date	Exercise Price (NOK)	Number outstanding as of December 31,		
			2023	2022	2021
August 14, 2019	May 9, 2024	8.25	327,800	327,800	327,800
February 26, 2020	May 9, 2024	5.55	5,000,000	5,000,000	5,000,000
June 17, 2020	May 15, 2025	8.55	1,125,000	1,125,000	1,125,000
April 20, 2021	May 15, 2025	13.55			2,750,000
June 3, 2021	May 12, 2026	11.90	2,000,000	2,000,000	2,000,000
August 11, 2021	May 12, 2026	12.00	1,420,700	1,420,700	1,668,100
March 23, 2022	May 12, 2026	10.40	836,900	836,900	
August 10, 2022	May 12, 2027	5.90	1,631,000	1,631,000	
August 11, 2023	May 23, 2028	3.40	3,761,800		
November 8, 2023	May 23, 2028	2.30	500,000		
Total			16,603,200	12,341,400	12,870,900

The table above reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also notes 23 – Share-based compensation and 26 – Subsequent events. Compensation paid to the Board is presented in Note 17.

6. Research and development expenses

Research costs are expensed when incurred. Development costs are capitalized and held in the balance sheet only if they satisfy the criteria for capitalization. The same applies to IDEX's patents and other intellectual property rights created by IDEX. IDEX has not capitalized any development costs in 2023, 2022 or 2021. Development costs related to creation of intellectual property have been expensed when incurred.

Research and development expenses include the cost of independent contractors assigned to engineering roles.

Government grants recognized by the Company in support of research and development activities are credited against research and development costs when it is realistic that the application or claim will be successful and the amount can be determined reliably.

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Gross research and development expenses	\$ 3,495	\$ 3,959	\$ 3,356
Government grants credited	(1,102)	(709)	(676)
Net research and development expenses	<u>\$ 2,393</u>	<u>\$ 3,250</u>	<u>\$ 2,680</u>

7. Government grants

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Norway	\$ 480	\$ 312	\$ 538
United Kingdom	622	397	138
Total	<u>\$ 1,102</u>	<u>\$ 709</u>	<u>\$ 676</u>

The Norwegian SkatteFUNN is a government program supporting research and development activities in Norway. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to meeting the requirements of the Research Council of Norway.

The Company's IDEX UK subsidiary participates in a program by which the government of the United Kingdom offers financial support for qualifying research and development activities of small and medium-sized

enterprises, SME R&D tax relief. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to approvals and meeting program requirements.

8. Audit and audit fees

The following table sets out the aggregate fees related to professional services rendered by the Company's independent auditor, Ernst & Young AS ("EY"), for the calendar years 2023, 2022, and 2021:

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Audit services	\$ 176	\$ 447	\$ 352
Audit-related services	37	43	22
Tax services	8	7	7
Other services	-	4	24
	<u>\$ 221</u>	<u>\$ 501</u>	<u>\$ 405</u>

Audit services represents the fees for the audit that must be performed by EY in order to issue an opinion on the Company's consolidated financial statements and to issue reports on the Company's statutory financial statements. The definition also includes fees for certain other audit services, which are services only the designated independent auditor reasonably can provide, such as the auditing of non-recurring transactions, the application of new accounting policies, and limited reviews of quarterly financial results.

Audit-related services represents fees for other assurance and related services provided by EY, but not limited to those that only reasonably can be provided by EY, which are reasonably related to the performance of the audit.

Tax services represent fees, approved by our Audit Committee, for tax services not related to the audit provided by EY.

Other services represent other fees, approved by our Audit Committee, for services not related to the audit provided by EY.

9. Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. The Company's provision for income taxes (i.e., expense (benefit)) is based on income tax rates in the tax jurisdictions in which it operates, tax credits available in these jurisdictions, and reconciliation of differences between financial reporting values and tax reporting values.

As of December 31, 2023, the Company has a tax loss carryforward balance in Norway of \$271.7 million, representing a potential deferred tax asset, if recognized and calculated at the current corporate tax rate of 22.0%, of \$59.7 million. The Company also has a tax loss carryforward balance in the United Kingdom of \$4.5 million, representing a potential deferred tax asset, if recognized and calculated at the current corporate tax rate of 19.0%, of \$0.9 million. The Company does not have a tax loss carryforward balance or a deferred tax liability in China. In the United States, the Company expects returns of prepayments totaling \$60 thousand.

Because the Company has concluded there is not sufficiently convincing evidence the Company will generate sufficient taxable profit, against which the unused tax losses could be applied, the Company has not recognized to date any deferred tax assets in its statement of financial position, consistent with IFRS standards. A deferred tax asset will be recognized when the Company determines it is more likely than not it will have sufficient future taxable profit to apply the tax loss carryforward against future income taxes.

The major components of income tax provision for the years shown are:

<i>Tax expense (benefit) for the year</i> (\$000s)	Year Ended December 31,		
	2023	2022	2021
Taxes payable on the result of the year	\$ —	\$ 33	\$ 90
Adjustment in respect to prior years	(16)	(69)	—
Change in recorded deferred tax liability	—	—	—
Income tax expense (benefit)	<u>\$ (16)</u>	<u>\$ (36)</u>	<u>\$ 90</u>
<i>Elements of deferred tax</i> (\$000s)	Year Ended December 31,		
	2023	2022	2021
Employer's tax on share-based compensation	\$ (19)	\$ (24)	\$ (371)
Fixed Assets differences	882	987	1,154
Inventory differences	(869)	(131)	(5)
Accruals differences	(13)	(993)	(1,152)
Research and development tax credits	(496)	(1,404)	(1,563)
Losses carried forward	(271,675)	(256,201)	(253,300)
Basis for calculation of deferred tax asset	(272,190)	(257,766)	(255,237)
Calculated net deferred tax expense (benefit), local tax rates 5-22%	(59,743)	(56,592)	(55,953)
Unrecognized deferred tax asset *	59,743	56,592	55,953
Deferred tax liability (asset) in the balance sheet	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
<i>Reconciliation of tax expense (benefit)</i> (\$000s)	Year Ended December 31,		
	2023	2022	2021
Loss before tax	\$ (26,644)	\$ (32,698)	\$ (32,552)
Norway statutory tax, calculated at rate of 22%	(5,862)	(7,194)	(7,132)
Difference in subsidiary taxes, using local rates vs 22%	46	68	(179)
Estimated tax on permanent differences	(468)	(267)	(568)
Adjustment in respect of prior years	(16)	(69)	—
Use of and change in tax loss carried forward	6,316	7,426	7,969
Income tax expense (benefit)	<u>\$ 16</u>	<u>\$ (36)</u>	<u>\$ 90</u>

* As of December 31, 2023, there was not sufficiently convincing evidence the Company will generate sufficient taxable profit, against which the unused tax losses could be applied. Consequently, no deferred tax asset has been recognized. There are no restrictions as to how long tax losses may be carried forward in Norway or the United Kingdom. In China, the tax loss carryforwards that had not been utilized by the end of 2022, expired as of Dec 31, 2022. Tax credits associated with research and development activities in the United States, totaling \$1.4 million as of December 31, 2023, can be applied against taxable income for the following for 20 years.

** The various deferred tax assets that have not been recognized are denominated in their respective local currencies. As such, the change in the year-end value in USD of these unrecognized deferred tax assets includes foreign currency translation adjustments arising from changes in the exchange rates between USD and these local currencies from the prior year-end.

There are no deferred tax charges included in other comprehensive income in 2023, 2022, or 2021.

10. Loss per share calculation

A 5:1 share consolidation (reverse split) was completed at record date January 10, 2024. The per share calculations for all periods presented here are based on the new number of shares.

The profit or loss per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding for the period. Loss per share is calculated per basic share (i.e., without consideration for the anti-dilutive effect of exercisable subscription rights).

	Year Ended December 31,		
	2023	2022	2021
Net loss for the year (\$000s)	\$ (26,629)	\$ (32,662)	\$ (32,552)
Number of ordinary shares issued at December 31	279,402,130	233,265,317	202,077,691
Weighted average basic number of ordinary shares	253,042,411	205,386,514	183,769,485
Dilution effect (treasury stock method)	1,037,665	1,011,631	4,317,222
Weighted average diluted number of shares	254,080,076	206,398,145	188,086,707
Loss per share for the year (basic and diluted*)	\$ (0.11)	\$ (0.16)	\$ (0.18)

* The effects of potentially dilutive Ordinary Shares issuable upon exercise of outstanding subscription rights are not included in the calculation due to the Company's net losses for the periods presented, as their effect would be anti-dilutive.

11. Goodwill and other intangible assets

Goodwill is the recorded difference between the consideration paid and the net value of identifiable assets acquired and held, less impairment charges, if any. Goodwill balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

	Year Ended December 31,	
(\$000s)	2023	2022
Cost at the beginning of the year	\$ 968	\$ 968
Cost at the end of the year	\$ 968	\$ 968

There is only one cash generating unit in the Company and goodwill is allocated to this. IDEX performed the annual impairment test on December 31, 2023. Based on the 2023 assessment, no impairment charge has been made. The Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 4 years following the assessment date, including expected revenue growth, costs to produce, operating profit margins and estimated capital needs; (b) an estimated terminal value using a terminal year long-term future growth rate of 3.0% determined based on the long-term expected prospects of the Company; and (c) a discount rate (post-tax) of 12 % which reflects the weighted-average cost of capital adjusted for the relevant risk associated with the Company's operations. A stress-test with reasonably possible changes in the key assumptions does not indicate that the carrying amount will exceed the recoverable amount.

Acquired identifiable intangible assets, consisting primarily of patents, are held at cost, less accumulated amortization and impairment charges. Other intangible asset balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

	Year Ended December 31,	
(\$000s)	2023	2022
<i>Amortization period (straight-line, in years)</i>	<i>10 - 17</i>	<i>10 - 17</i>
Cost at the beginning of the year	\$ 5,173	\$ 5,173
Additions	—	—
Impact of currency translation	—	—
Cost at the end of the year	\$ 5,173	\$ 5,173
Accumulated Amortization at the beginning of the year	\$ 3,685	\$ 3,208
Amortization	477	477
Impact of currency translation	—	—
Accumulated Amortization at the end of the year	4,162	3,685
Carrying amount at the end of the year	\$ 1,011	\$ 1,488

Acquired patents are capitalized and amortized over the estimated useful life, which is the lifetime of the respective patent(s).

12. Property, plant, and equipment

Property, plant, and equipment is held at cost, less accumulated depreciation and impairment charges. When assets are sold or retired, such assets are no longer recorded in the Consolidated Statements of Financial Position. Any gain or loss on the sale or retirement is recognized in the Consolidated Statements of Profit and Loss.

The capitalized amount of property, plant, and equipment is the purchase price, including freight, installation, duties, taxes, and direct acquisition costs related to preparing the asset for use. Costs related to training and commissioning are expensed as incurred. Subsequent costs, such as expenses for repair and maintenance, are recognized as incurred in the Consolidated Statements of Profit and Loss. Subsequent enhancements creating future economic benefits are recognized in the Consolidated Statements of Financial Position as additions to property, plant, and equipment.

These assets are depreciated using the straight-line method over each asset's useful life. The depreciation period and method are assessed each year to ensure that the method and period used is consistent with the status of the non-current asset.

Property, plant, and equipment balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

2023 (\$000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Instruments and lab equipment, software tools	Total
<i>Depreciation period (straight line, in years)</i>	3-5	3-5	3-5	
Accumulated cost at December 31, 2022	\$ 969	\$ 803	\$ 2,348	\$ 4,120
Additions or (disposals)	177	2	66	245
Disposals	—	(18)	(108)	(126)
Impact of currency translation	2	8	23	33
Accumulated cost at December 31, 2023	969	803	2,348	4,271
Accumulated depreciation at December 31, 2022	\$ 486	\$ 734	\$ 1,793	\$ 3,012
Depreciation	272	40	236	548
Impact of currency translation	1	(11)	(91)	(101)
Accumulated depreciation at December 31, 2023	759	764	1,937	3,459
Carrying amount at December 31, 2023	<u>\$ 210</u>	<u>\$ 39</u>	<u>\$ 411</u>	<u>\$ 811</u>

2022 (\$000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Instruments and lab equipment, software tools	Total
<i>Depreciation period (straight line, in years)</i>	3-5	3-5	3-5	
Accumulated cost at December 31, 2021	\$ 855	\$ 782	\$ 2,281	\$ 3,918
Additions	125	38	104	267
Impact of currency translation	(11)	(18)	(37)	(66)
Accumulated cost at December 31, 2022	969	803	2,348	4,120
Accumulated depreciation at December 31, 2021	\$ 367	\$ 671	\$ 1,579	\$ 2,617
Depreciation	125	73	246	443
Impact of currency translation	(6)	(10)	(33)	(48)
Accumulated depreciation at December 31, 2022	486	734	1,793	3,012
Carrying amount at December 31, 2022	<u>\$ 483</u>	<u>\$ 69</u>	<u>\$ 556</u>	<u>\$ 1,107</u>

There were no assets under construction at the end of 2023 or 2022.

13. Leases

The Company's leases are for office and laboratory space occupied by employees and contractors. There is no exposure to future variable lease payments that are not reflected in the measurement of lease liabilities. Activity during 2023 and 2022 related to right-of-use assets are shown below.

(\$000s)	Year Ended December 31,	
	2023	2022
<i>Depreciation periods (straight-line, in years)</i>	3-5	3-5
Cost at the beginning of the year	\$ 2,643	\$ 2,691
Additions	844	1,654
Disposal of right to use assets	—	(1,569)
Impact of currency translation	—	(133)
Cost at the end of the year	\$ 3,487	\$ 2,643
Accumulated depreciation at the beginning of the year	\$ 1,098	\$ 2,334
Depreciation	610	431
Accumulated depreciation of disposed right of use assets	—	(1,566)
Impact of currency translation	—	(101)
Accumulated depreciation at the end of the year	1,708	1,098
Recorded value at the end of the year	\$ 1,779	\$ 1,545

Costs related to right-of-use assets included in the Consolidated Statements of Profit and Loss include the following:

Leases in the Consolidated Statements of Profit and Loss

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Depreciation	\$ 610	\$ 431	\$ 818
Finance cost	130	33	31

Lease liabilities included in the Consolidated Statements of Financial Position and related activity in the Consolidated Statements of Profit and Loss and Consolidated Statements of Cash Flows include the following:

Leases in the Consolidated Statements of Financial Position

(\$000s)	2023	2022
Balance at January 1	\$ 1,544	\$ 373
Additions	844	1,575
Accretion of interest	130	33
Payments	(739)	(437)
Balance at December 31	1,779	1,544
Non-current	1,238	1,142
Current	624	402
Total lease liabilities	\$ 1,862	\$ 1,544

14. Accounts receivable

Accounts receivable, trade, includes amounts billed and currently due from customers. The amounts due are stated at their estimated realizable value. The Company's payment terms vary by the type and location of its customers and the products or services offered, although terms generally include a requirement of payment within 30 to 60 days. When necessary, the Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment histories. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not require collateral from its customers, although there have been circumstances when the Company has required cash in advance (i.e., a partial down-payment) to facilitate orders in excess of a customer's established credit limit. To date, such amounts have not been material.

Expected credit loss accrued for at the end of 2023 was 144 thousand, no loss was expected for 2022. There were no other provisions for expected credit losses in 2023 and 2022.

The balances reported as Accounts receivable, other, consist primarily of amounts due to the Company associated with Value Added Tax refund activity and amounts due to the Company from governments associated with approved research and development grants.

Balances of accounts receivable at December 31, 2023, and December 31, 2022, are as follows:

Year ended December 31, 2023

(\$000s)	Maturity			
	Less than 3 months	3-6 months	6-12 Months	Total
Accounts receivable, trade	\$ 979	\$ —	\$ —	\$ 979
Accounts receivable, other	90	392	467	949
Total	\$ 1,069	\$ 392	\$ 467	\$ 1,928

Year ended December 31, 2022

(\$000s)	Maturity			
	Less than 3 months	3-6 months	6-12 Months	Total
Accounts receivable, trade	\$ 1,349	\$ 0	\$ 0	\$ 1,349
Accounts receivable, other	198	33	698	929
Total	\$ 1,547	\$ 33	\$ 698	\$ 2,278

15. Other current and non-current financial assets

Non-current receivables

(\$000s)	December 31,	
	2023	2022
Non-current receivables	\$ 81	\$ 73
Balance at December 31	\$ 81	\$ 73

The receivables are deposits for leasehold payments and are held at nominal value.

IDEX Biometrics ASA had no contingent assets at the end of 2023 or 2022.

16. Accounts payable and other financial liabilities

Except for the convertible debt in note 17 – Convertible debt, the Company's payable and other financial liabilities at December 31, 2023, and December 31, 2022, were as follows:

Year ended December 31, 2023

(\$000s)	Maturity				
	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Non-current lease liabilities	\$ —	\$ —	\$ —	\$ 1,238	\$ 1,238
Accounts payable	688	—	—	—	688
Current lease liabilities	146	148	331	—	624
Other liabilities	782	760	9,254	—	10,796
Total	\$ 1,615	\$ 908	\$ 9,585	\$ 1,238	\$ 13,346

Year ended December 31, 2022

(\$000s)	Maturity				
	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Non-current lease liabilities	\$ —	\$ —	\$ —	\$ 1,142	\$ 1,142
Accounts payable	1,540	—	—	—	1,540
Current lease liabilities	125	105	172	—	402
Other liabilities	838	1,400	459	—	2,697
Total	\$ 2,503	\$ 1,505	\$ 631	\$ 1,142	\$ 5,781

Other current liabilities include accruals for earned compensation, earned vacation days not taken, potential employer's tax on share-based compensation, and accruals for goods and services received but not yet invoiced by the supplier.

Other current liabilities include the estimated employer's payroll tax liability related to share-based compensation amounted to \$19 thousand on December 31, 2023, and \$24 thousand on December 31, 2022. It will be due only when the associated subscription rights are exercised. The exercise will, in all likely circumstances, fund the payable employer's payroll tax.

Interest expense including interest on lease liabilities in the Consolidated Statement of Profit and Loss in Finance expense was \$136 thousand in 2023 and \$34 thousand in 2022.

Except for the convertible debt in note 17 – Convertible debt, IDEX had no other significant current or non-current monetary obligations at the end of 2023 or 2022. The Company had no contingent liabilities at the end of 2023 or 2022.

17. Convertible debt

Amounts in USD 1,000	Interest rate	Maturity	December 31, 2023
Convertible bond	6%	Bimonthly amortization until June 28, 2027	
Convertible debt			\$ 5,076
Embedded derivative			3,545
Total:			\$ 8,621

In December 2023, IDEX entered into a convertible debt financing agreement. The Company issued NOK 100 million in convertible bonds at 6.0% interest p.a. The Company received NOK 92 million after deduction of the issue discount. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. The lender can request up to two additional installments to be paid in each period between the planned term dates. The loan is denominated in NOK. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The bond holder may elect to convert the outstanding loans into IDEX ordinary shares at any time prior to repayment at a conversion price of NOK 3.655, which was 125% of the Reference Share Price at December 22, 2023, when taking into account the 5:1 share consolidation (reverse split) was effective on the record date of January 10, 2024. This share consolidation was approved by the shareholders on December 21, 2023, along with a share capital reduction which was completed on February 26, 2024. The Company may elect to pay the interest payments, principal payments, or both with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares.

The convertible bonds are callable by the lender at any point. Because the Company does not have an unconditional right to defer payment beyond twelve months, both the host contract and the embedded derivative are classified as current liabilities.

The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the Company determined the value of the conversion option to be NOK 36.8 million and the residual value of the host contract to be NOK 51.2 million, including NOK 4.0 million of transactions costs. During 2023, the Company recognized a gain on revaluation of the embedded derivative of approximately NOK 887 thousand that was recorded in financial income, and recorded interest expense of NOK 217 thousand.

18. Fair value measurement

The Company has no financial assets that are measured at fair value and the only financial liability that is measured at fair value at the end of each reporting period is the embedded conversion option in its convertible debt.

The use of different estimation, methodologies and assumptions could have a material effect on the estimated fair value amounts. The methodologies are as follows:

- Cash, cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities: due to the short-term nature of these balances, carry amounts approximate fair value.
- At December 31, 2023, the carrying amount of the debt component was calculated using the effective interest rate of the debt component of the convertible note issued in December 2023.
- The fair value of the embedded derivative related to the convertible debt is recalculated at the end of each reporting period. The fair value measured is based on significant observable input (Level 3).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides a reconciliation of the changes in items measured at fair value and categorized within Level 3. See Note 17 – Convertible debt. There were no items categorized as Level 3 in 2022.

Amounts in USD 1,000	December 31, 2023	December 31, 2022
Convertible debt		
Host contract of convertible debt	5,076	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	—	—
Derivative instrument related to convertible debt	3,545	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	(87)	—
Total:	8,534	—

The host contract of the convertible debt, which at initial recognition was the balance of the total convertible debt and the derivative instrument, is held at amortized cost. The valuation of the host contract, which equals its carrying amount, assumes that the discount rate for valuation purposes is equal to the effective interest rate of the convertible debt.

The (gains)/losses included in the Consolidated Income Statements were recognized within financial income for gains and financial expenses for losses.

19. Inventory

Inventories consist of raw materials, work in process, and finished goods. Materials and components purchased for use in research and development activities are expensed at the time of purchase and excluded from inventory. Inventory is recorded at the lower of cost and net realizable value, less impairment, if any.

(\$000s)	December 31,					
	2023			2022		
	Cost	Reserves	Net	Cost	Reserves	Net
Raw materials	\$ 3,795	\$ —	\$ 3,795	\$ 2,280	\$ —	\$ 2,280
Work in progress	102	—	102	1,486	—	1,486
Finished goods	3,356	(869)	2,487	812	(130)	681
Total Inventory	<u>\$ 7,254</u>	<u>\$ (869)</u>	<u>\$ 6,384</u>	<u>\$ 4,577</u>	<u>\$ (130)</u>	<u>\$ 4,447</u>

In 2023, 2022, and 2021, materials with values of \$251 thousand, \$154 thousand, and \$124 thousand respectively, were consumed in new product development and charged to development expense.

20. Cash and cash equivalents

USD-valued cash and cash equivalent balances by currency were as follows:

(\$000s)	Year Ended December 31,	
	2023	2022
Denominated in USD	\$ 10,587	\$ 14,917
Denominated in NOK	424	990
Denominated in GBP	221	128
Denominated in CNY	120	90
Total	<u>\$ 11,352</u>	<u>\$ 16,124</u>

Of the amounts above, employees' withheld payroll tax deposits amounted to \$29 thousand and \$26 thousand at the end of 2023 and 2022, respectively. Only the withheld payroll tax deposits were restricted.

21. Restricted assets

For office leases, the parent company and subsidiaries have placed an amount corresponding to about 3 months' rent and allocations of its leasehold facilities in an escrow account in landlords name for the benefit of the landlord. Such escrow accounts and other deposits amounted to \$81 thousand at the end of 2023 and \$73 thousand at the end of 2022 in non-current receivables. No other assets have been pledged as security or are otherwise restricted.

22. Share capital and Share Premium

This note reports the number of shares as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 26 – Subsequent events.

There is one class of shares, and all such Ordinary Shares have equal rights. The par value of an Ordinary Share was NOK 0.15 per share at December 31, 2023. IDEX does not hold any of its own Ordinary Shares.

During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Board of Directors approved the transfer of \$13.0 million, \$18.0 million, and \$46.0 million, respectively, of Share Premium to absorb uncovered losses as allowed under Norwegian law. As a result, Share Premium has been reduced by a cumulative amount of \$300.5 million as of December 31, 2023, \$287.5 million as of December 31, 2022 and \$269.5 million as of December 31, 2021 against Capital Reduction Reserve. The transfer has no impact on the total equity, comprehensive income (loss), assets (including cash), nor liabilities.

	Number of Ordinary Shares
Balance at December 31, 2021	1,010,388,454
Share issues (Employee Share Purchase Plan)	4,947,546
Share issue (exercise of incentive subscription rights)	990,584
Private placement of Ordinary Shares on November 16	150,000,000
Balance at December 31, 2022	1,166,326,584
Share issues (Employee Share Purchase Plan)	4,583,947
Share issue (exercise of incentive subscription rights)	389,608
Private placement of Ordinary Shares on May 24	116,897,492
Private placement of Ordinary Shares on June 16	30,161,332
Private placement of Ordinary Shares on November 16	78,651,685
Private placement of Ordinary Shares on December 22	2
Balance at December 31, 2023	<u>1,397,010,650</u>

Costs related to share issuance have been charged against equity and amounted to \$756 thousand in 2023, \$737 thousand in 2022, and \$2,827 thousand in 2021.

23. Share-based compensation

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 26 – Subsequent events.

Subscription rights plans

IDEX follows the practice of renewing its subscription rights plan at each Annual General Meeting, when the preceding plan is closed for further grants and a new plan is established. On May 23, 2023, the Annual General Meeting resolved to adopt the 2023 Subscription Rights Incentive Plan (the “2023 Plan”). At the Extraordinary General Meeting (“EGM”) on December 21, 2023, the 2023 Plan was modified to allow a higher maximum number of subscription rights granted, in line with the increase in the share capital in June and December 2023. The Board is responsible for administration of subscription rights plans and approves grants under the plans and the terms of each grant.

Under the amended 2023 Plan, the Board may grant up to 139,701,065 subscription rights, provided the total number of outstanding subscription rights does not exceed 10 percent of the number of registered Ordinary Shares.

Subscription rights may be granted to employees and individuals rendering services to the Company. The exercise price shall be, at a minimum, the higher of the average closing price of an Ordinary Share, as reported on the Oslo Børs, for the ten trading days preceding the date of the grant, or the closing price of an Ordinary Share, as reported on the Oslo Børs, on the trading day preceding the date of the grant. The board may in cases of particular circumstances decide that the exercise price is lower, but not less than the par value of the share. The total number of outstanding such grants may not exceed 1 percent of the number of registered Ordinary Shares. Unless resolved otherwise by the Board, 25% of each grant of subscription rights vests per year. The annual vesting dates are the latest of the following dates before the date of grant of the subscription rights; (i) January 15, (ii) April 15, (iii) July 15 or (iv) October 15. The subscription rights expire on the fifth anniversary of the Annual General Meeting at which the shareholders resolved to establish the plan under which the subscription rights were granted. Unvested subscription rights terminate on the holder’s last day of employment or, in the case of non-employees, the last day of the individual’s service to the Company. Vested subscription rights may be exercised up to 90 days after the holder’s last day of employment. There are no cash settlement alternatives for the holders of subscription rights. The Company may elect to settle in cash.

The EGM also resolved that the board could issue replacement subscription rights (“RSR”) at an exercise price not lower than NOK 0.445 per share against waiver and cancellation of existing subscription rights. The vesting schedule for such RSRs shall be determined by the board. No RSRs had been granted by December 31, 2023.

The fair value of the subscription rights granted is calculated, for recognition of share-based compensation expenses, using the Black-Scholes option pricing model, applying the following assumptions:

	Year Ended December 31,		
	2023	2022	2021
Exercise price (NOK)	0.15 – 0.93	1.03 – 2.08	2.38 – 3.10
Weighted average exercise price per share	1.43	1.54	2.53
Weighted average share price at date of grant	0.69	1.42	2.45
Expected term (years)	4.67	4.45	4.62
Weighted average term (years)	3.01	3.27	3.35
Share price volatility (percent)	69 – 93	72 – 100	85 – 112
Risk-free interest rate	3.88%	2.65%	0.98%
Expected dividend payment	-	-	-
Forfeiture	None	None	None

Subscription rights activity

	2023		2022	
	Number of Subscription Rights	Weighted Average Exercise Price (NOK)	Number of Subscription Rights	Weighted Average Exercise Price (NOK)
Outstanding as of January 1	81,106,631	1.74	71,756,399	1.84
Granted	22,475,200	0.49	19,342,900	1.54
Exercised	(824,021)	0.15	(930,184)	0.29
Terminated	(7,327,449)	1.84	(8,987,484)	2.25
Expired	(595,700)	4.97	(75,000)	8.42
Outstanding as of December 31	<u>94,834,661</u>	<u>1.42</u>	<u>81,106,631</u>	<u>1.74</u>
Subscription rights exercisable as of December 31	50,694,011	1.67	36,416,302	1.65
	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right
Subscription rights granted in the year	22,475,200	0.45	19,342,900	0.82

Composition of outstanding and exercisable subscription rights at December 31, 2023

Outstanding Subscription Rights					Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	11,663,861	0.16	3.38	1.08	2,662,861	0.15	0.36
0.50 - 0.99	13,755,300	0.70	4.11	1.98	420,800	0.71	0.36
1.00 - 1.49	15,749,000	1.13	2.29	1.35	6,750,350	1.12	1.51
1.50 - 1.99	32,657,600	1.70	1.16	0.66	31,666,100	1.70	1.15
2.00 - 2.49	15,545,600	2.28	2.37	1.01	6,450,400	2.33	2.37
2.50 - 2.99	4,864,000	2.65	2.37	1.29	2,432,000	2.65	2.37
3.00 - 4.99	599,300	3.12	1.33	0.54	311,500	3.15	1.30
5.00 - 9.99	—	0.00	0.00	0.00	—	—	0.00
Total	<u>94,834,661</u>	<u>1.43</u>	<u>2.31</u>	<u>1.39</u>	<u>50,694,011</u>	<u>1.67</u>	<u>1.37</u>

Composition of outstanding and exercisable subscription rights at December 31, 2022

Outstanding Subscription Rights					Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	3,486,882	0.15	1.36	0.00	3,486,882	0.15	1.35
0.50 - 0.99	720,800	0.71	1.36	0.22	515,600	0.71	0.97
1.00 - 1.49	16,507,000	1.14	3.34	1.48	2,759,850	1.11	0.68
1.50 - 1.99	36,300,174	1.70	2.15	0.16	24,589,220	1.70	1.42
2.00 - 2.49	17,218,050	2.28	3.37	1.27	2,732,625	2.40	0.87
2.50 - 2.99	5,412,900	2.65	3.37	1.34	1,353,225	3	0.84
3.00 - 4.99	960,825	3.34	1.96	0.48	479,200	3.52	0.79
5.00 - 9.99	500,000	5.10	0.36	0.00	500,000	5.10	0.35
Total	<u>81,106,631</u>	<u>1.74</u>	<u>2.68</u>	<u>0.74</u>	<u>36,416,602</u>	<u>1.65</u>	<u>1.27</u>

Employee Share Purchase Plan

The Employee Share Purchase Plan (“ESPP”) is revolved each year at the Annual General Meeting. The current ESPP was approved at the 2023 Annual General Meeting. Under the ESPP, an IDEX employee based in Norway, the United Kingdom, or the United States may contribute up to 20% of his or her annual base salary, through payroll deductions, toward periodic purchases of new issue Ordinary Shares. Under the ESPP, an option for the purchase of an Ordinary Share is granted to a participating employees on the first day of a 6-months’ “offering period” to purchase new issued Ordinary Shares at the end of that offering period at a purchase price equal to 85% of the lesser of the fair market value, based on the closing price of an Ordinary Share reported by the Oslo Børs, on either the first day or the last day of that offering period. The offering periods occur from March through August, and from September through February. The shares are not restricted.

The ESPP is intended to qualify as an “employee stock purchase plan” under Section 423 of the U.S. Internal Revenue Code, thereby affording certain tax advantages to employees who are taxpayers in the United States. There are no tax advantages for ESPP participants who are taxpayers in Norway or the United Kingdom.

The share-based remuneration cost of the ESPP is calculated at the start of each contribution period, and amortized over that period. The cost is based on the contribution amount and amounts to the discount of 15% at the beginning of the period, plus the option value of an 85% call and 15% put option granted at the beginning of the period. The option value is based on a Black-Scholes option pricing model applying prevailing interest rates and share price volatility at the beginning of the period.

ESPP cost calculation parameters	September 1, 2023	March 1, 2023	September 1, 2022
Expected contribution amount (NOK 1,000)	532	1,078	2,025
Share price on start date (NOK per share)	0.64	0.96	0.83
Share price volatility	59%	80%	68%
Risk-free interest rate	4.24%	3.20%	2.82%
Expected dividend payment	—	—	—
Expected number of shares	972,698	1,321,462	2,854,899
Share-based compensation cost per expected share	0.23	0.40	0.32

In the two offering periods completed within 2023, an average of 28 employees (2022: 43) participated in the ESPP and purchased a total of 4,583,947 Ordinary Shares at a weighted average price of NOK 0.64 (2022: 4,947,546 shares at average NOK 1.08 per share).

24. Related party transactions

The Company’s significant shareholders, Board members, and management, as well as their related parties, are considered related parties of the Company.

Compensation of key management is disclosed in Note 5 – Compensation and benefits.

Board compensation

Board compensation is paid in arrears after being approved by the shareholders, generally at the Annual General Meeting. The following amounts were paid in 2023, 2022 and 2021:

	Year Ended December 31, 2023		
	Cash Compensation	Shared-based Compensation	Total
(\$000s)			
Lawrence J. Ciaccia, Board chair	\$ 48	\$ —	\$ 48
Deborah Davis	62	—	62
Hanne Hovding	50	—	50
Annika Olsson	40	—	40
Morten Opstad	48	—	48
Thomas M. Quindlen	50	—	50
Stephen A. Skaggs	57	—	57
	<u>\$ 355</u>	<u>\$ —</u>	<u>\$ 355</u>
	Year Ended December 31, 2022		
	Cash Compensation	Shared-based Compensation	Total
(\$000s)			
Morten Opstad, Board chair	\$ 53	\$ —	\$ 53
Lawrence J. Ciaccia, Board deputy chair	53	—	53
Deborah Davis	68	—	68
Hanne Hovding	55	—	55
Annika Olsson	44	—	44
Thomas M. Quindlen	55	—	55
Stephen A. Skaggs	62	0	62
	<u>\$ 390</u>	<u>\$ 0</u>	<u>\$ 390</u>

(\$000s)	Year Ended December 31, 2021		
	Cash Compensation	Shared-based Compensation	Total
Morten Opstad, Board chair	\$ 59	\$ —	\$ 59
Lawrence J. Ciaccia, Board deputy chair	28	33	61
Deborah Davis	67	0	67
Hanne Hovding	52	—	52
Stephen A. Skaggs	4	58	62
	<u>\$ 124</u>	<u>\$ 70</u>	<u>\$ 194</u>

Outstanding subscription rights awarded to members of the Board under the Company's subscription rights plans have the following expiration dates and exercise prices. For further information describing these plans, see Note 16 – Share-based compensation.

Grant Date	Expiration Date	Exercise Price (NOK per share)	Subscription rights outstanding as of December 31,		
			2023	2022	2021
June 17, 2020	May 15, 2025	8.55	120,000	120,000	120,000

The subscription rights were originally granted on August 15, 2018. They were replaced by the grant on June 17, 2020, as part of an exchange of subscription rights approved at the 2020 Annual General Meeting. This exchange was offered to all eligible holders.

Nomination Committee

The following fees has been paid to the nomination committee in 2023 and 2022 for the services up to the 2023 annual general meeting and the 2022 annual general meeting, respectively. 2023: Chair Robert Keith \$2.4 thousand, members Håvard Nilsson and Harald Voigt \$1.4 thousand each. 2022: Chair Robert Keith \$2.6 thousand, members Håvard Nilsson and Harald Voigt \$1.6 thousand each.

Related party transactions

Lawrence J. Ciaccia, board member 2015-2023, and chair since May 23, 2023, provides consulting services to IDEX. The fees paid to Mr. Ciaccia for his services totaled \$50 thousand in 2023, \$58 thousand in 2022, and \$65 thousand in 2021.

Morten Opstad, Board, chair 1997-2023 and board member since May 23, 2023, is a partner at Ræder Bing advokatfirma AS, the Company's primary law firm, which provided services to the Company resulting in charges of \$172 thousand in 2023, \$234 thousand in 2022, and \$338 thousand in 2021.

In connection with the private placements in May and November 2023, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placements. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum of the subscription price per new share in the private placement multiplied by the number of borrowed shares lent by the respective lender. The fees paid amounted to \$0.7 thousand to Alden AS, \$1.3 thousand to Mr. Robert Keith, \$7.8 thousand to Sundt AS, and \$2.7 thousand to Sundvall Holding AS.

There were no overdue balances with any related parties at the end of 2023, 2022 or 2021.

25. Other Operating Expenses

(\$000s)	Year Ended December 31,		
	2023	2022	2021
Sales and marketing activities	\$ 3,509	\$ 2,840	\$ 1,387
Legal, audit, accounting and other services	1,894	2,073	2,332
IT expenses	1,705	1,894	2,047
Travel expenses	253	230	132
Other operating expenses	1,383	1,364	1,449
Total other operating expenses	<u>\$ 8,743</u>	<u>\$ 8,402</u>	<u>\$ 7,347</u>

26. Subsequent Events

The Extraordinary General Meeting on December 21, 2023 resolved a five-to-one share consolidation (reverse split). The consolidation was registered on January 8, 2024 and effective at record date January 10, 2024. Following the consolidation, the company's share capital remained NOK 209,551,597.50, but divided into 279,402,130 shares, each with a nominal value of NOK 0.75. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. The calculation of profit or loss per share in Note 10 – Loss per share calculation has been based on the consolidated number of shares, while the reported number of shares and other instruments in these Financial Statements are the number of shares or instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) took effect, unless stated otherwise.

For the avoidance of doubt, the number of shares, instruments and prices in the following paragraphs are after the 5:1 share consolidation.

The Extraordinary General Meeting on December 21, 2023 resolved a share capital reduction by reduction of the par value of shares from NOK 0.75 to NOK 0.15 per share. The reduction was registered on February 26, 2024. The number of shares remained unchanged. The reduction amount, NOK 167,641,278.-, was transferred to other equity. The company's net equity remained the same, and there was no distribution of capital. Following the reduction, the Company's share capital was NOK 41,910,319.50 divided into 279,402,130 shares, each with a nominal value of NOK 0.15.

The Board resolved on February 29, 2024, to issue 358,525 shares at NOK 1.32 per share to employees participating in the Company's ESPP. Following the issue, the Company's share capital was NOK 41,964,098.25 divided into 279,760,655 shares, each with a nominal value of NOK 0.15.

The Board resolved on March 19, 2024, to issue in total 365,900 ordinary shares at NOK 0.75 per share to employees who had exercised incentive subscription rights. The incentive subscription rights were issued under the Company's 2019 incentive subscription rights plan, which plan was approved by the Annual General Meeting on May 9, 2019. Following the issue, the company's share capital is NOK 42,018,983.25 divided into 280,126,555 shares each with a nominal value of NOK 0.15. Following the exercise, there are 18,601,032 incentive subscription rights outstanding.

The Board resolved on April 17, 2024, to issue 550,000 incentive subscription rights (SRs) to employees in IDEX. The grant was made under the Company's 2023 incentive subscription rights plan as amended at the extraordinary general meeting on December 21, 2023. The exercise price of the SRs is NOK 0.15 per share and the SRs vest by 50% per year over two years. The SRs expire on May 23, 2028.

The repayment schedule of the convertible loan described in Note 17 - Convertible debt, accrued interest, was initially 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. After the term payment on February 28, 2024, the lender made two such requests. All three terms were settled in cash, not shares, by a total combined amount of NOK 15.4 million or \$1.4 million in the first quarter of 2024.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below \$4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs.

There have been no events between December 31, 2023, and the date of these financial statements that have had any material impact on the Company's results for 2023, or the value of the Company's assets and liabilities as of December 31, 2023.

PARENT COMPANY SEPARATE FINANCIAL STATEMENTS**IDEX Biometrics ASA****Parent Company Separate Statements of Profit and Loss****(In thousands, except per share amounts)**

	Note	Year Ended December 31,	
		2023	2022
Revenue:			
Product		\$ 4,131	\$ 3,889
Service		8	203
Total revenue	4	4,138	4,091
Operating expenses:			
Cost of materials, net of inventory change		3,908	3,244
Compensation and benefits	5	2,308	2,906
Research and development	6, 7	12,912	16,079
Other operating expenses	8, 25	9,729	10,943
Amortization and depreciation	11, 12, 13	752	599
Total operating expenses		29,609	33,771
Loss from operations		(25,471)	(29,679)
Finance income	16	696	544
Finance cost	16	(365)	(1,888)
Loss before tax		(25,141)	(31,023)
Income tax expense	9	—	—
Net loss for the year		<u>\$ (25,141)</u>	<u>\$ (31,023)</u>
Loss per share, basic and diluted	10	<u>\$ (0.11)</u>	<u>\$ (0.16)</u>

Statements of Comprehensive Income

	Year Ended December 31,	
	2023	2022
Net loss for the year	\$ (25,141)	\$ (31,023)
Other comprehensive income that may be reclassified to profit (loss) in subsequent periods:	—	—
Total comprehensive income (loss) for the period (net of tax)	<u>\$ (25,141)</u>	<u>(31,023)</u>

The accompanying notes are an integral part of these financial statements.

IDEX Biometrics ASA
Parent Company Separate Statements of Financial Position
(In thousands, except share numbers and per share amounts)

		December 31,	
	Note	2023	2022
Assets			
Non-current assets:			
Goodwill	11	\$ 968	\$ 968
Intangible assets	11	1,011	1,488
Property, plant and equipment	12	303	367
Right-of-use assets	13	39	62
Shares in subsidiaries	1, 27	1,749	1,749
Non-current receivables	15	7	7
Total non-current assets		4,077	4,641
Current assets:			
Prepaid expenses	15	463	562
Inventory	19	6,384	4,447
Accounts receivable, other	14	525	465
Accounts receivable, trade	14	1,068	1,349
Receivables from group companies	14	10,366	7,597
Cash and cash equivalents	20	10,818	14,242
Total current assets		29,625	28,663
Total assets		\$ 33,701	\$ 33,304

The accompanying notes are an integral part of these financial statements.

		December 31,	
	Note	2023	2022
Equity and liabilities			
Share capital (NOK 0.15 par value per share, 1,397,010,650 and 1,166,326,584 shares issued and outstanding at December 31, 2023 and 2022, respectively)	22	\$ 25,955	\$ 22,762
Share premium		2,118	4,036
Share-based payment		24,858	23,575
Capital reduction reserves		300,500	287,500
Accumulated loss		(337,510)	(312,369)
Total equity		15,922	25,505
Non-current liabilities:			
Non-current lease liabilities	13	13	13
Total non-current liabilities		13	13
Current liabilities:			
Accounts Payable	16	721	1,400
Payables to group companies	16	6,794	5,057
Current lease liabilities	13, 16	19	46
Public duties payable		89	98
Interest-bearing loans	17	5,076	—
Other current financial liabilities	17	3,545	—
Other current liabilities	16	1,522	1,185
Total current liabilities		17,766	7,786
Total liabilities		17,780	7,799
Total equity and liabilities		\$ 33,701	\$ 33,304

The accompanying notes are an integral part of these financial statements.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia
Lawrence John Ciaccia
Chair

/s/ Deborah Davis
Deborah Davis
Board member

/s/ Annika Olsson
Annika Olsson
Board member

/s/ Morten Opstad
Morten Opstad
Board member

/s/ Adriana Saitta
Adriana Saitta
Board member

/s/ Stephen A. Skaggs
Stephen A. Skaggs
Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

IDEX Biometrics ASA
Parent Company Separate Statements of Changes in Equity
(In thousands)

	Share capital	Share premium	Share- based payment	Foreign currency translation effects	Capital reduction reserve *	Accumulated loss *	Total equity
Balance at January 1, 2022	\$ 20,410	\$ 9,452	\$ 21,414	\$ —	\$ 269,500	\$ (281,346)	\$ 39,431
Share issuance	2,273	12,103	—	—	—	—	14,376
Share-based compensation	79	481	2,161	—	—	—	2,721
Loss for the year	—	—	—	—	—	(31,023)	(31,023)
Transfer of share premium	—	(18,000)	—	—	18,000	—	—
Other comprehensive income	—	—	—	—	—	—	—
Balance at December 31, 2022	<u>22,762</u>	<u>4,036</u>	<u>23,576</u>	<u>—</u>	<u>287,500</u>	<u>(312,369)</u>	<u>25,505</u>
Share issuance	3,128	11,009	—	—	—	—	14,137
Share-based compensation	65	73	1,283	—	—	—	1,421
Loss for the year	—	—	—	—	—	(25,141)	(25,141)
Transfer of share premium	—	(13,000)	—	—	13,000	—	—
Other comprehensive income	—	—	—	—	—	—	—
Balance at December 31, 2023	<u>\$ 25,955</u>	<u>\$ 2,118</u>	<u>\$ 24,858</u>	<u>\$ —</u>	<u>\$ 300,500</u>	<u>\$ (337,510)</u>	<u>\$ 15,922</u>

*Refer also to Note 1: Organization, basis of presentation, and significant accounting policies and Note 15: Share capital and share premium.

The accompanying notes are an integral part of these financial statements.

IDEX Biometrics ASA
Parent Company Separate Statements of Cash Flow
(In thousands)

		December 31,	
	Note	2023	2022
Operating activities			
Profit (loss) before tax		\$ (25,141)	\$ (31,023)
Amortization and depreciation expense	11, 12, 13	752	599
Share-based compensation expense		1,421	2,721
(Increase) in inventories		(1,937)	(3,213)
(Increase) in accounts receivable		(2,488)	(2,045)
Increase in accounts payable		1,189	2,503
Change in other working capital items		235	(1)
Other operating activities		105	(1,435)
Interest paid		(8)	(2)
Other financial items		(327)	1,346
Net cash flow from operating activities		(26,200)	(30,549)
Investing activities			
Purchases of property, plant and equipment	11, 12, 13	(187)	(2)
Repayments on loans to subsidiaries		0	1
Interest received		234	92
Net cash flows from investing activities		47	91
Financing activities			
Net proceeds from issue of shares	22, 23	14,137	14,376
Proceeds from borrowings	17	8,621	—
Payment of principal portion of lease liabilities		(29)	25
Net cash flow from financing activities		22,729	14,401
Net change in cash and cash equivalents		(3,423)	(16,056)
Opening cash and cash equivalents balance		14,242	30,298
Cash and cash equivalents at December 31	20	\$ 10,818	\$ 14,242

The accompanying notes are an integral part of these financial statements.

NOTES TO PARENT COMPANY SEPARATE FINANCIAL STATEMENTS

1. Organization, basis of presentation, and significant accounting policies

IDEX Biometrics ASA and its wholly-owned subsidiaries (collectively, “IDEX” or the “Company”) specialize in the design, development, and sale of fingerprint authentication solutions. The Company’s fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies.

IDEX Biometrics ASA, the parent company, is a public limited liability company incorporated in 1996 in Norway. The address of the head office is Dronning Eufemias gate 16, NO-0191 Oslo, Norway. The Company’s Ordinary Shares, representing the only class of equity securities issued and outstanding, are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker symbol IDEX.

IDEX Biometrics ASA’s American Depositary Shares (“ADSs”) representing its ordinary shares, were listed on Nasdaq Capital Market until a voluntary delisting was effective on August 10, 2023. The delisting concerned only the ADSs listed on Nasdaq. There was no impact on the ordinary shares listed on the Oslo Stock Exchange. The ADS delisting had no impact on the Company’s accounting standards or disclosures to the Norwegian financial market.

IDEX Biometrics ASA has wholly-owned subsidiaries in the United States (IDEX Biometrics Holding Company Inc. and IDEX Biometrics America Inc. (together, “IDEX America”)), the United Kingdom (IDEX Biometrics UK Ltd. (“IDEX UK”)), and China (IDEX Electronics (Shanghai) Co., Ltd. (“IDEX China”)). The parent company is the owner of all intellectual property of IDEX and is the contractual party to all customer and manufacturing partner agreements. All sales are generated by the parent company, and the parent company is the supplier to the customers. The subsidiaries provide various services to the parent company, mainly associated with engineering, supply-chain administration, and customer service functions.

2. Basis of Preparation

IDEX Biometrics ASA prepares its Financial Statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU. The financial statements are presented in U.S. Dollars (“USD” or “\$”), and all amounts are rounded to the nearest thousand (\$000), unless otherwise indicated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown in the primary financial statements due to rounding.

IDEX Biometrics ASA is the parent company in the IDEX group. The Consolidated Financial Statements of IDEX Biometrics ASA including its subsidiaries are published separately.

3. Significant Accounting Policies

Accounting policies that are significant to the Company’s results and financial position, in terms of the materiality of the items to which the policy is applied, are discussed below.

The significant accounting policies described in these consolidated financial statements have been applied consistently for all periods presented, except as otherwise noted in the disclosure related to the impact of policy changes following the adoption of new accounting standards and voluntary changes in 2023.

The statements of profit and loss are presented by the nature of expense. The cash flow statements are presented by the indirect method.

There have not been any changes to IDEX Biometrics ASA’s accounting policies applied in the financial statements for 2023 compared to those applied in the annual financial statements for 2022.

The parent company separate financial statements for 2023 were approved by the Board on April 24, 2024.

a. Going Concern

The going concern assumption has been applied in the preparation of the financial statements. The going concern assumes the realization of assets and satisfaction of liabilities in the normal course of business.

IDEX Biometrics ASA has incurred significant operating losses and negative cash flows during the development stage of the business. The future viability of the Company is dependent on its ability to generate cash from

operating activities and to raise additional capital to finance its operations. The accumulated losses, net of capital reduction reserve amounted to \$37.0 million as of December 31, 2023, and the net cash outflow in 2023 amounted to \$3.4 million after obtaining new equity and a loan amounting to \$22.8 million combined. Net equity amounted to \$15.9 million, and the balance sheet solvency, defined as cash plus current external receivables less current external liabilities, amounted to \$1.4 million on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. IDEX Biometrics ASA is exploring further options to fund its commercialization efforts. While the company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics ASA will be successful in raising capital the future. The company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on IDEX Biometrics ASA's ability to continue as a going concern.

As an ongoing activity, the Company monitors liquidity and the Board is prepared to take appropriate measures if and when required. IDEX has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

b. Subsidiaries

Investments in subsidiaries are held at historical cost.

c. Equity

Equity is comprised of the following:

- Share Capital: comprised of the nominal amount of the ordinary shares. This capital is not distributable in the form of dividends under the Norwegian Public Limited Liability Companies Act (the "PLLC Act") (refer to Note 22 – Share Capital and Share Premium).
- Share Premium: comprised of: (1) the amount received attributable to Share Capital, in excess of the nominal amount of shares issued by the parent company, reduced by; (2) issuance costs directly attributable to the capital increase and; (3) transfers into the Capital Reduction Reserve, (refer to Note 15 – Share Capital and Share Premium).
- Share Based Payment Reserve: comprised of Share-based payment reserve.
- Capital Reduction Reserve: comprised of the absorption of accumulated losses of the parent company by the Share Premium, as resolved by the Board of Directors (refer to Note 15 – Share Capital and Share Premium).
- Accumulated Loss: is comprised of cumulative historical losses of the parent company.

d. Cost of materials, net of inventory change

Cost of materials, net of inventory change, primarily consists of the costs of raw materials, contract manufacturing, and transportation associated with production and storage of products for sale to customers, net of inventory change.

e. Foreign currencies

IDEX Biometrics ASA's Consolidated Financial Statements are presented in USD. The functional currency of the parent company is USD, while the functional currency for each foreign subsidiary is its local currency. Transactions involving the translation to USD of values denominated in foreign currencies are classified as monetary or non-monetary, thereby defining the measurement and recognition of foreign currency translation gains and losses applicable to a transaction.

Monetary assets and liabilities generally have values fixed by explicit or implicit contract. Examples include bank deposits, debt, accounts receivable, and accounts payable. Monetary assets and liabilities subject to foreign currency adjustments are measured on the initial transaction date using the exchange rates in effect at that date. At each subsequent reporting date and through the date of settlement (i.e., payment) or derecognition, such monetary assets and liabilities are remeasured using the then-current exchange rate, and any foreign currency translation gains or losses are recorded by the entity within Financial income or Financial cost.

Non-monetary assets and liabilities generally are those assets and liabilities for which the recorded values are not subject to contractual or other formal definitions (i.e., those assets and liabilities that are not classified as monetary assets or liabilities). Non-monetary assets and liabilities are held at historical cost.

f. Research and development expenses

Expenses in this category consist primarily of the costs of services and materials used in engineering activities and outsourced development activities to subsidiaries or external providers. Payroll costs related to research and development employees are classified as Compensation and benefit expenses, not as research and development expenses, on the Statement of Profit and Loss. However, the compensation paid to individual contractors serving in engineering roles is included in Research and development expenses.

Research costs are expensed as incurred. Development expenses that do not meet the criteria of capitalization are expensed as incurred. Development expenses are capitalized when (i) the technical feasibility of completing development has been demonstrated, (ii) the costs of development can be measured reliably, (iii) it is probable that IDEX Biometrics ASA will realize future economic benefits from the asset, and (iv) IDEX Biometrics ASA has committed to complete the development. Once the development is complete and the resulting asset is available for use, the capitalized development cost (i.e., the asset value) is amortized over its expected useful life.

IDEX Biometrics ASA applies for and has received government grants associated with certain research and development projects. The recognized value of government grants applicable to research and development activities are credited against research and development costs. Generally, the applications or claims for such grants are submitted after completion of the qualifying activities. When it is realistic that the application or claim will be successful and the amount can be determined reliably, the company credit the value of the grant against research and development expenses for that reporting period. Due to the timing difference between the completion of the qualifying activities, the approval of our grant application or claim, and the receipt of the funds associated with the grant, we may record, pending receipt of funds, the value of the grant as an Account receivable, other.

g. Convertible Debt

The terms of the convertible debt agreements are evaluated to determine whether the instruments contain both liability and equity components, in which case the instrument is a compound instrument. Convertible debt agreements are evaluated to determine whether they contain embedded derivatives, in which case the instrument is a hybrid financial instrument. Based on evaluation of the terms in our convertible debt agreements, the company determined that the conversion option was an embedded derivative and, therefore, the convertible debt was accounted for as a hybrid financial instrument. The company has elected to assign transaction costs entirely to the financial liability host (principal).

Estimation methods are used to determine the fair value of embedded derivatives included in hybrid financial instruments. The determination of the effective interest used for the host contracts of hybrid financial instruments and the liability components of compound financial instruments is dependent on the outcome of such estimations. Evaluating the reasonableness of these estimations and the assumptions and inputs used in the valuation methods requires a significant amount of judgment and is therefore subject to an inherent risk of error.

h. Finance income and finance cost

Finance income and finance cost consists of interest income, interest expense, valuation change of the embedded derivative, and net foreign exchange losses (gains) arising from settlement of obligations denominated in foreign currencies during the period and foreign currency translation adjustments recognized at period end.

i. Accounting estimates, based on the use of judgment and assumptions

The application of certain accounting standards requires management to make accounting judgments, estimates and assumptions affecting reported amounts of assets, liabilities, income and expenses.

The main areas where the company has made significant judgments when applying the accounting policies and that have the most material effect on the amounts recognized in the financial statements have been described in the following notes:

- Revenue Recognition
- Leases

Estimates used in the preparation of these financial statements are prepared based on bespoke models, while the assumptions on which the estimates are based rely on historical experience and other factors that management assesses to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most important matters in understanding the key sources of estimation uncertainty are described in each of the following notes:

- Intangible assets
- Inventory
- Accounts receivable, trade
- Share-based compensation
- Embedded derivative in convertible debt

Intangible assets

IDEX Biometrics ASA's patents and other intellectual property rights created by the Company are capitalized only when they satisfy the criteria for capitalization. No development costs have been capitalized in 2023 or 2022. Acquired intangible assets from external parties are capitalized initially at fair value, normally the purchase price. Intangible assets are amortized over their useful economic lives. An assessment of impairment losses on non-current assets is made when there is an indication of a decrease in value. An intangible asset's carrying amount is compared to the asset's recoverable amount. The recoverable amount is the higher of the fair value (less costs to sell to an independent third party) or the calculated value based on the discounted estimated cash flow from continued use. The estimate is based on judgments of when and whether there will be an economic benefit from the asset, and assumptions about the amounts. As of December 31, 2023, the company determined that there were no indicators of impairment, and no impairment was recorded.

Inventory

Inventories consist of raw materials, work in process, and finished goods. Inventory is recorded at the lower of cost and net realizable value. Impairment is assessed quarterly, based on management's judgment of when and whether the inventory may be sold, and assumptions about the sales price and selling costs. The estimate is uncertain, because timing of sales are subject to many risks. Selling prices are uncertain in the market for IDEX Biometrics ASA's products. Reselling components or other commodity raw materials at any value may not be easily achieved, and elements of work in progress and finished goods, if impaired (i.e., considered excess or obsolete inventory), generally have no resale value and are held for disposal.

Accounts receivable, trade

Trade accounts receivable consist of invoiced amounts owed by customers, net of minor prepayments received and allowances for doubtful accounts. Regarding allowances for doubtful accounts, see section *Credit and Liquidity Risk* below.

Share-based compensation

IDEX Biometrics ASA estimates the fair value of incentive subscription rights ("SRs") at the grant date by using the Black-Scholes option pricing model, and record share-based remuneration cost over the vesting period of the SRs. The valuation is based on share price and exercise price, share price volatility, interest rates, and the expected term of the SRs, based on historical data. The parameters may in the future deviate from the historical observations. The accrued cost of the employment taxes associated with the earned intrinsic value of the SRs will vary with share price, which is a highly unpredictable parameter.

IDEX Biometrics ASA estimates the fair value of the Employee Share Purchase Plan ("ESPP") at the grant date, i.e. the first date of the contribution period, by using the Black-Scholes option pricing model. The share-based compensation is expensed over the contribution period. The valuation is based on share price and exercise price, share price volatility, interest rates, and the term of the contribution period. The parameters may in the future deviate from the historical observations.

The parent company recognizes the full notional cost of the share-based remuneration programs for the group, and accrues the potential employer's tax. Upon exercise or purchase, the actual employer tax is recognized by the entity the grantee is assigned to.

j. Accounting Standards

Amendments to IAS 1 and IFRS Practice statement 2—Replacing Significant accounting policies with Material accounting policies — The amendments replace the requirement to disclose the ‘significant’ accounting policies with a requirement to disclose the ‘material’ accounting policies. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023. The Company has revised the accounting policy information disclosures for 2023 to become consistent with the amended IAS 1.

Other standards, amendments to standards and interpretation of standard, effective 1 January 2023

Other amendments to standards or interpretations of standards effective as of 1 January 2023 and adopted by the Company were not material to the Company’s financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact, or are not expected to be relevant to, the Company’s financial statements upon adoption.

Climate Change

As of December 31, 2023, the possible future financial impact to the Company resulting from climate change is uncertain. Given the nature of the Company’s operations and products, the Company believes any such impact not to be material. The Company is monitoring current and expected climate change effects, as well as measures considered or implemented by government and industry, in order to minimize any negative impact and to take advantage of any favorable opportunities that may arise.

Financial risks

IDEX Biometrics ASA emphasizes capital preservation and liquidity in managing its cash, which is held in bank accounts, which are denominated in USD, NOK, and GBP.

Short-term capital requirements include funding operating losses and supporting net working capital requirements. Reflecting the Company’s operating model, investments in property, plant, and equipment are modest, and have been funded with proceeds from issuance of Ordinary Shares. IDEX Biometrics ASA has been funded through the issuance of Ordinary Shares since it was established in 1996. In 2023, the parent company took up a convertible loan.

The current cash position and financial forecasts indicate that in 2024, the Company will need significant funding in the form of equity injection, debt or other. The Board is considering various funding options and believes that the Company will obtain further financing for its planned operation, growth and working capital requirements. Refer to the comments above regarding going concern.

Interest Rate Risk

As of December 31, 2023, IDEX Biometrics ASA had cash of \$10.8 million. The company’s exposure to interest rate sensitivity is influenced primarily by changes in the underlying bank interest rates in the various currencies. IDEX’s cash is held in bank accounts, all of which are considered highly liquid. Accordingly, an immediate one percentage point change in interest rates would not have a material effect on the fair market value the Company’s cash accounts.

The convertible loan is the only debt to financial lenders. The Company is not exposed interest rate associated with variable rate debt because the interest rate is fixed for the duration of the loan.

When calculating the recorded and carrying values of leases, interest rates are a variable in the calculations of these values, but do not represent a meaningful level of risk of material changes in these values.

Currency Risk

The Company’s trading transactions are denominated in U.S. Dollars (“USD”), which is IDEX Biometrics ASA’s functional and presentation currency. The company incurs a portion of its expenses in currencies other than the USD, primarily British Pounds (“GBP”), Norwegian Krone (“NOK”), Euro (“EUR”), and Chinese Yuan (“CNY”). The company’s cost level is exposed to changes in the rates of exchange between the USD and these currencies. Reflecting its functional currency and domicile, IDEX Biometrics ASA holds cash primarily in USD and only minor amounts in NOK and GBP. The company does not use forward exchange contracts or other hedging strategies to manage exchange rate exposure.

In addition to USD, the parent company holds bank deposits in NOK and GBP; receivables in NOK, GBP and EUR; and payables in NOK, GBP and EUR, and convertible debt in NOK. A 10% change in the relative value of USD to NOK would have had a corresponding effect on the carrying value of the Company's debt of approximately \$800 thousand at December 31, 2023, and was not material at December 31, 2022. A 10% change in the value of USD to CNY or EUR was not material at December 31, 2023 or December 31, 2022. A 10% increase in the value of the GBP relative to the USD would have had a corresponding effect on the carrying value of the parent company's net financial assets and liabilities in foreign currencies at December 31, 2023 of approximately \$980 thousand.

Credit and Liquidity Risk

IDEX extends customary credit terms to customers, reflecting its assessment of their individual creditworthiness. The Company does not believe it was exposed to significant credit risk associated with its Accounts receivable, trade, balance as of December 31, 2023. (See Note 14 – Accounts receivable.) If revenue continues to increase, such balances from a broadening customer base will expand, potentially increasing the credit risk at large.

As of December 31, 2023, the parent company had extended advances to IDEX UK denominated in GBP, in the equivalent to \$10.1 million. It is expected that IDEX UK will eventually repay these advances.

The company believes it faces minimal risk on its cash position, as the cash is on deposit with reputable, regulated banks.

IDEX Biometrics ASA aims to increase revenue generation through sales of its products; however, it does not currently have the cash resources to fully meet its operating commitments for the twelve months following the date of the financial statements. This casts significant doubt on the company's ability to continue as a going concern.

Revenue recognition

Revenue is recognized when control of the promised goods or services is transferred to a customer, in an amount reflecting the consideration the company expects to be entitled to in exchange for those goods or services. Sales, value added, and other taxes incurred concurrent with revenue producing activities are excluded from revenue. Shipping and handling charges to customers are included in revenue, and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as revenue reductions.

The company's primary source of revenue comes from the sale of its products, which principally are biometric fingerprint modules consisting of a sensor and an ASIC in a single package. Each module also contains embedded software. The hardware and the embedded software are interdependent in that each needs the other to provide the intended fingerprint authentication function to the customer. The primary customers for the company's products are smart card manufacturers and other solution integrators. The company currently does not use distributors for the resale of its products.

The company may license its intellectual property under right to use licenses, in which royalties due to the company are based upon a percentage of the licensee's sales and/or unit volumes. For the years 2023 and 2022, the company recognized no revenue from licensing its intellectual property.

Certain contracts with customers contain multiple performance obligations, which typically may include a combination of non-recurring engineering ("NRE") services, prototype units, and production units. For these contracts, if the individual performance obligations are distinct, they are accounted for separately. Generally, the company has determined the NRE services and prototype units represent one distinct performance obligation, and the production units represent a separate distinct performance obligation. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price, based on prices charged to other customers or based on expected cost plus a customary profit margin. The company generally recognizes revenue for NRE services and prototype units at the point in time when a defined milestone under the arrangement is completed and control is transferred to the customer, which is generally the shipment or delivery of the prototype units.

The company also recognizes revenue from contracts with customers associated with the delivery of certain services, ranging from standalone NRE to advisory services. Generally, these contracts include a single performance obligation (i.e., service element), and revenue is recognized upon the completion of the defined service element and final acceptance by the customer of any project deliverable. However, revenue from services may be recognized over time, if recognition of multiple service elements is based on completion of substantive and results-based contractual milestones, and acknowledgement by the customer of such completion.

The company does not have material obligations or reserves for warranties, returns, or customer refunds.

There were no contract asset or contract liability balances at December 31, 2023 or 2022.

4. Segment Information

IDEX manages its operations as a single segment for the purposes of assessing performance and making operating decisions. IDEX operates as one operating segment, fingerprint imaging and authentication technology. IDEX has determined that its chief operating decision maker is its Chief Executive Officer. The Company's chief operating decision maker reviews the Company's financial information on an aggregated basis for the purposes of allocating resources and assessing financial performance.

IDEX Biometrics ASA categorizes customers by geographic region utilizing the addresses to which it invoices its products or services. The company's product and service revenue by geographic region is as follows:

(\$000s)	Year Ended December 31,	
	2023	2022
Product Revenue:		
Europe, Middle East, and Africa	\$ 3,029	\$ 3,574
Americas	975	252
Asia-Pacific	126	63
Total product revenue	4,131	3,889
Service Revenue:		
Europe, Middle East, and Africa	2	10
Americas	—	193
Asia-Pacific	6	—
Total service revenue	8	203
Total Revenue	\$ 4,138	\$ 4,091

The Company's revenue has historically come from a limited number of customers. During 2023, the top two customers accounted for approximately 47% and 20% of the Company's revenue, respectively, and in 2022, the top two customers accounted for 48% and 24% of revenue, respectively.

5. Compensation and benefits

(\$000s)	Year Ended December 31,	
	2023	2022
Salaries	\$ 777	\$ 814
Social security taxes	100	97
Pension contribution	22	22
Other personnel expenses	130	149
Share - based compensation	1,283	2,161
Net employer's tax on share - based compensation	(4)	(337)
Total	\$ 2,308	\$ 2,906
<i>Average no. of employees (full-time equivalents)</i>		
In the parent company	2	2
In the group	76	88

At the end of 2023, there were 1 female and 1 male employee in IDEX Biometrics ASA (2022: 1 female and 1 male). Salary statistics per gender have not been prepared.

IDEX Biometrics ASA provides a contribution-based pension insurance plan for all its employees. The plan satisfies the Norwegian mandatory service pension rules (obligatorisk tjenestepensjon, OTP). The contribution is 2% and 10% up to and over a threshold, respectively, of the employee's annual eligible salary. The pension plan is a fully insured, defined contribution plan.

In 2023, IDEX operated two share-based compensation programs: Incentive subscription rights (SRs), and an employee share purchase plan (ESPP). The parent company recognizes the full notional cost of the programs for the group, and accrues the potential employer's tax. The expense is non-cash, and the same amount is added to equity. The notional cost of SRs is based on the fair value of SRs at grant. The cost is expensed over the vesting period of each tranche of grant, which means the cost is front-loaded over the duration. The potential employer's tax liability is calculated on the intrinsic value of the pro-rata earned subscription rights at year end, and the net

change from the year before is expensed or reversed. Upon exercise, the notional cost remains as recognized, while actual employer's tax, if any, on exercise is recognized by the relevant entity when incurred. The cost of the ESPP is the fair value at enrolment date into ESPP, and is expensed over the six months contribution period. The fair value is determined using a Black-Scholes option pricing model, based on share prices quoted on the Oslo Børs, and published interest rates. Any related employer's tax is recognized by the relevant entity on the date the employer's tax is incurred, which date varies by jurisdiction and employee disposition.

Remuneration to officers

2023

Remuneration to the group's CEO and officers reporting to the CEO. All officers are employed in the subsidiary in the country where they work, or a contractor to the parent company.

(\$000s)	Salary	Incentive variable pay	Pension contribution	Other benefits	Share-based remuneration (1)	Total
Vince Graziani, CEO	\$ 360	\$ 62	\$ —	\$ 28	\$ 108	\$ 558
John Kurtzweil, CFO (2)	\$ 55	\$ —	\$ —	\$ —	\$ 1	56
Eileen Wynne, interim CFO (3)	141	—	—	—	—	141
Anthony Eaton, CTO	249	82	15	9	48	403
Catharina Eklof, CCO (4)	466	72	—	—	64	602
Total	\$ 1,271	\$ 216	\$ 15	\$ 37	\$ 221	\$ 1,760

- (1) The amount is the amortised cost in the year under IFRS 2 Share-based payments, for incentive subscription rights. The amount for ESPP is the option value at date of enrollment earned in 2022. Both amounts represent an upfront calculation and do not necessarily represent any gain from the plans. Any gain on subscription rights is reported separately in the year of exercise.
- (2) Mr. Kurtzweil joined IDEX as Chief Financial Officer in September 2023.
- (3) Ms. Wynne was IDEX interim Chief Financial Officer from August 2022 to September 2023. Ms. Wynne is an individual contractor and the salary and incentive amounts reported are the gross invoiced amounts.
- (4) Ms. Eklof is an individual contractor on assignment for IDEX as of June 1, 2021. The salary and incentive amounts reported are the gross invoiced amounts.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the full year 2023, while pension cost and share-based remuneration are expensed amounts in the year. Gains on exercise of incentive subscription rights, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2023, if any, relate to achievements in 2022.

No officers exercised incentive subscription rights in 2023.

2022

(\$000s)	Salary	Incentive variable pay	Pension contribution	Other benefits	Share-based remuneration (1)	Total
Vince Graziani, CEO	\$ 400	\$ —	\$ —	\$ 26	\$ 139	\$ 565
Eileen Wynne, interim CFO (2)	37	—	—	—	—	37
James A. Simms, former CFO (2)	290	—	—	21	(56)	255
Anthony Eaton, CTO	237	—	14	—	74	325
Catharina Eklof, CCO (3)	398	—	—	—	114	512
Total	\$ 1,362	\$ —	\$ 14	\$ 47	\$ 271	\$ 1,694

- (1) The amount is the amortised cost in the year under IFRS 2 Share-based payments, for incentive subscription rights. The amount for ESPP is the nominal discount on shares acquired in 2021. Both amounts represent an upfront calculation and does not necessarily represent any gain from the plans. Any gain on subscription rights, is reported separately in the year of exercise.
- (2) Ms. Wynne joined IDEX as Interim Chief Financial Officer as of August 15, 2002. Mr. Simms left his position with IDEX as of the same date. Ms. Wynne is an individual contractor and the salary and incentive amounts reported are the gross invoiced amounts.
- (3) Ms. Eklof is an individual contractor on assignment for IDEX. The salary and incentive amounts reported are the gross invoiced amounts.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the full year 2022, while pension cost and share-based remuneration are expensed amounts in the year. Gains on exercise of incentive subscription rights, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2022 relate to achievements in 2021.

No officers exercised incentive subscription rights in 2022.

Grants of incentive subscription rights to officers

Year ended December 31,	Grant date	Exercise price (NOK per share)	Number of subscription rights
2023			
Vincent Graziani, CEO	August 11, 2023	0.68	2,500,000
John Kurtzweil, CFO	November 8, 2023	0.46	500,000
Eileen Wynne, former interim CFO			—
Anthony Eaton, CTO	August 11, 2023	0.68	630,900
Catharina Eklof, CCO	August 11, 2023	0.68	630,900
2022			
Vincent Graziani, CEO	August 10, 2022	1.18	1, 210,400
Eileen Wynne, interim CFO			—
James A. Simms, former CFO			—
Anthony Eaton, CTO	February 23, 2022	2.08	836,900
	August 10, 2022	1.18	210,300
Catharina Eklof, CCO	August 10, 2022	1.18	210,300

The table above reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also notes 23 – Share-based compensation and 28 – Subsequent events.

Guidelines for remuneration to officers

IDEX's remuneration policy for the supervisory board and executives as well as guidelines for incentive programs were approved at the Annual General Meeting on May 12, 2021.

Except for appropriate travel advances, IDEX has not made any advance payments or issued loans to, or guarantees in favour of, any members of the management.

Share-based remuneration to officers

The officers participate in the same share-based programs approved by the general meeting, that are in effect for all employees. In 2023 IDEX operated a subscription rights-based incentive program (SR program) and an employee share purchase plan (ESPP).

SR grants are scaled based on position, results and competitive considerations. The purpose of SR grants is to strengthen the company by providing to employees, management and individual contractors additional performance incentive.

The ESPP allows the participant to convert up to 20% of the base salary into shares, by contributing an amount from each paycheck during six months, and purchasing new issue shares at 15% discount on lower of the share price at beginning and end of the contribution period.

Implementation and effect of the policies on remuneration to officers

Salary, pension and any paid bonuses will attract employer's tax which will be expensed simultaneously with the paid or earned remuneration.

Actual incentive payments in the respective years are reported in the tables above. The incentives may have been earned partly or in full in the calendar year before the payment was made. Incentives are paid only after evaluation against criteria has been conducted. Until the evaluation has taken place, an overall accounting accrual covering all participants in the bonus plan has been made. The accrual is not individual and therefore not included in the table of remuneration to officers.

The share-based remuneration reported in the tables is the period's notional cost of the respective officers' subscription rights. The equity effect of this cost is nil because the contra item is a notional equity injection of equal amount. In addition, the cost of employer's tax on the earned intrinsic value on the balance sheet date, is accrued. The value varies with the share price and may entail a net reversal of cost. On exercise, the actual employer's tax is expensed, and the accrual adjusted to cover the remaining outstanding subscription rights. The actual cost of the employer's tax is normally funded by the equity paid in on exercise. Any exercises of subscription rights by officers in the respective years are disclosed above.

For the shareholders, an actual or possible exercise will represent a dilution. At the end of 2022, the number of outstanding subscription rights to present officers including their close associates was 12,341,400, corresponding to 1.1 percent of the share capital (2021: 12,870,900 outstanding subscription rights to then-present officers, corresponding to 1.3 percent of the share capital at the time).

Compensation paid to the board of directors is presented in Note 24.

6. Research and development expenses

Research costs are expensed when incurred. Development costs are capitalized and held in the balance sheet only if they satisfy the criteria for capitalization. The same applies to IDEX Biometrics ASA's patents and other intellectual property rights created by IDEX. IDEX has not capitalised any development costs in 2023 or 2022. Development costs related to creation of intellectual property have been expensed when incurred.

Research and development expenses include the cost of independent contractors assigned to engineering roles.

Government grants recognized by the Company in support of research and development activities are credited against research and development costs when it is realistic that the application or claim will be successful and the amount can be determined reliably.

(\$000s)	Year Ended December 31,	
	2023	2022
Gross R&D expenses	\$ 13,392	\$ 16,380
Government grants credited to cost	(480)	(301)
Net R&D expenses	<u>\$ 12,912</u>	<u>\$ 16,079</u>

7. Government grants

(\$000s)	Year Ended December 31,	
	2023	2022
SkatteFunn (recognized as cost reduction of R&D expenses)	\$ 480	\$ 301

The Norwegian SkatteFUNN is a government program supporting research and development activities in Norway. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to meeting the requirements of the Research Council of Norway.

The recognized amounts in 2023 and 2022 represent IDEX's claim based on the cost of the approved project applications.

8. Audit and audit fees

Ernst & Young AS (EY) is the auditor of the group as well as the parent company. The audit fees in the respective years are as follows:

(\$000s)	Year ended December 31,	
	2023	2022
Audit services	\$ 141	\$ 381
Audit-related services	37	43
Tax services	8	7
Other services	-	4
Total	<u>\$ 186</u>	<u>\$ 435</u>

Audit services represents the fees for the audit that must be performed by EY in order to issue an opinion on the parent company's financial statements and to issue reports on the company's statutory financial statements. The definition also includes fees for certain other audit services, which are services only the designated independent auditor reasonably can provide, such as the auditing of non-recurring transactions, the application of new accounting policies, and limited reviews of quarterly financial results.

Audit-related services represents fees for other assurance and related services provided by EY, but not limited to those that only reasonably can be provided by EY, which are reasonably related to the performance of the audit.

Tax services represent fees, approved by the Audit Committee, for tax services not related to the audit provided by EY.

Other services represent other fees, approved by the Audit Committee, for services not related to the audit provided by EY.

9. Income tax

<i>Tax expense for the year</i> (\$000s)	Year ended December 31,	
	2023	2022
Payable taxes on the result of the year	\$ —	\$ —
Change in deferred tax asset/liability	—	—
Income tax expense	<u>\$ —</u>	<u>\$ —</u>

<i>Computation of payable taxes for the year</i> (\$000s)	Year ended December 31,	
	2023	2022
Profit (loss) before taxes	\$ (25,141)	\$ (31,023)
Permanent differences	(227)	1,656
Changes in temporary differences	370	(170)
Basis for payable taxes	<u>\$ (24,998)</u>	<u>\$ (29,537)</u>
Calculated payable taxes on current year's loss. 22 % tax, representing payable taxes on current year's loss in Norway	—	—
Payable taxes on current year's result	<u>\$ —</u>	<u>\$ —</u>

<i>Reconciliation of tax expense (benefit)</i> (\$000s)	Year ended December 31,	
	2023	2022
Profit (loss) before taxes	\$ (25,141)	\$ (31,023)
Norway statutory tax rate of 22%	(5,531)	(6,825)
Tax on permanent differences	(50)	364
Change in deferred tax asset not recognized on December 31	5,581	6,461
Actual tax expense	<u>\$ —</u>	<u>\$ —</u>

The change in deferred tax asset not recognized contains foreign currency exchange effects on the loss carry forward in Norway, denominated in NOK.

There are no deferred tax charges to other comprehensive income in 2023 or 2022 and no tax payable balances.

<i>Elements of deferred tax</i> (\$000s)	Year ended December 31,	
	2023	2022
Employer's tax on share - based compensation	\$ (19)	\$ (24)
Fixed Assets differences	715	375
Inventory differences	(869)	(131)
Other differences	(13)	(20)
Losses carried forward	(267,104)	(252,798)
Basis for calculation of deferred taxes	(267,290)	(252,598)
Calculated net deferred tax expense (benefit) 22%	58,804	(55,572)
Unrecognized deferred tax asset	(58,804)	55,572
Deferred tax liability (asset) in the balance sheet	<u>\$ —</u>	<u>\$ —</u>

The accumulated unrecognized deferred tax assets amounting to \$58,804 and \$55,572 at December 31, 2023 and 2022, respectively, are related to tax losses carry forward in Norway. IDEX Biometrics ASA has not generated taxable profits in prior years. At December 31, 2023 there was not sufficiently convincing evidence that sufficient taxable profit will be generated, against which the unused tax losses could be applied.

Consequently, no deferred tax asset has been recognized. There are no restrictions as to how long tax losses may be carried forward in Norway.

10. Loss per share

A 5:1 share consolidation (reverse split) was completed at record date January 10, 2024. The per share calculations for all periods presented here are based on the new number of shares.

The profit or loss per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding for the period. Loss per share is calculated per basic share (i.e., without consideration for the anti-dilutive effect of exercisable subscription rights).

	Year Ended December 31,		
	2023	2022	2021
Net loss for the year (\$000s)	\$ (26,629)	\$ (32,662)	\$ (32,552)
Number of ordinary shares issued at December 31	279,402,130	233,265,317	202,077,691
Weighted average basic number of ordinary shares	253,042,411	205,386,514	183,769,485
Dilution effect (treasury stock method)	1,037,665	1,011,631	4,317,222
Weighted average diluted number of shares	254,080,076	206,398,145	188,086,707
Loss per share for the year (basic and diluted*)	\$ (0.11)	\$ (0.16)	\$ (0.18)

* The effects of potentially dilutive Ordinary Shares issuable upon exercise of outstanding subscription rights are not included in the calculation due to the Company's net losses for the periods presented, as their effect would be anti-dilutive.

11. Goodwill and other intangible assets

	Year ended December 31, 2023		
	Goodwill	Acquired patents	Total
(\$000s)			
Cost at December 31, 2022	\$ 968	\$ 5,173	\$ 6,141
Additions	—	—	—
Disposals at cost	—	—	—
Cost at December 31, 2023	968	5,173	6,141
Accumulated amortization at December 31, 2022	—	3,685	3,685
Amortization	—	477	477
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2023	—	4,162	4,162
Carrying amount at December 31, 2023	<u>\$ 968</u>	<u>\$ 1,011</u>	<u>\$ 1,979</u>

	Year ended December 31, 2022		
	Goodwill	Acquired patents	Total
(\$000s)			
Cost at December 31, 2021	\$ 968	\$ 5,173	\$ 6,141
Additions	—	—	—
Disposals at cost	—	—	—
Cost at December 31, 2022	968	5,173	6,141
Accumulated amortization at December 31, 2021	—	3,208	3,208
Amortization	—	477	477
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2022	—	3,685	3,685
Carrying amount at December 31, 2022	<u>\$ 968</u>	<u>\$ 1,488</u>	<u>\$ 2,456</u>

There is only one cash generating unit in the Company and goodwill is allocated to this. IDEX performed the annual impairment test on December 31, 2023. Based on the 2023 assessment, no impairment charge has been made. The Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 4 years following the assessment date, including expected revenue growth, costs to produce, operating profit margins and estimated capital needs; (b) an estimated terminal value using a terminal year long-term future growth rate of 3.0% determined based on the long-term expected prospects of the Company; and (c) a discount rate (post-tax) of 12 % which reflects the weighted-average cost of capital adjusted for the relevant risk associated with the Company's operations. A stress-test with reasonably possible changes in the key assumptions does not indicate that the carrying amount will exceed the recoverable amount.

Acquired identifiable intangible assets, consisting primarily of patents, are held at cost, less accumulated amortization and impairment charges. Other intangible asset balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

(\$000s)	Year Ended December 31,	
	2023	2022
<i>Amortization period (straight-line, in years)</i>	<i>10 - 17</i>	<i>10 - 17</i>
Cost at the beginning of the year	\$ 5,173	\$ 5,173
Additions	—	—
Impact of currency translation	—	—
Cost at the end of the year	\$ 5,173	\$ 5,173
Accumulated Amortization at the beginning of the year	\$ 3,685	\$ 3,208
Amortization	477	477
Impact of currency translation	—	—
Accumulated Amortization at the end of the year	4,162	3,685
Carrying amount at the end of the year	\$ 1,011	\$ 1,488

Acquired patents are capitalized and amortized over the estimated useful life, which is the lifetime of the respective patent(s).

12. Property, plant and equipment

(\$000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Total
<i>Depreciation period, straight line, in years</i>	<i>3 - 10</i>	<i>3 - 10</i>	
Cost at December 31, 2022	\$ 679	\$ 6	\$ 685
Additions	187	—	187
Disposals at cost	—	—	—
Cost at December 31, 2023	866	6	872
Accumulated amortization at December 31, 2022	315	3	318
Amortization	250	1	251
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2023	565	4	569
Carrying amount at December 31, 2023	\$ 302	\$ 2	\$ 304

(\$000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Total
<i>Depreciation period, straight line, in years</i>	<i>3 - 10</i>	<i>3 - 10</i>	
Cost at December 31, 2021	\$ 679	\$ 4	\$ 683
Additions	—	2	2
Disposals at cost	—	—	—
Cost at December 31, 2022	679	6	685
Accumulated amortization at December 31, 2021	218	2	220
Amortization	97	1	98
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2022	315	3	318
Carrying amount at December 31, 2022	\$ 364	\$ 3	\$ 367

13. Leases

IDEX Biometrics ASA leases an office in Oslo for use by employees and contractors. There are no exposure to future variable lease payments that are not reflected in the measurement of lease liabilities.

<i>Right-of-use assets</i> (\$000s)	Year ended December 31,	
	2023	2022
<i>Depreciation period, straight line, years</i>	<i>3 – 5</i>	<i>3 – 5</i>
Cost at the beginning of the year	\$ 76	\$ 66
Additions	—	77
Disposals at cost	—	(66)
Currency translation	—	—
Cost at December 31	76	76
Accumulated depreciation at the beginning of the year	14	54
Depreciation	24	25
Accumulated depreciation of disposed items	—	(65)
Currency translation	—	—
Accumulated depreciation at December 31	38	14
Carrying amount at December 31	<u>\$ 39</u>	<u>\$ 62</u>

<i>Leases included in the statements of profit and loss</i> (\$000s)	Year ended December 31,	
	2023	2022
Amortization and depreciation	24	25
Finance cost	3	2

<i>Leases included in the statements of financial position</i> (\$000s)	Year ended December 31,	
	2023	2022
Balance at the beginning of the year	\$ 62	\$ 10
Additions	—	75
Accretion of interest	3	2
Payments	(26)	(25)
Balance at December 31	\$ 39	\$ 62
Non-current	13	13
Current	19	49
Balance at December 31	<u>\$ 32</u>	<u>\$ 62</u>

14. Accounts receivable

Accounts receivable, trade, includes amounts billed and currently due from customers. The amounts due are stated at their estimated realizable value. The Company's payment terms vary by the type and location of its customers and the products or services offered, although terms generally include a requirement of payment within 30 to 60 days. When necessary, the Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment histories. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not require collateral from its customers, although there have been circumstances when the Company has required cash in advance (i.e., a partial down-payment) to facilitate orders in excess of a customer's established credit limit. To date, such amounts have not been material.

Expected credit loss accrued for at the end of 2023 was 144 thousand, no loss was expected for 2022. There were no other provisions for expected credit losses in 2023 and 2022.

The balances reported as Accounts receivable, other, consist primarily of amounts due to the Company associated with Value Added Tax refund activity and amounts due to the Company from governments associated with approved research and development grants.

Maturity of current receivables

(\$000s)	Year ended December 31, 2023			
	Less than 3 months	3-6 months	6-12 months	Total
Accounts receivable, other	\$ 58	\$ —	\$ 467	\$ 525
Accounts receivable, trade	1,068	—	—	1,068
Receivables from group companies	10,366	—	—	10,366
Total	<u>\$ 11,493</u>	<u>\$ —</u>	<u>\$ 467</u>	<u>\$ 11,960</u>

Maturity of current receivables

(\$000s)	Year ended December 31, 2022			
	Less than 3 months	3-6 months	6-12 months	Total
Accounts receivable, other	\$ 164	\$ —	\$ 301	\$ 465
Accounts receivable, trade	1,349	—	—	1,349
Receivables from group companies	7,597	—	—	7,597
Total	<u>\$ 9,110</u>	<u>\$ —</u>	<u>\$ 301</u>	<u>\$ 9,412</u>

No group or other receivables were overdue at the end of 2023 or 2022. A significant share of the receivables from group companies is related to IDEX UK. IDEX UK operated at a loss in 2023 and 2022 but is expected to eventually repay the receivable.

15. Other current and non-current financial assets*Non-current receivables*

(\$000s)	December 31,	
	2023	2022
Long-term loans to group companies	\$ —	\$ —
Non-current receivables	7	7
Balance at December 31	<u>\$ 7</u>	<u>\$ 7</u>

The receivables are deposits for leasehold payments and are held at nominal value.

IDEX Biometrics ASA had no contingent assets at the end of 2023 or 2022.

16. Payables and Financial Liabilities

Except for the convertible debt in note 17 – Convertible debt, the Company's undiscounted payables and other financial liabilities at December 31, 2023, and December 31, 2022, were as follows:

Payables and Financial liabilities excluding interest-bearing loans

(\$000s)	Maturity as of December 31, 2023					
	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total
Non-current lease liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	721	—	—	—	—	721
Current lease liabilities	5	5	9	—	—	19
Short-term payables to group companies	6,794	—	—	—	—	6,794
Other current liabilities	1,087	328	—	—	—	1,414
Total	<u>\$ 8,606</u>	<u>\$ 332</u>	<u>\$ 9</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 8,947</u>

Payables and Financial liabilities

(\$000s)	Maturity as of December 31, 2022					
	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total
Non-current lease liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Accounts payable	1,400	—	—	—	—	1,400
Current lease liabilities	12	12	23	—	—	46
Short-term payables to group companies	5,057	—	—	—	—	5,057
Other current liabilities	861	324	—	—	—	1,185
Total	<u>\$ 7,330</u>	<u>\$ 335</u>	<u>\$ 23</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,688</u>

Other current liabilities include accruals for earned compensation, vacation days not taken, ESPP contributions and accruals for goods and services received but not yet invoiced by the supplier.

Interest expense including interest on lease liabilities and convertible debt in statement of profit and loss in finance expense was \$5.3 thousand in 2023 and \$2 thousand in 2022. Remaining amount of finance expense is currency losses.

Other current liabilities include the estimated employer's tax liability related to share-based compensation amounted to \$19 on December 31, 2023 and \$24 on December 31, 2022. The employer's tax will be due only if and when the incentive subscription rights are exercised. The exercise will, in all likely circumstances, fund the payable employer's tax.

Except for the convertible debt in note 17 – Convertible debt, IDEX Biometrics ASA had no other significant current or non-current financial obligations at the end of 2023 or 2022. IDEX Biometrics ASA had no contingent liabilities at the end of 2023 or 2022.

17. Convertible debt

Amounts in USD 1,000	Interest rate	Maturity	December 31, 2023
Convertible bond	6%	Bimonthly amortization until June 28, 2027	
Convertible debt			\$ 5,076
Embedded derivative			3,545
Total:			\$ 8,621

In December 2023, IDEX Biometrics ASA entered into a convertible debt financing agreement. The company issued NOK 100 million in convertible bonds at 6.0% interest p.a. The company received NOK 92 million after deduction of the issue discount. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. The lender can request up to two additional installments to be paid in each period between the planned term dates. The loan is denominated in NOK. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The bond holder may elect to convert the outstanding loans into IDEX ordinary shares at any time prior to repayment at a conversion price of NOK 3.655, which is 125% of the Reference Share Price at December 22, 2023, when taking into account the 5:1 share consolidation (reverse split) was effective on the record date of January 10, 2024. This share consolidation was approved by the shareholders on December 21, 2023, along with a share capital reduction which was completed on February 26, 2024. The company may elect to pay the interest payments, principal payments, or both with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares.

The convertible bonds are callable by the lender at any point. Because the company does not have an unconditional right to defer payment beyond twelve months, both the host contract and the embedded derivative are classified as current liabilities.

The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the company determined the value of the conversion option to be NOK 36.8 million and the residual value of the host contract to be NOK 51.2 million, including NOK 4.0 million of transactions costs. During 2023, the company recognized a gain on revaluation of the embedded derivative of approximately NOK 887 thousand that was recorded in financial income, and recorded interest expense of NOK 217 thousand.

18. Fair value measurement

The Company has no financial assets that are measured at fair value and the only financial liability that is measured at fair value at the end of each reporting period is the embedded conversion option in its convertible debt.

The use of different estimation, methodologies and assumptions could have a material effect on the estimated fair value amounts. The methodologies are as follows:

- Cash, cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities: due to the short-term nature of these balances, carry amounts approximate fair value.
- At December 31, 2023, the carrying amount of the debt component was calculated using the effective interest rate of the debt component of the convertible note issued in December 2023.
- The fair value of the embedded derivative related to the convertible debt is recalculated at the end of each reporting period. The fair value measured is based on significant observable input (Level 3).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides a reconciliation of the changes in items measured at fair value and categorized within Level 3. See Note 17 – Convertible debt. There were no items categorized as Level 3 in 2022.

Amounts in USD 1,000	December 31, 2023	December 31, 2022
Convertible debt		
Host contract of convertible debt	5,076	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	—	—
Derivative instrument related to convertible debt	3,545	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	(87)	—
Total:	8,534	—

The host contract of the convertible debt, which at initial recognition was the balance of the total convertible debt and the derivative instrument, is held at amortized cost. The valuation of the host contract, which equals its carrying amount, assumes that the discount rate for valuation purposes is equal to the effective interest rate of the convertible debt.

The (gains)/losses included in the Consolidated Income Statements were recognized within financial income for gains and financial costs for losses.

19. Inventory

Inventories consist of raw materials, work in process, and finished goods. Materials and components purchased for use in research and development activities are expensed at the time of purchase and excluded from inventory. Inventory is recorded at the lower of cost and net realizable value, less impairment, if any.

	December 31,					
	2023			2022		
(\$000s)	Cost	Reserves	Net	Cost	Reserves	Net
Raw materials	\$ 3,795	\$ —	\$ 3,795	\$ 2,280	\$ —	\$ 2,280
Work in progress	102	—	102	1,486	—	1,486
Finished goods	3,356	(869)	2,487	812	(130)	681
Total	<u>\$ 7,254</u>	<u>\$ (869)</u>	<u>\$ 6,384</u>	<u>\$ 4,577</u>	<u>\$ (130)</u>	<u>\$ 4,447</u>

In 2023 and 2022, \$251 thousand and \$154 thousand of materials, respectively, were used in product development and was charged to development expense.

20. Cash and cash equivalents

Of the cash and cash equivalents, employees' withheld payroll tax deposits amounted to \$29 thousand and \$26 thousand at the end of 2023 and 2022, respectively. Only the withheld payroll tax deposits were restricted. Deposits for facilities rent or utilities are reported as Non-current receivables and have not been included in cash equivalents.

21. Restricted assets

For the office lease, IDEX Biometrics ASA has placed an amount corresponding to about 3 months' rent and allocations of its leasehold facilities in an escrow account in the landlord's name for the benefit of the landlord. Such escrow accounts and other deposits amounted to \$7 thousand at the end of 2023 and \$7 thousand at the end of 2022 in non-current receivables.

No other assets have been pledged as security or are otherwise restricted.

22. Share capital and share premium

This note reports the number of shares as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

There is one class of shares, and all shares have equal rights and are freely negotiable. The share capital is fully paid in. The par value of the shares was NOK 0.15 per share on December 31, 2023. IDEX does not beneficially own any of its own shares.

	Number of Ordinary Shares
Balance at December 31, 2021	1,010,388,454
Share issues (Employee Share Purchase Plan)	4,947,546
Share issue (exercise of incentive subscription rights)	990,584
Private placement of Ordinary Shares on November 16	150,000,000
Balance at December 31, 2022	1,166,326,584
Share issues (Employee Share Purchase Plan)	4,583,947
Share issue (exercise of incentive subscription rights)	389,608
Private placement of Ordinary Shares on May 24	116,897,492
Private placement of Ordinary Shares on June 16	30,161,332
Private placement of Ordinary Shares on November 16	78,651,685
Private placement of Ordinary Shares on December 22	2
Balance at December 31, 2023	1,397,010,650

As of December 31, 2023 there were 7,733 shareholder accounts on record, compared to 7,430 at December 31, 2022.

Costs related to share issuance have been charged against equity and amounted to \$756 thousand in 2023 and \$737 in 2022.

Subscription rights are presented in note 23 – Share-based compensation.

Shareholders

	As of December 31, 2023	
	Number of shares	Percent of total
Robert Keith	107,813,275	7.7
Sundt AS	106,512,922	7.6
Bank Pictet & Cie (Europe) AG	54,424,605	3.9
Alden AS	52,119,353	3.7
Société Générale	48,390,420	3.5
Sundvall Holding AS	47,791,240	3.4
Euroclear Bank S.A./N.V.	37,679,351	2.7
Ragnvald Gabrielsen AS	28,623,025	2.0
F2 funds AS	22,369,000	1.6
Fender Eiendom AS	22,182,950	1.6
Guttis AS	21,010,226	1.5
RBC Investor Services Trust	17,047,195	1.2
Livermore Invest AS	15,085,800	1.1
Citibank, N.A.	14,905,768	1.1
F1 funds AS	14,873,800	1.1
Nordnet Bank AB	14,251,262	1.0
Toluma Norden AS	13,205,882	0.9
Bergskogen eiendom AS	13,115,212	0.9
Smart Riches Limited	11,968,240	0.9
Goldman Sachs International	11,905,769	0.9
Others	721,735,355	51.7
Total	1,397,010,650	100.0

For practical reasons, IDEX reports shareholders as registered in the VPS and does not combine accounts or prepare a list of beneficial owners of holdings in nominee accounts. Mr. Robert Keith has disclosed to Oslo Børs that, as of June 6, 2023, Mr. Keith, together with his close associates, held 157,873,873 shares in the company, representing 12.3% of the number of shares at that time.

During the years ended December 31, 2023, and December 31, 2022, the Board of Directors approved the transfer of \$13.0 million, and \$18.0 million, respectively, of Share Premium to absorb uncovered losses as allowed under Norwegian law. As a result, Share Premium has been reduced by a cumulative amount of \$300.5 million as of December 31, 2023, and \$287.5 million as of December 31, 2022, against Capital Reduction Reserve. The transfer has no impact on the total equity, comprehensive income (loss), assets (including cash), nor liabilities.

Shares and subscription rights held or controlled by board members, officers and their close relations

	Year Ended December 31,			
	2023		2022	
	Shares	Incentive Subscription Rights	Shares	Incentive Subscription Rights
Lawrence John Ciaccia, chair (1)	1,040,301	600,000	415,021	600,000
Deborah Davis, board member	564,479	—	564,479	—
Hanne Høvding, board member (2)	na	na	487,778	—
Annika Olsson, board member	52,631	—	52,631	—
Morten Opstad, board member (3)	7,398,916	—	7,398,916	—
Thomas M. Quindlen, board member (4)	na	na	413,981	—
Adriana Saitta, board member (5)	—	—	na	na
Stephen A. Skaggs, board member	1,018,053	—	1,018,053	—
Vincent Graziani, CEO	2,535,444	9,920,800	1,584,290	7,420,800
John Kurtzweil, CFO (6)	—	500,000	na	na
Eileen Wynne, interim CFO (7)	—	—	—	—
Anthony, Eaton, CTO	284,639	3,341,200	284,639	2,710,300
Catharina Eklof, CCO	89,684	2,841,200	89,684	2,210,300
Total	12,984,147	17,203,200	12,309,472	12,941,400

- (1) Mr. Ciaccia was board member until May 23, 2023. The grant to Mr. Ciaccia, originally on August 15, 2018, was in his capacity of service provider beyond board duty and not as board remuneration. The grant on June 17, 2020 was made against cancellation of the 2018 grant.
- (2) Ms. Høvding left the board on May 23, 2023.
- (3) Mr. Opstad was chair of the board until May 23, 2023.
- (4) Ms. Wynne joined IDEX as interim Chief Financial Officer as of August 15, 2022. Mr. Simms left his position with IDEX as of the same date.

- (5) Mr. Quindlen left the board on May 23, 2023.
- (6) Mr. Kurtzweil joined the Company as CFO as of September 25, 2023.
- (7) Ms. Wynne was interim CFO from August 15, 2022 until September 25, 2023.

23. Share-based compensation

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 28 – Subsequent events.

Incentive subscription rights

IDEX follows the practice of renewing its subscription rights plan at each Annual General Meeting, when the preceding plan is closed for further grants and a new plan is established. On May 23, 2023, the Annual General Meeting resolved to adopt the 2023 Subscription Rights Incentive Plan (the “2023 Plan”). At the Extraordinary General Meeting (“EGM”) on December 21, 2023, the 2023 Plan was modified to allow a higher maximum number of subscription rights granted, in line with the increase in the share capital in June and December 2023. The Board is responsible for administration of subscription rights plans and approves grants under the plans and the terms of each grant.

Under the amended 2023 Plan, the Board may grant up to 139,701,065 subscription rights, provided the total number of outstanding subscription rights does not exceed 10 percent of the number of registered Ordinary Shares.

Subscription rights may be granted to employees and individuals rendering services to the Company. The exercise price shall be, at a minimum, the higher of the average closing price of an Ordinary Share, as reported on the Oslo Børs, for the ten trading days preceding the date of the grant, or the closing price of an Ordinary Share, as reported on the Oslo Børs, on the trading day preceding the date of the grant. The board may in cases of particular circumstances decide that the exercise price is lower, but not less than the par value of the share. The total number of outstanding such grants may not exceed 1 percent of the number of registered Ordinary Shares. Unless resolved otherwise by the Board, 25% of each grant of subscription rights vests per year. The annual vesting dates are the latest of the following dates before the date of grant of the subscription rights; (i) January 15, (ii) April 15, (iii) July 15 or (iv) October 15. The subscription rights expire on the fifth anniversary of the Annual General Meeting at which the shareholders resolved to establish the plan under which the subscription rights were granted. Unvested subscription rights terminate on the holder’s last day of employment or, in the case of non-employees, the last day of the individual’s service to the Company. Vested subscription rights may be exercised up to 90 days after the holder’s last day of employment. There are no cash settlement alternatives for the holders of subscription rights. The Company may elect to settle in cash.

The EGM also resolved that the board could issue replacement subscription rights (“RSR”) at an exercise price not lower than NOK 0.445 per share against waiver and cancellation of existing subscription rights. The vesting schedule for such RSRs shall be determined by the board. No RSRs had been granted by December 31, 2023.

Subscription rights activity

	2023		2022	
	Number of Subscription Rights	Weighted Average Exercise Price (NOK)	Number of Subscription Rights	Weighted Average Exercise Price (NOK)
Outstanding as of January 1	81,106,631	1.74	71,756,399	1.84
Granted	22,475,200	0.49	19,342,900	1.54
Exercised	(824,021)	0.15	(930,184)	0.29
Terminated	(7,327,449)	1.84	(8,987,484)	2.25
Expired	(595,700)	4.97	(75,000)	8.42
Outstanding as of December 31	94,834,661	1.42	81,106,631	1.74
Subscription rights exercisable as of December 31	50,694,011	1.67	36,416,302	1.65

	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right
Subscription rights granted in the year	22,475,200	0.45	19,342,900	0.82

The fair value of the subscription rights granted in the year has been calculated using the Black-Scholes option pricing model applying the following assumptions:

Black-Scholes option pricing parameters

	Year ended December 31,	
	2023	2022
Exercise price (NOK)	0.15 – 0.93	1.03 – 2.08
Weighted average exercise price per share	1.43	1.54
Weighted average share price at date of grant	0.69	1.42
Expected term (years)	4.67	4.45
Weighted average term (years)	3.01	3.27
Share price volatility (percent)	69 – 93	72 – 100
Risk-free interest rate	3.88%	2.65%
Expected dividend payment	-	-
Forfeiture	None	None

Outstanding and vested incentive subscription rights:

	December 31, 2023							
	Outstanding Subscription Rights					Vested (Exercisable) Subscription Rights		
	Number of Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)		Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
Exercise Price (in NOK)	Outstanding							
0.00 - 0.49	11,663,861	0.16	3.38	1.08		2,662,861	0.15	0.36
0.50 - 0.99	13,755,300	0.70	4.11	1.98		420,800	0.71	0.36
1.00 - 1.49	15,749,000	1.13	2.29	1.35		6,750,350	1.12	1.51
1.50 - 1.99	32,657,600	1.70	1.16	0.66		31,666,100	1.70	1.15
2.00 - 2.49	15,545,600	2.28	2.37	1.01		6,450,400	2.33	2.37
2.50 - 2.99	4,864,000	2.65	2.37	1.29		2,432,000	2.65	2.37
3.00 - 4.99	599,300	3.12	1.33	0.54		311,500	3.15	1.30
5.00 - 9.99	—	0.00	—	—		—	-	-
Total	94,834,661	1.43	2.31	1.39		50,694,011	1.67	1.37

December 31, 2022							
Exercise Price (in NOK)	Outstanding Subscription Rights				Vested (Exercisable) Subscription Rights		
	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	3,486,882	0.15	1.36	0.00	3,486,882	0.15	1.35
0.50 - 0.99	720,800	0.71	1.36	0.22	515,600	0.71	0.97
1.00 - 1.49	16,507,000	1.14	3.34	1.48	2,759,850	1.11	0.68
1.50 - 1.99	36,300,174	1.70	2.15	0.16	24,589,220	1.70	1.42
2.00 - 2.49	17,218,050	2.28	3.37	1.27	2,732,625	2.40	0.87
2.50 - 2.99	5,412,900	2.65	3.37	1.34	1,353,225	3	0.84
3.00 - 4.99	960,825	3.34	1.96	0.48	479,200	3.52	0.79
5.00 - 9.99	500,000	5.10	0.36	0.00	500,000	5.10	0.35
Total	81,106,631	1.74	2.68	0.74	36,416,602	1.65	1.27

Employee Share Purchase Plan (ESPP)

The Employee Share Purchase Plan ("ESPP") is revoked each year at the Annual General Meeting. The current ESPP was approved at the 2023 Annual General Meeting. Under the ESPP, an IDEX employee based in Norway, the United Kingdom, or the United States may contribute up to 20% of his or her annual base salary, through payroll deductions, toward periodic purchases of new issue Ordinary Shares. Under the ESPP, an option for the purchase of an Ordinary Share is granted to a participating employees on the first day of a 6-months' "offering period" to purchase new issued Ordinary Shares at the end of that offering period at a purchase price equal to 85% of the lesser of the fair market value, based on the closing price of an Ordinary Share reported by the Oslo Børs, on either the first day or the last day of that offering period. The offering periods occur from March through August, and from September through February. The shares are not restricted.

The share-based remuneration cost of the ESPP is calculated at the start of each contribution period, and amortized over that period. The cost is based on the contribution amount and amounts to the discount of 15% at the beginning of the period, plus the option value of an 85% call and 15% put option granted at the beginning of the period. The option value is based on a Black-Scholes option pricing model applying prevailing interest rates and share price volatility at the beginning of the period.

ESPP cost calculation parameters	September 1, 2023	March 1, 2023	September 1, 2022
Expected contribution amount (NOK 1,000)	532	1,078	2,025
Share price on start date (NOK per share)	0.64	0.96	0.83
Share price volatility	59%	80%	68%
Risk-free interest rate	4.24%	3.20%	2.82%
Expected dividend payment	—	—	—
Expected number of shares	972,698	1,321,462	2,854,899
Share-based compensation cost per expected share	0.23	0.40	0.32

In the two offering periods completed within 2023, an average of 28 employees (2022: 43) participated in the ESPP and purchased a total of 4,583,947 Ordinary Shares at a weighted average price of NOK 0.64 (2022: 4,947,546 shares at average NOK 1.08 per share).

24. Related Party Transactions

The Company's significant shareholders, board members and management, as well as related parties of these are considered related parties. Furthermore, the subsidiaries are close relations to the parent company. All transactions with related parties have been carried out on an arm's length principle.

Compensation of key management is disclosed in Note 5 – Compensation and benefits.

There were no overdue balances with any related parties at the end of 2023 or 2022. See also Note 26.

Shareholders

In connection with the private placements in May and November 2023, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placements. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum of the subscription price per new share in the private placement multiplied by the number of borrowed shares lent by the respective

lender. The fees paid amounted to \$0.7 thousand to Alden AS, \$1.3 thousand to Mr. Robert Keith, \$7.8 thousand to Sundt AS, and \$2.7 thousand to Sundvall Holding AS.

Board of Directors

The following board compensation has been paid in 2023 and 2022. The board remuneration is paid in arrears, after approval by the shareholders at the general meeting, covering the period up to that general meeting.

(\$000s)	Year ended December 31, 2023		
	Cash Compensation	Share-based Compensation	Total
Lawrence John Ciaccia, chair (1)	\$ 48	\$ —	\$ 48
Deborah Davis (2)	62	—	62
Hanne Høvdning (3)	50	—	50
Annika Olsson	40	—	40
Morten Opstad	48	—	48
Thomas M. Quindlen (4)	50	—	50
Stephen Andrew Skaggs (5)	57	—	57
Total	<u>\$ 355</u>	<u>\$ —</u>	<u>\$ 355</u>

- (1) Mr. Ciaccia was member of the Compensation Committee in the periods that the remuneration paid in 2023 related to.
- (2) Ms. Davis was chair of the Compensation Committee and member of the Audit Committee in the period that the remuneration paid in 2023 relates to.
- (3) Ms. Høvdning was member of the Audit Committee in the period that remuneration paid in 2023 related to.
- (4) Mr. Quindlen member of the Audit Committee in the period that remuneration paid in 2023 related to.
- (5) Mr. Skaggs was chair of the Audit Committee in the period that remuneration paid in 2023 related to.

(\$000s)	Year ended December 31, 2022		
	Cash Compensation	Shared-based Compensation	Total
Lawrence John Ciaccia, chair (1)	\$ 53	\$ —	\$ 53
Morten Opstad	53	—	53
Deborah Davis (2)	68	—	68
Hanne Høvdning (3)	55	—	55
Annika Olsson	44	—	44
Thomas M. Quindlen (4)	55	—	55
Stephen Andrew Skaggs (5)	62	—	62
Total	<u>\$ 390</u>	<u>\$ —</u>	<u>\$ 390</u>

- (1) Mr. Ciaccia was member of the Compensation Committee in the periods that the remuneration paid in 2022 related to.
- (2) Ms. Davis was chair of the Compensation Committee and member of the Audit Committee in the period that the remuneration paid in 2022 relates to.
- (3) Ms. Høvdning was member of the Audit Committee in the period that remuneration paid in 2022 related to.
- (4) Mr. Quindlen member of the Audit Committee in the period that remuneration paid in 2022 related to.
- (5) Mr. Skaggs was chair of the Audit Committee in the period that remuneration paid in 2022 related to.

The chair of the board is a partner at Ræder Bing advokatfirma AS. The law firm provided services to the Company amounting to \$172 thousand in 2023 and \$234 thousand in 2022. The recognized amounts include accruals for services received but not yet billed.

Mr. Ciaccia, who was first elected board member at the annual general meeting on May 12, 2015, served on IDEX's Strategy Advisory Council (SAC) from January 2014 through June 2022, when the SAC was discontinued. Mr. Ciaccia also provides consulting services to IDEX. The fees to Mr. Ciaccia for his services beyond board duty amounted to \$50 thousand in 2023 and \$58 thousand in 2022.

There were no grants of incentive subscription rights to any board member in 2023 or 2022.

Nomination Committee

The following fees has been paid to the nomination committee in 2023 and 2022 for the services up to the 2023 annual general meeting and the 2022 annual general meeting, respectively. 2023: Chair Robert Keith \$2.4 thousand, members Håvard Nilsson and Harald Voigt \$1.4 thousand each. 2022: Chair Robert Keith \$2.6 thousand, members Håvard Nilsson and Harald Voigt \$1.6 thousand each.

Officers

Remuneration to key management is disclosed in note 5 – Compensation and benefits.

Subsidiaries

The parent company purchases various services from the subsidiaries at arm's length basis. The subsidiaries are funded by adequate equity and interest-free advances in order not encounter thin capitalization issues. Interest-bearing loans at arm's length interest rate have been issued in prior years but all loans were fully repaid in earlier periods.

(\$000s)	IDEX Biometrics ASA's cost of services from subsidiaries	
	2023	2022
Intra-group transactions		
IDEX Biometrics Holding Company Inc.	\$ —	\$ —
IDEX Biometrics America Inc.	10,251	15,256
IDEX Biometrics UK Ltd. (1)	3,594	2,133
IDEX Electronics (Shanghai) Co., Ltd.	713	1,153
Total	\$ 14,559	\$ 18,542

(1) The amount in 2021 includes \$ 8,317 thousand for the purchase of an IP package.

There were no overdue payables between any of the group companies at the end of 2023 or 2022.

25. Other operating expenses

	Year ended December 31,	
	2023	2022
Sales and marketing activities	\$ 3,506	\$ 2,833
Legal, audit, accounting and other services	1,436	1,507
Office and other expenses, Insurance	1,013	1,215
IT expenses	613	559
Travel expenses	9	39
Intercompany charges other than R&D	3,451	4,790
Total other operating expenses	\$ 10,027	\$ 10,943

The increase in Sales and marketing activities reflects the increase in the activity level in this function from 2022 to 2023.

26. Board authorizations to issue shares or acquire own shares

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. See also note 28 – Subsequent events.

The board has been authorized by the respective annual or extraordinary general meetings to issue shares upon exercise of incentive subscription rights granted under the various incentive subscription rights programs, and to issue shares under the Employee Share Purchase Plan. See note 23 – Share-based compensation.

Authorizations that were in effect on December 31, 2023

Date and purpose of authorization	Authorized number of shares	Number of shares issued by Dec. 31, 2023
Extraordinary general meeting December 21, 2023:		
Issue of shares in a private placement to raise additional capital *	139,701,065	—
Issue of shares in a rights issue to raise additional capital *	139,701,065	—
Issue of shares to make the total number of shares divisible by 5	4	2
Issue of shares to settle convertible bond	698,505,324	—

* The combined issue under these two authorisations may not exceed 139,701,065 shares.

At the annual general meeting on May 23, 2023, the board was authorized to acquire up to 116,897,492 of the company's shares. The authorization had not been used by the end of 2023.

27. Subsidiaries

The subsidiaries provide various services to the parent company, mainly within technical development, supply-chain administration and customer interface, and marketing and sales facilitation services to IDEX Biometrics ASA. The accounting year in all subsidiaries is the calendar year, same as in the parent company and the group.

	Ownership	Share of votes	Net profit	Equity
	Dec. 31, 2023	Dec. 31, 2023	or (loss)	Dec. 31, 2023
			2023	
IDEX Biometrics Holding Co. Inc., Delaware, USA	100%	100%	—	(5)
IDEX Biometrics America Inc., Delaware, USA	100%	100%	351	5,487
IDEX Biometrics UK Ltd., England	100%	100%	(1,882)	(8,682)
IDEX Electronics (Shanghai) Co., Ltd, China	100%	100%	46	423
	Dec. 31, 2022	Dec. 31, 2022	2022	Dec. 31, 2022
IDEX Biometrics Holding Co. Inc., Delaware, USA	100%	100%	—	(5)
IDEX Biometrics America Inc., Delaware, USA	100%	100%	1,015	5,136
IDEX Biometrics UK Ltd., England	100%	100%	(2,668)	(6,505)
IDEX Electronics (Shanghai) Co., Ltd, China	100%	100%	16	385

IDEX Biometrics Holding Company Inc. (IDEX Holding) is a holding company for the activities in the USA. The operating company, IDEX Biometrics America Inc. (IDEX America), is held by IDEX Holding. IDEX Holding and IDEX America were established in 2013 when operations commenced. IDEX America's main facilities are in Wilmington, Massachusetts and Rochester, New York.

IDEX Biometrics UK Ltd. (IDEX UK) was incorporated and commenced operations in 2014. The registered office is in Manchester, England and the main facility is in Farnborough, England. IDEX UK was profitable in 2021 but had negative equity at the end of 2021, and made a loss in 2023 and 2022. The parent company has provided funding as needed. It is expected that IDEX UK will eventually become profitable and achieve positive equity from sale of IP development packages.

IDEX Electronics (Shanghai) Co., Ltd. (IDEX China) was established and commenced activities in 2015. The company is registered in Shanghai and has one branch in Beijing and one branch in Shenzhen.

28. Subsequent Events

The Extraordinary General Meeting on December 21, 2023 resolved a five-to-one share consolidation (reverse split). The consolidation was registered on January 8, 2024 and effective at record date January 10, 2024. Following the consolidation, the company's share capital remained NOK 209,551,597.50, but divided into 279,402,130 shares, each with a nominal value of NOK 0.75. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. The calculation of profit or loss per share in Note 10 – Loss per share calculation has been based on the consolidated number of shares, while the reported number of shares and other instruments in these Financial Statements are the number of shares or instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) took effect, unless stated otherwise.

For the avoidance of doubt, the number of shares, instruments and prices in the following paragraphs are after the 5:1 share consolidation.

The Extraordinary General Meeting on December 21, 2023 resolved a share capital reduction by reduction of the par value of shares from NOK 0.75 to NOK 0.15 per share. The reduction was registered on February 26, 2024. The number of shares remained unchanged. The reduction amount, NOK 167,641,278.-, was transferred to other equity. The company's net equity remained the same, and there was no distribution of capital. Following the reduction, the Company's share capital was NOK 41,910,319.50 divided into 279,402,130 shares, each with a nominal value of NOK 0.15.

The Board resolved on February 29, 2024, to issue 358,525 shares at NOK 1.32 per share to employees participating in the Company's ESPP. Following the issue, the Company's share capital was NOK 41,964,098.25 divided into 279,760,655 shares, each with a nominal value of NOK 0.15.

The Board resolved on March 19, 2024, to issue in total 365,900 ordinary shares at NOK 0.75 per share to employees who had exercised incentive subscription rights. The incentive subscription rights were issued under the Company's 2019 incentive subscription rights plan, which plan was approved by the Annual General Meeting on May 9, 2019. Following the issue, the company's share capital is NOK 42,018,983.25 divided into

280,126,555 shares each with a nominal value of NOK 0.15. Following the exercise, there are 18,601,032 incentive subscription rights outstanding.

The Board resolved on April 17, 2024, to issue 550,000 incentive subscription rights (SRs) to employees in IDEX. The grant was made under the Company's 2023 incentive subscription rights plan as amended at the extraordinary general meeting on December 21, 2023. The exercise price of the SRs is NOK 0.15 per share and the SRs vest by 50% per year over two years. The SRs expire on May 23, 2028.

The repayment schedule of the convertible loan described in Note 17 - Convertible debt, accrued interest, was initially 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. After the term payment on February 28, 2024, the lender made two such requests. All three terms were settled in cash, not shares, by a total combined amount of NOK 15.4 million or \$1.4 million in the first quarter of 2024.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below \$4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs, or impairment of the parent company's assets.

There have been no events between December 31, 2023, and the date of these financial statements that have had any material impact on the Company's results for 2023, or the value of the Company's assets and liabilities as of December 31, 2023.

RESPONSIBILITY STATEMENT

The board and the managing director have today reviewed and approved this report from the board of directors as well as the annual financial statements for the IDEX group and the parent company IDEX Biometrics ASA as at December 31, 2023.

The consolidated annual financial statements and the annual financial statements for IDEX Biometrics ASA have been prepared on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU, and the additional requirements in the Norwegian accounting act effective December 31, 2023. The notes are an integral part of the respective financial statements. The report from the board of directors have been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

We confirm, to the best of our knowledge, that the information presented in the financial statements gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the report from the board of directors gives a true and fair view of the development, performance and financial position of the group and the parent company, and includes a description of the principal risks and uncertainties which the group and the parent company are facing.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia
Lawrence John Ciaccia
Chair

/s/ Deborah Davis
Deborah Davis
Board member

/s/ Annika Olsson
Annika Olsson
Board member

/s/ Morten Opstad
Morten Opstad
Board member

/s/ Adriana Saitta
Adriana Saitta
Board member

/s/ Stephen A. Skaggs
Stephen A. Skaggs
Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

REPORT OF INDEPENDENT AUDITOR



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of IDEX Biometrics ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IDEX Biometrics ASA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise statement of financial position as at December 31, 2023, the statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at December 31, 2023 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with 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 in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), 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.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 24 years from the election by the general meeting of the shareholders on November 13, 2000 for the accounting year 2000.

Material uncertainty related to going concern

We draw attention to Note 3 in the consolidated financial statements and in the parent company separate financial statements. As discussed in the Notes, the Company has incurred significant losses and negative cash flows from operations. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Notes. These events or conditions, along with other matters as set forth in the Notes, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Convertible debt financing agreement

Basis for the key audit matter

The company entered into a NOK 100 million convertible debt financing agreement in 2023. The financing agreement included, among others, a conversion right for the lender to convert the outstanding loan into ordinary shares.

Management assessed the accounting of the debt and judgement was required to identify and account for the embedded derivative relating to the conversion right. Furthermore, management judgement was required to determine the initial measurement, subsequent measurement, classification and presentation and disclosure of the embedded derivative and host contract.

Based on the impact of the agreement and management's judgement this was considered as a key audit matter.

Our audit response

We obtained and reviewed the convertible debt financing agreement and discussed with management to understand the key terms in the agreement. We involved an internal specialist evaluating management's model for determining the fair value of the embedded derivative. The evaluation included an assessment of the methodology, assumptions and the valuation model used. Further, we tested the computation of the fair value of the derivative at the initial recognition and at year end. We assessed the presentation in the statement of financial position and company's disclosures in the notes to the consolidated financial statements.

We refer to notes 17 and 18 of the consolidated financial statements and parent company separate financial statements.



Assessment of impairment of goodwill

Basis for the key audit matter

Carrying amount of goodwill was USD 968 thousand as of December 31, 2023, which is unchanged from December 31, 2022.

Management performed an impairment assessment where the recoverable amount was determined based on value in use using a cash flow model. Estimating the value in use requires management judgment, including estimates of future revenues, gross margin, operating costs, capital expenditures and discount rate.

Management's assessment of the valuation of goodwill was a key audit matter because the assessment requires significant judgement and implies significant estimation uncertainties.

Our audit response

We evaluated management's assessment of impairment of the goodwill. We tested management's assumptions used in the value in use calculations and corroborated estimates of future revenues, gross margin, operating costs and capital expenditures to the budget approved by the board of directors. We further assessed the value to other available external information. We evaluated the level of consistency applied in the valuation methodology from previous years and assessed the historical accuracy of management's estimates. We assessed discount rate used and the mathematical accuracy of the valuation model.

We refer to notes 3 and 11 of the consolidated financial statements and parent company separate financial statements.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. 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 board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and 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 the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report - IDEX Biometrics ASA 2023

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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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent auditor's report - IDEX Biometrics ASA 2023

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Report on other legal and regulatory requirements

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of IDEX Biometrics ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXHECW11-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, April 24, 2024
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The auditor's report is signed electronically

Trine Hansen Bjerkvik
State Authorised Public Accountant (Norway)

Independent auditor's report - IDEX Biometrics ASA 2023

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ARTICLES OF ASSOCIATION OF IDEX BIOMETRICS ASA*Last amended on March 20, 2024 – Office translation from Norwegian*

- § 1 The name of the company is IDEX Biometrics ASA and it is a public limited company.
- § 2 The objective of the Company is to deliver identification systems and other activities related to this.
- § 3 The business offices are in the Oslo municipality, Norway.
- § 4 The company's shares shall be registered in the Norwegian Registry of Securities.
- § 5 The share capital is NOK 42,018,983.25 divided into 280,126,555 shares each with a nominal value of NOK 0.15 per share and issued in name.
- § 6 The board of the Company consists of from three to seven members in accordance with the annual general meeting's instruction.
- § 7 The annual general meeting shall convene in or near Oslo at the board's decision, and shall consider:
- Determination of the annual financial statements
 - Appropriation of (net) profit or covering of losses
 - Election of chair of the board and board members
 - Election of chair and members of the nomination committee
 - Election of auditor
 - Determination of remuneration to the board of directors, members of the nomination committee and the auditor
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the annual general meeting.
- § 8 a. The company shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the annual general meeting for a term of two years.
- b. The nomination committee shall:
- Propose candidates for election to the board of directors
 - Propose the remuneration to be paid to the board members
 - Propose candidates for election to the nomination committee
 - Propose the remuneration to be paid to the nomination committee members
- c. The guidelines for the nomination committee shall be resolved by the annual general meeting.
- § 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.
- § 10 As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used. Shareholders may present their points of view in the Norwegian or English language.
- § 11 A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

CORPORATE GOVERNANCE

Last updated by the board of directors on April 20, 2022 with editorial updates April 19, 2023 and April 24, 2024

1. IMPLEMENTING AND REPORTING

This statement outlines the position of IDEX Biometrics ASA (IDEX or the Company) in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated October 14, 2021 (the Code). The Code was not updated in 2022 or 2023. The Code is publicly available at www.nues.no. In the following, the Board of Directors (the Board) will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain the underlying reasons for the deviations and any compensating measures where applicable.

2. IDEX'S BUSINESS

In the articles of association, the Company's business is defined as "The objective of the Company is to deliver identification systems and other activities related to this."

The Company's business goals and key strategies are stated in a business plan adopted by the Board. The plan is reviewed and revised annually by the Board. The business goals and key strategies are presented in the annual report.

IDEX seeks to create value for the shareholders in a sustainable manner, while taking into account financial, social and environmental considerations. The Company makes every effort to comply with the wording and intent of the laws, rules and regulations in the countries and markets where it operates. IDEX is not aware of being or having been in breach of any such statutory laws, rules or regulations. The Company pays due respect to the norms of the various stakeholders in the business. In addition to the shareholders, the Company considers its employees, the Company's business partners, the society in general and the authorities as stakeholders. IDEX is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

The Board considers that the Board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. The Board has resolved a code of conduct and ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The code of conduct also incorporates the Company's guidelines on corporate social responsibility. The at all times current code of conduct is available on the Company's website, www.idexbiometrics.com.

3. CAPITAL STRUCTURE, EQUITY AND DIVIDENDS

IDEX was until 2021 a development company and was funded on equity until the fourth quarter 2023, when a convertible bond was issued. The capital structure is likely to change during the commercial growth stage. IDEX's working capital and fixed assets will most likely need to be funded by a combination of supplier credit and borrowing from financial lenders. The Board will target an optimal capital structure that leverages the equity while maintaining a moderate risk.

At several occasions, the Company has been in need of raising equity to fund its activities. Share issues, hereunder private placements, have been resolved by the shareholders at general meetings or by the Board pursuant to authorizations from the general meeting. The Board has annually proposed to the general meeting reasonable authorizations for share issues. Such board authorizations have explicitly stated the type and purposes of transactions in which the authorizations may be applied.

Proposed authorizations to issue shares have been considered and voted separately by each type and purpose. The Board authorizations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The issue of the convertible bond in December 2023 was approved by the extraordinary general meeting on 21 December 2023.

Further, the Company has for many years had in place a moderate incentive scheme for its employees and individual contractors in the form of a subscription rights program, as resolved by the general meeting. The subscription rights program is limited to a number of subscription rights representing 10% of the Company's share capital. The Company implemented in 2020 an employee share purchase plan (ESPP), whereby employees may convert a portion of cash remuneration to shares in the company. The ESPP serves to encourage employee ownership and represents a cash saving for the company.

The shareholders have authorized the Board to acquire up to 10% of the Company's own shares. The authorization ends at the next annual general meeting of shareholders. No such share purchases have been made as yet.

IDEX has not as yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares within the current planning horizon. IDEX intends to retain future earnings, to finance operations and the growth of its business. Any future decision to pay dividends would be based on an amended dividend policy that may be instituted in due course, which policy would reflect the Company's financial condition, results of operation and capital requirements.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company places great emphasis on ensuring equal treatment of its shareholders. There are no trading restrictions or limitations relating only to nonresidents of Norway under the articles of association.

In the authorizations to issue new shares where the shareholders resolve to waive the pre-emptive rights of existing shareholders, the rationale for doing so shall be included as part of the decision material presented to the general meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related party transactions, whether completed, in effect or future, have been and will be carried out on an arm's length basis. Any related-party transactions shall be subject to review by the audit committee or other independent third party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant. The Company has a policy for transactions with related parties, available at the Company's website, www.idexbiometrics.com.

There are no clauses in the articles of association about trading in the Company's own shares. Any such trade must be authorized by the general meeting of shareholders.

5. FREELY NEGOTIABLE SHARES

The Company has one class of shares. Each share carries one vote. There are no restrictions on voting rights of the shares. All shares are freely assignable. The articles of association do not contain any restrictions on the shares.

6. GENERAL MEETINGS

The general meeting of shareholders provides a forum for shareholders to discuss any matters with the Board. To the maximum degree possible, all members of the Board and the chair of the nomination committee shall attend the general meeting. The Company's CEO and the auditor shall also attend the general meeting. The shareholders elect a person to chair the general meeting. The Board will arrange for an independent candidate if so requested by shareholders. Notice of a meeting of the shareholders shall be sent in a timely manner, and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and any documents in English. The documents shall be precise and comprehensive to provide shareholders a basis for voting on the various matters. The articles of association state that documents which deal with matters that are to be handled at the general meeting need not be sent to the shareholders if the documents timely have been made available on the Company's web site, www.idexbiometrics.com.

The Board endeavours to provide comprehensive information in relation to each agenda item in order to facilitate constructive discussions and informed resolutions at the meeting.

The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. Pursuant to the Norwegian public limited companies act (the PLCA), the Board may choose whether to hold a general meeting as a physical meeting or as an electronic meeting. Shareholders who are unable to attend in person will be provided the option to vote by proxy in favor or against each of the Board's proposals. If a general meeting is held as a physical meeting, shareholders have a right to attend by electronic means, unless the Board finds that there is sufficient reason to refuse this. The notice shall contain a proxy form as well as information of the procedure for proxy representation. Advance voting has not been introduced in the articles of association. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in the elections. The notice, as well as the Company's website, will set out that the shareholders have the right to propose resolutions in respect of matters to be dealt with at the general meeting.

7. NOMINATION COMMITTEE

The nomination committee is implemented in the Company's articles of association, and the mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant with the current version of the Code. The annual general meeting elects the chair and two committee members. No current board member or IDEX executive may be a member of the nomination committee. Two nomination committee members were a board members of the Company before 2008 and 2014, respectively.

The mandate states that the nomination committee shall comply with the relevant sections in the Code. The nomination committee shall prepare and present proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the Board.
- Propose the remuneration to be paid to the Board members.
- Propose candidates for election to the nomination committee.
- Propose the remuneration to be paid to the nomination committee members.

The nomination committee shall give a brief account of how it has carried out its work and shall substantiate its recommendations.

Information about the nomination committee, including deadlines and contact details, is available on the Company's web site, www.idexbiometrics.com.

8. BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

Currently there are six board members including the chair. The articles of association state that there shall be from three to seven board members. The service period is not stated in the articles of association, hence the Board members stand for election every two years pursuant to the PLCA. It follows from the articles of association that the chair of the Board shall be elected separately.

All board members are required to make decisions objectively in the best interest of the Company. The majority of the members of the Board shall be independent of the Company's executive management, material business contacts and the company's larger shareholders. This is intended to ensure that sufficient independent advice and judgment is brought to bear. The majority of the current Board meets the independence criteria of the Code. The Board meets the statutory gender requirements. The board members' attendance statistics is included in the presentation of the board members in the annual report.

The Board considers that it is beneficial for the Company and its shareholders at large that the Board members hold shares in the Company and encourages such share ownership.

The Board pays attention to ensure that ownership shall not in any way affect or interfere with proper performance of the fiduciary duties which the Board members and the management owe the Company and all shareholders. As and when appropriate, the Board takes independent advice in respect of its procedures, corporate governance and other compliance matters.

9. THE WORK OF THE BOARD OF DIRECTORS

The division of responsibility and duties between the Board and the managing director (CEO) is based on applicable laws and well established practices, which have been stated in board instructions in accordance with the PLCA. The Board instructions also set out the number of scheduled Board meetings per year and the procedures in connection with the Board's work and meetings.

The Board has the ultimate responsibility for the organization and planning of the Company, as well as a control and supervisory function, hereunder a duty to keep itself informed. The Board shall appoint the managing director and determine his or her remuneration, and also possibly give notice or dismiss the managing director. The Board shall approve the CEO's hiring, termination and remuneration of his or her direct reports. The Board shall ensure that the organization of the accounting and management of funds includes adequate control procedures. The Board shall monitor and follow up the status and development of the Company's operational, financial and other results.

The Board sets out an annual plan for its work, focusing on business goals and key strategies as described. Section 2 above. The Board instructions also list, inter alia, the following tasks:

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;

- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;
- Resolve customer-related or revenue-generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the Company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

The Board instructions state that in situations when the chair cannot or should not lead the work of the Board, the deputy chair shall chair the Board. If the deputy chair is also prevented from chairing the Board, the longest-serving board member present shall chair the meeting until an interim chair has been elected by and among the board members present.

The Board conducts a self-evaluation of its performance and expertise annually.

Any and all related party transactions are handled pursuant to the Company's related party transaction policy, to ensure that the Company is made aware of any possible conflicts of interest and to ensure that any such transactions are handled in a sufficiently thorough manner.

The Board has set up an audit committee charter that is compliant with the rules that follows from the Norwegian PLCA and the Code. The audit committee currently consists of four independent Board members. The audit committee is advisory to the Board.

Since 2019, the Board has elected two of its members to serve as a compensation committee. The compensation committee is advisory to the Board, and also serves as an advisory forum to the managing director. The Board has set up a charter for the compensation committee.

Members of the Board and the management are obliged to notify the Board if they have any material direct or indirect interest in any transaction contemplated or entered into by the Company or any other matter that will be considered by the Board.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board has adopted rules and guidelines regarding, amongst other matters, risk management and internal control. The rules and guidelines duly take into account the extent and nature of the Company's activities as well as the Company's corporate values and code of conduct, including corporate social responsibility. The Board conducts an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, including the reporting procedures.

The Board has set up an audit committee charter that is compliant with the rules in the Norwegian PLCA and the Code consisting of four independent Board members. The audit committee is advisory to the Board.

IDEX issues interim financial reports each quarter and an annual financial report. The accounting policies applied when preparing the reports satisfy regulatory requirements. The Board reviews monthly financial reports for the group, comparing actual results to budget or plan. The size of the Company's operation and staff numbers necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiaries are operationally integrated in the parent company, and the group works as one, unified company with staff on several sites. Legal and financial interaction between the group companies is conducted on arm's length terms.

IDEX's activities and financials are controlled by the parent company. The audit committee meets separately with the external auditor at least once per year to review risk factors and measures, and any incidents and issues. The audit committee reviews all interim and annual financial reports before resolution by the Board. The Board has resolved a financial manual, which sets out policies and procedures for financial management and reporting in the group. This manual provides instructions for financial planning, treasury, accounting and reporting. The manual is reviewed annually by the audit committee, and updated as and when appropriate. The Board acknowledges that, having operations outside Norway that are spread over four sites on three continents, business control is a practical challenge. In addition to the financial framework and systems, IDEX has implemented comprehensive IT systems and quality management systems and standardised operating procedures which are intended to ensure adequate business controls.

IDEX does not operate a separate internal audit function or department. The CFO department conducts internal reviews of the group companies. Each review is conducted by a staff member not involved in transaction processing in the entity in question, and the findings are reported to the audit committee.

As regards share trading by IDEX's Board members, employees and individual contractors, as well as their close relations and controlled entities, the Board has adopted an insider manual with ancillary documents. The insider manual is intended to ensure that, among other things, trading in the Company's shares by insiders are conducted in accordance with applicable laws and regulations.

11. REMUNERATION OF THE BOARD OF DIRECTORS

A reasonable cash remuneration to the Board members for their services from the annual general meeting in 2022 until the annual general meeting in 2023 was proposed to and resolved at the 2023 annual general meeting. To lessen the cash outflow and stimulate shareholding among the Board members, the annual general meeting granted an option for the Board members to receive the remuneration partly or fully in the form of shares. No board members took up this option in 2023. The remuneration to the board members is disclosed in the notes to the financial statements and in the annual management remuneration report presented to the annual general meeting.

The nomination committee shall propose to the 2024 annual general meeting the board remuneration for the period between the annual general meetings of 2023 and 2024. No share-based incentives have been granted as board remuneration. Any Board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the Board, without the participation of the interested member, shall approve the terms and conditions of any such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

Ræder Bing advokatfirma AS, in which board member Morten Opstad is a partner, renders legal services to the Company. Mr. Opstad was chair of the board until the annual general meeting on 23 May 2023. In the cases where legal services provided by Ræder Bing are carried out by Mr. Opstad, such services, which are outside Mr. Opstad's duties as chair, are invoiced by Ræder Bing. The legal fees to Ræder Bing are disclosed in the notes to the financial statements.

Larry Ciaccia, who was elected to chair of the board at the annual general meeting on 23 May 2023, has served as board member since 2015. Mr. Ciaccia provides consulting services to IDEX for a fixed annual fee, and he has been granted incentive subscription rights in his capacity as adviser to IDEX. The fees and share-based remuneration to Mr. Ciaccia are disclosed in the notes to the financial statements.

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

Salary and other remuneration to the executive personnel in the Company is determined pursuant to the Company's executive remuneration policy, as approved by the 2021 annual general meeting. The executive remuneration policy is publicly available on the Company's web site, www.idexbiometrics.com. The remuneration to the executives is disclosed in the notes to the financial statements and in the annual management remuneration report presented to the annual general meeting.

The executive remuneration policy seeks to align the interests of the Company's executives and its shareholders, and to continuously improve sustainable performance. Furthermore, the policy is designed to align the interests of the Company and its executives to ensure its contribution to the Company's commercial strategy, long-term interests and financial viability.

On an annual basis the Company's compensation committee shall review the executive remuneration policy, to determine if any revisions are necessary. Where revisions are required, the compensation committee shall make proposals to the Board which, if significant and subject to Board approval, are proposed by the Board to the annual general meeting for approval. In the absence of any significant revisions, the executive remuneration policy shall be presented and explained by the Board to the annual general meeting every four years at minimum. At each annual general meeting, the Board shall present an executive remuneration report for the previous financial year.

In the event of significant changes to the executive remuneration policy, these must be described and explained in the policy document. The policy shall describe and explain how the shareholders' views on the guidelines, the general meeting's vote and the salary reports since the previous vote on the policy have been taken into account.

13. INFORMATION AND COMMUNICATIONS

The Board places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the interim reports and presentations, the annual report and the associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders and the presentations provide opportunities for shareholders to discuss any matters with the Board.

In December, the Company publishes its annual financial calendar for the following year. All reports and other notices are issued and distributed according to the rules and practices at Oslo Børs. The notices to the market are published on the Oslo Børs newssite, www.newsweb.no. The reports and other pertinent information are also available on the Company's website, www.idexbiometrics.com.

The Board has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside general meetings; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest.

The financial reporting of IDEX is fully compliant with applicable laws and regulations. IDEX prepares and presents its annual financial reports in accordance with International Financial Reporting Standards (IFRS). The content of the interim reports is compliant with IFRS.

The current information practices are adequate under current rules. IDEX complies with the Oslo Børs at all times current code of practice for IR information.

14. TAKEOVERS

There are no takeover defence mechanisms in place. The Board will endeavor that shareholder value is maximised and that all shareholders are treated equally. The Board acknowledges its duty to not obstruct takeover bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the Company's ability to arrange other bids should only be entered into when it is self-evident that such an agreement is in the common best interest of the Company and its shareholders.

The Board will avoid compensation to a bidder whose bid does not complete, and limit any such compensation to the costs the bidder has incurred in making the bid. The Board shall otherwise ensure full compliance with section 14 of the Code.

15. AUDITOR

IDEX's auditor, Ernst & Young AS (EY), is fully independent of the Company. IDEX represents a minimal share of EY's business. IDEX does not obtain business or tax planning advice from its auditor. The auditor may provide certain technical and clerical services in connection with the preparation of the annual tax return and other secondary reports, for which IDEX assumes full responsibility. EY has been the auditor of the Company since 2000. Latest partner rotation was in 2022. Audit firm rotation procedure will need to take place latest in 2026, effective 2027.

The audit committee and the Board reviews the auditor's annual plan, and the auditor presents to the committee and the Board the findings and recommendations after the audits. The auditor communicates in writing with the committee and the Board on all matters brought to light by the audit of which the committee and/or the Board should be apprised in order to be able to discharge its responsibility and functions. The auditor attends the audit committee and board meetings when annual financial statements are considered and resolved, and the committee as well as the board regularly meets separately with the auditor to review risk factors and measures, and any incidents and issues. Accounting policies and any changes are subject to the statutory audit.

Annually, the auditor shall submit an additional report to the Company's audit committee in which the auditor declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit. The specific information to be provided is regulated by EU's Audit Regulation, which is applicable in Norway in accordance with Section 12-1 of the Auditor's Act.

The Board shall make arrangements for the auditor to attend all general meetings in the Company.

All audit and other assignments to the auditor shall be approved by the audit committee before the assignment begins. The Board shall otherwise ensure full compliance with section 15 of the Code.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information concerning our executive officers and board directors as of December 31, 2023:

Name	Age	Position(s)
<i>Executive Officers:</i>		
Vincent Graziani	63	Chief Executive Officer
John Kurtzweil	67	Chief Financial Officer
Anthony Eaton	51	Chief Technology Officer
Catharina Eklof	54	Chief Commercial Officer
<i>Directors:</i>		
Lawrence J. Ciaccia ²	65	Chair
Deborah Davis ^{1,2}	60	Director
Annika Olsson	47	Director
Morten Opstad	70	Director
Adriana Saitta ¹	53	Director
Stephen A. Skaggs ¹	61	Director

1. Member of Audit Committee.
2. Member of Compensation Committee.

Board of Directors

Our Board held 32 meetings during the period since our Annual General Meeting on May 23, 2023, until and including April 24, 2023. The meetings have been conducted by video conference. The very high number of meetings in 2023 was due to the funding situation in the second half, when the the board explored many alternatives which had to be considered on short notice.

Lawrence J. Ciaccia has served on the Board of IDEX since May 2015 and was appointed as Deputy Chair in May 2019. Mr. Caccia was appointed Chair at the Annual General Meeting in 2023. He has broad expertise from the semiconductor industry, most notably playing a pivotal role in transforming AuthenTec from a start-up into a world leading fingerprint sensor supplier. He served as AuthenTec's CEO from September 2010 until the company's acquisition by Apple in October 2012. He remained with Apple through February 2013 to assist in the acquisition integration and transition. Mr. Ciaccia holds a B.S. in Electrical Engineering from Clarkson University and an M.B.A. from the Florida Institute of Technology. Mr. Ciaccia was born in 1958, is a United States citizen, and resides in Florida. Mr. Ciaccia attended 30 board meetings in the period.

Deborah Davis has served as a Board Member since May 2015. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Davis serves on the boards of directors of International Personal Finance Plc, The Institute of Directors, Diaceutics plc, and Lloyds Banking Group Insurance Board. She also serves as a trustee of the Southern African Conservation Trust in South Africa. During her career, she held senior executive leadership roles at PayPal, eBay, Verizon, and Symantec. She holds a Sloan Masters in Science (Management) with Distinction from London Business School and a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne. She also holds a Diploma in Company Direction with distinction from The Institute of Directors. Ms. Davis was born in 1963, is a dual citizen of Australia and the United Kingdom, and divides her time between the United Kingdom, South Africa and Australia. Ms. Davis attended 24 board meetings in the period.

Annika Olsson was elected as a Board Member in May 2021. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Olsson is the CEO of Express Bank A/S, a unit of the BNP Paribas Group. Ms. Olsson will step down from the CEO position during 2024. During her 20-year career in consumer financial services, Ms. Olsson has held various executive positions. Before joining Express Bank A/S in 2010, she served as Commercial Director for Resurs Bank, a leader in retail finance in the Nordic region. Ms. Olsson also serves on the board of directors of Finans & Leasing (the Association of Danish Finance Houses), and she has been a board member of Finansbolagens Förening/Finansbolagens Service AB, a branch organization for financial companies, since May 2022. She holds a B.S. in finance and marketing from IHM Business School. Ms. Olsson was born in 1976, is a Swedish citizen, and resides in Copenhagen, Denmark. Ms. Olsson attended 25 board meetings in the period.

Morten Opstad has served as Chair of the Board in IDEX from March 1997 until the Annual general Meeting in 2023, at which time Mr. Opstad became a Board member. Mr. Opstad is a partner in Ræder Bing advokatfirma

AS in Oslo, Norway. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies. He is a board member in Ensurge Micropower ASA, a publicly listed technology company (where he served as Chair for a number of years until May 2023). Mr. Opstad holds a legal degree (Cand.Jur.) from the University of Oslo and was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953, is a Norwegian citizen, and resides in Oslo. Mr. Opstad attended 28 board meetings in the period.

Adriana Saitta has served as a Board Member since May 2023. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms Saitta has extensive experience in the banking and business sector, both as a board member and in executive positions. She was from 2015 to 2023 the General Manager of Intesa Sanpaolo Paris, a business operating in the larger corporate business in France. She is currently, and has been since 2020, an independent board member at Covivio Hotels, a listed European investment and development company. Ms. Saitta has formerly been an independent board member at Beni Stabili (Groupe Covivio), located in Italy, chair of the supervisory board at Intesa Sanpaolo Card d.o.o., located in Croatia, and chair of the supervisory board at Consumer Finance Holding, located in Slovakia. In addition, Ms. Saitta has held several other positions within the Intesa Sanpaolo system, prior to this she was Associate Principal at McKinsey. She graduated summa cum laude with a bachelor's degree in business administration from Università Commerciale Luigi Bocconi in 1994, and with a master in business administration from INSEAD in 1998. Ms. Saitta was born in 1970, is an Italian citizen, and resides in France. Ms. Saittas attended 21 board meetings in the period.

Stephen A. Skaggs has served as a Board Member since May 2019. He is independent of the Company's executive management, material business contacts, and larger shareholders. Mr. Skaggs has more than 25 years of experience in the semiconductor industry and most recently served as Senior Vice President and CFO of Atmel, a leading supplier of microcontrollers, prior to its acquisition by Microchip Technology in 2016. Mr. Skaggs served as CEO and, earlier, as CFO of Lattice Semiconductor, a supplier of programmable logic devices and related software. Earlier in his career, he worked for Bain & Company, a global management consulting firm. He currently serves as a non-executive director of Coherent, a global leader in engineered materials, optoelectronics and lasers. Mr. Skaggs holds a B.S. in Chemical Engineering from the University of California, Berkeley, and an M.B.A. from the Harvard Business School. Mr. Skaggs was born in 1962, is a United States citizen, and resides in Nevada. Mr. Skaggs attended 28 Board meetings in the period.

Family Relationships and Selection Arrangements

There are no family relationships between any of the Directors. There are no family relationships between any Director and any member of senior management of our Company. There is no arrangement or understanding with major shareholders, customers, suppliers, or others, pursuant to which Directors were elected or members of management was selected.

Executive officers

Vincent Graziani has served as our Chief Executive Officer ("CEO") since February 2020. He joined IDEX from Infineon Technologies AG, for which he was most recently Vice President of Strategy Development and Implementation, with responsibility for leading new business development and strategic partnerships. Mr. Graziani has also led technology companies from the pre-revenue stage to significant revenues and scale while serving as CEO of Sand 9, Vbrick Systems, and Sandburst. Earlier in his career, he held positions of increasing responsibility in engineering as well as marketing and sales at Intel, Broadcom, and Siemens Semiconductor. Mr. Graziani holds a B.S. in Electrical Engineering from the University of New Hampshire and a M.S. in Electrical Engineering from Northeastern University. Mr. Graziani is located at the Company's offices in Wilmington, Massachusetts.

John Kurtzweil has served as our Chief Financial Officer since September 25, 2023. Prior to joining us, Mr. Kurtzweil served as CFO of Metabolon, a US life science company, where he was pivotal in revitalizing the company. Prior to Metabolon, he has served as CFO for leading technology companies such as CREE, Cirrus Logic and ON Semiconductor where he had key roles in finance operations, leading strategic planning, mergers and acquisitions, as well as growing shareholder value. He currently serves as a non-executive director of Axcelis Technologies, Inc., a global leader in semiconductor capital equipment manufacturing and as a non-executive director of SkyWater Technology, Inc., a US semiconductor foundry. Mr. Kurtzweil holds a B.A. in Accounting from Arizona State University, and an M.B.A from the University of St. Thomas. Mr. Kurtzweil also is a certified public accountant and certified management accountant. Mr. Kurtzweil is born in 1956, located in the United States.

Anthony Eaton has served as our Chief Technology Officer since March 2019. Mr. Eaton served as our Vice President of Systems Engineering from February 2017 to February 2019, and our Senior Director of Engineering from August 2016 to January 2017. Prior to joining us, he served as Director of System Engineering at Atmel, where he was responsible for building and running the System Engineering function for the MaxTouch Business Unit. Earlier, Mr. Eaton held senior engineering roles at NVIDIA, Mirics Semiconductor and Sony Semiconductor. Mr. Eaton holds Bachelor's and Master's degrees in Engineering from Cambridge University. He is located at the Company's offices in Farnborough, United Kingdom.

Catharina Eklof has served as our Chief Commercial Officer ("CCO") since June 2021. Prior to joining us, Ms. Eklof held the position as Chief Commercial Officer at Defentry, a cyber safety solutions provider, for which she led marketing and sales, leading the company's international expansion. Ms. Eklof has over 20 years of experiences as a global executive leading global business transformation and implementing new business models across financial services, retail, travel, and information security. Notably, she had senior executive roles across strategy, loyalty-data insight solutions and payment technology for 12 years at Mastercard. She was instrumental in launching Mastercard's data SaaS offering to banks and FinTech's globally, commercialization of digital payment and loyalty platform solutions to the banking, retail and travel sector. Ms. Eklof has enjoyed her 4-year tenure with Avanza Bank AB and stepped down from her position on the Board of Directors effective April 11th, 2024 to pursue more global opportunities. Ms. Eklof holds an M.B.A. in International Business and a M.S. in Economics from the University of Uppsala, Sweden. Ms. Eklof is assigned to our office in Oslo, Norway, but works in Belgium.



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Interim Report

Second Quarter and First Half 2024



CEO'S COMMENTS

Dear Shareholders,

In the second quarter, our card manufacturing partners continued to take important steps towards commercial production for biometric cards, including Beautiful Card Corporation receiving their letter of approval (LoA) from Mastercard in June. This LoA represents a critical enabler for banks to bring biometric payment cards to market at scale. We also achieved notable market milestones, announcing additional market introductions by banks for biometric payment cards, while securing a repeat order within the access segment. We continued building a strong customer pipeline, setting a solid foundation for the future.

In today's digital world, there is increasing demand for biometric authentication at the edge of the network with no personal data stored in a central database or in the cloud. As a result, we have experienced a change in the market dynamics across IDEX Pay and IDEX Access during the first half of the year. Inbound requests are becoming more frequent, both from banks and access partners, indicating a new level of market maturity. We also observe that initial market introductions create a ripple effect among competitors, in the same region, eager to offer biometric cards to their customers as the new standard for contactless identification. The first IDEX Pay solution is currently in the implementation process with Eastern Bank Limited in Bangladesh, marking an important step forward in our growth strategy, and our first IDEX Access solution is commercially available as a FIDO2 card provided by AuthenTrend.

We continue to enable and support card manufacturers globally as they commercialize biometric smart cards and accelerate the adoption of biometric payments. Our extensive implementation programs are designed to support issuers and facilitate a seamless market introduction of biometric payment cards.

IDEX Pay

The payment market ecosystem continues to increase its focus on biometrics. The Reserve Bank of India (RBI) has shared a framework aiming to enhance the security of digital payments, by introducing various forms of authentication, including biometrics. EMVCo¹ has held user experience forums evaluating frameworks for biometric payment cards and has engaged with its industry partners. FIDO Alliance², Java Card Forum, NFC Forum, PCI SSC³, and various ISO/IEC⁴ groups, further pointing to opportunities for biometric smart card and multi-purpose solutions. In the second quarter biometric payment cards were introduced into four markets: Bangladesh, Turkey, the UK, and an additional South Asian country. Expanding our presence in Asia, we partnered with a pioneering challenger bank in South Asia to launch biometric payment cards at a commercial scale. This collaboration marks a significant step forward for IDEX in the region, building on the

¹ EMVCo: Entity that creates and manages standards for a consortium of Mastercard, Visa, JCB, American Express, China Union Pay and Discover

² Fast Identity Online"

³ Payment Card Industry Security Standards Council.

⁴ International Organization for Standardization/International Electrotechnical Commission

announced market introductions by two other South Asian banks, Eastern Bank Limited (EBL) and Mutual Trust Bank (MTB) in Bangladesh. The timing of biometric card launches in Bangladesh will most likely be impacted by the social unrest that surged in the country in recent months.

MTB is an example of biometric smart cards driving financial inclusion, enabling greater accessibility and financial empowerment. The untapped potential of 1.4 billion unbanked in the world represents an opportunity as financial inclusion, according to the UN, is critical to reduce poverty. Harnessing the power of technology is one of the most effective ways of integrating the unbanked population into the digital economy and support sustainable economic development. Biometric smart cards offer a low cost and secure solution to bring digital payments to the unbanked and underserved. Biometric payments for the growing affluent group for whom premium and metal cards are increasingly coveted represent another high potential segment. In the Asia Pacific region, metal cards are growing at a CAGR of over 100%⁵, unlocking new opportunities for IDEX Biometrics and the entire market.

BCC, a Taiwanese card manufacturing partner with a worldwide customer base, obtained their LoA from Mastercard late in the quarter. This Mastercard approval will help propel BCC's biometric smart card deployment as they leverage the efficient biometric platform solution and joint go-to-market programs with IDEX Biometrics, and an order was placed by BCC to this effect.

We recently announced the TaluCard in the UK, addressing the payment needs for visually impaired and elderly. The TaluCard solution includes a biometric payment card with touchable ink print and a voice guided app. TaluCard is engaging with interest groups for visually impaired for this inclusive payment initiative.

We are currently preparing for further scaling with the biometric card launches with strong traction in Asia on IDEX Pay and we expect to see shorter sales cycles going forward. Additionally, we are seeing a shift in biometric programs to higher volume requests.

IDEX Access

The continued global increase in cyber threats, digital security incidents, and the resulting costs have accelerated the need for robust and scalable authentication methods. Enterprise investments in identity and access management solutions continue to grow by double-digits. A lot of those investments are being allocated to various forms for Multi Factor Authentication solutions including those using FIDO and PKI standards. Our biometric card solution is earning a reputation as the most secure and efficient solution available to meet such demands. In addition, a biometric card can simultaneously serve as a physical access and identity badge, further improving the business case for organizations.

Late in the quarter, we secured a repeat order from AuthenTrend, a global digital authentication leader with a strong presence in Asia, for its biometric Multi Factor Authentication solution based on IDEX Access. AuthenTrend provides a new generation of biometric card security keys – ATKey. These biometric cards support both contact and contactless modes and work contactless with phones and NFC-enabled computers such as Microsoft Surface

⁵ Source: Giesecke+Devrient (G&D)

Pro 10. In the second quarter we also completed an additional shipment of our production order from Sentry Enterprises, setting the stage for the market introduction of their biometric multipurpose card for enterprise access.

IDEX Access platform solution seamlessly integrates the IDEX sensor and proprietary access operating system with a secure element. This integrated solution is highly scalable and enables easy integration and customization of third-party applets for various use cases across various industries, such as finance, healthcare, government services and employees.

Commercial conclusion

We continue to execute our strategic plan, both commercially and organizationally. With a portfolio of leading products and a robust business model featuring strong margins, we are well positioned for a profitable business. Our focus on innovation, efficiency, and financial operational optimization has enabled us to build a solid foundation for long-term success.

Financial comment

Revenue in the second quarter of 2024 was \$0.4 million, similar to the first quarter of 2024. Revenues in the second quarter continued to reflect the transition from our legacy components business to the deployment of our full IDEX biometric card solutions. We expect the revenues to begin to grow in the second half of 2024 as several of our card manufacturing partners are expected to complete full qualifications during the third quarter, enabling them to promote cards based on IDEX Pay to banks and issuers.

Gross profit margin was 40% in the second quarter of 2024, compared to 36% in the previous quarter. We continue working with our suppliers to reduce costs for the complete IDEX Pay and IDEX Access solutions. Margins vary between quarters based on product mix. We expect margins to trend higher when we reach volume production with our manufacturing partners.

Operating expenses, excluding the cost of materials, were \$6.1 million, including \$1.1 million in expenses related to restructuring, compared to \$6.1 million in the first quarter of 2024, and \$7.7 million in the second quarter of 2023. The Company continues to reduce expenses, and in March 2024 provided notice to 25 staff members. The company has now consolidated its engineering functions to the UK and has closed two engineering facilities in the US. These actions contribute to achieving operating expenses below \$2.5 million per quarter. The actions are expected to be completed by the end of the third quarter of 2024.

During the second quarter of 2024, we completed a financing with net proceeds of \$4.8 million from a private placement of shares to fund the company's commercialization phase. The offering also included matching warrants coverage that are exercisable at various times over the next 12 months.

Vince Graziani
Chief Executive Officer

IDEX Biometrics

About IDEX Biometrics

IDEX Biometrics is a global technology leader in biometric authentication solutions for smart cards, offering secure and convenient solutions for payments, access control, and digital identity. Through our patented and proprietary sensor technologies, integrated circuit designs, and software we make our biometric solutions unique and innovative, delivering secure, fast and seamless user experiences to customers worldwide. IDEX Biometrics partners with leading card manufacturers, technology companies and payment networks, bringing solutions to the market.

The IDEX Biometrics flexible technology platform supports a wide range of applications and use cases. Together with our partners, we provide end-to-end solutions to banks and other organizations seeking to launch their own biometric cards for payment or to support other authentication needs.

Business model and Strategy

Our commitment is to provide trusted proof of identity for all individuals. In an era where security and trust are paramount, our advanced biometric technology ensures that everyone, regardless of their background or circumstance, can rely on a secure and accurate means of confirming their identity, fostering inclusivity, and safeguarding personal information in an increasingly interconnected world.

We offer trusted biometric technology solutions that are scalable and meet the diverse needs of industries and applications. We are dedicated to market and consumer relevant innovation, research, and development, to provide resource optimized state-of the-art biometric platforms.

IDEX Biometrics is uniquely positioned as a provider of completely decentralized authentication solutions for card- based fingerprint biometric sensing technology. The IDEX Biometrics technology was purpose-built for biometric payment and access smart cards in response to the highest security standards and other requirements of these markets, such as power harvesting, transaction speed, durability, and cost effectiveness. Our technology is based on the biological markers of a person's unique fingerprint and confirms the user's identity through a 'handshake procedure' with the payment terminal, access reader or mobile phone. The biometric card solution eliminates the need for less secure credentials such as passwords, pins or the many costly and cumbersome multifactor authentication methods used today.

IDEX Biometrics has evolved from a component company to an end-to-end solution company. With our own card operating system capabilities, the product offering supports additional market verticals, broadening the target markets and creating new market opportunities.

Global Market Trends and Regulatory Environment

IDEX Biometrics addresses large and well-established markets, with exposure to market megatrends as trusted identity is a top priority in payments and for enterprises. There is demand for secure online transactions and convenient multi factor authentication solutions.

Credentials are increasingly stored online, together with other user information. This exposes people, enterprises and society to new types of threats. The costs for cybercrimes are accelerating, especially considering the emerging capabilities of AI and deep fake technologies. We believe this is an alarming global trend representing an opportunity at scale for IDEX to address, as protection of individual identity and integrity is a rising concern in today's society, manifested by increasing focus from regulators, governments and corporations.

The regulatory landscape world-wide strives to enhance end-user control and improve data accessibility for consumers. EU has recently sharpened directives and regulations, bringing stricter enforcement of multi factor authentication among organizations, who must upgrade their current IT infrastructures and find the right balancing between frictionless customer experiences and stricter security measures.

US Cybersecurity and Infrastructure Security Agency are promoting multifactor authentication including biometrics as a key ingredient to raise the bar against cyber threats across businesses and in society. Similar initiatives and mandates can be seen among governments globally.

Within payments, EMVCo, a governing body in the industry, is now intensifying efforts for global standards for biometric payment cards. IDEX Biometrics is an engaged member and participates in EMVCo's industry expert group for biometric payment cards. IDEX is also an associate level member of the FIDO Alliance, a global industry association developing standards for password-less authentication.

Biometric smart cards provide multi-factor authentication by design. Biometric authentication, using unique physical characteristics is a solution that protects individuals and the society efficiently and represents an untapped market potential. The user's biometric data is encrypted and stored only on the card, making the biometric card the ultimate hack-resistant authentication device as it is never connected to the internet.

Market Opportunity and Target Markets

The IDEX Biometric unique biometric platform solution can be applied in multiple market segments using smart cards with the use cases of biometrics expanding to new segments. The company has three main target markets with an accelerating need for biometric identity solutions: banking and payment, enterprise security and public services. IDEX Biometrics is today a fintech leader in biometrics technology offering decentralized authentication solutions across payments and access control.

As the market matures and technology on cards gets more powerful, we expect the solution for different use cases will converge. Our biometric card technology can already be seen in solutions that combine physical and digital access. The abilities to attach

attributes related to ID and health records are emerging. Fiat and digital currencies could soon co-exist on the same card, and there are many other examples.

I - Payments

We see the market for biometric payment cards evolve in stages, with affluent consumers taking the role of early adopters. A product segment related to this is the metal card market of more than 40 million cards/year and a double-digit annual growth. As the IDEX biometric solution expands beyond metal and into the traditional market of payment cards, economy of scale will drive prices down and allow for biometric card services to become ubiquitous.

The global market for chip enabled payment cards is currently near 3 billion cards annually and estimated to be greater than 12 billion EMV cards in circulation today. The growth in the markets is driven by the rising adoption of contactless payments, increased use of digital payments and growing e-commerce.

II - Access Control

Investments in enterprise security continue to grow double digit and biometric technologies are quickly becoming necessities in solutions targeting access control and identity management. With growing cyber security threats, and higher potential liabilities, enterprises are stepping up their efforts to authenticate every person they let into their systems and onto their premises.

Biometric on-card authentication has proven to be the most secure and convenient solution for multi factor authentication. It is economically viable and reduces the risk for cloud-based data threats putting the user in total control of their own digital identity. In addition, the card form factor is ideal as it can also function as an employee identity badge and be visibly worn.

In compliance with reinforced cybersecurity and data privacy regulations, biometric identity solutions protect assets and secure access for enterprises, governments, and individuals, by removing the need for PINs and passwords. Biometric authentication cards enable decentralized biometric identification and meet the demand for secure identity solutions with use cases for biometric access solutions expanding. With the global cost for cybercrimes reaching \$8 trillion in 2023, secure access control solutions have become one of the highest priorities for CISO's and other decision makers.

Supply Chain and Operations

IDEX has an asset light, fabless business model, using external manufacturing partners for the fabrication, assembly and testing of its products. The majority of our card manufacturing partners are present in both payment and access.

The IDEX Biometrics operational strategy is to maximize efficiency and cost competitiveness by using industry standard design processes, incorporating verified high-volume components and materials, and outsourcing manufacturing to partners using established production processes.

Go-to-market Model

Customers of IDEX Biometrics are manufacturers of payment cards, access cards, and other products using fingerprint sensors as the key to prove identity. Our customers are part of a large ecosystem with a multiparty supply chain to reach the final customer. The ecosystem is different for payments and access. IDEX Biometrics therefore has a distinct engagement strategy to enable the eco system and have business relationships and go-to market models for various parties in the value chain. Our flexible solutions for smart card manufacturers, our implementation programs, and our user-friendly suite of enrollment solutions meet demands from various customer types and use cases, accelerating time to market.

Product Development and Innovation

The company has adopted to customer needs when developing products and solutions, focusing on a seamless user experience. Our industry leading solutions are software defined and we have the development expertise, plus over 200 patents, to fully support the end-to-end solutions recently certified.

Our vertical approach to product development covers the entire biometric smartcard technology stack from high level solution and system architectures, through secure biometric algorithms and software, down to the lowest level sensor and silicon hardware. Thanks to the combination of our large area sensor and its highly efficient, on-board image, biometric and security processor, we are able to achieve industry leading user experience and security.

Our biometric algorithms and software integrate a wide range of both proprietary and industry-standard cryptographic security functions for privacy and tamper protection, as well as implementing critical biometric enrollment, liveness detection and authentication features.

IDEX Pay is a manufacturer-agnostic end-to-end biometric smartcard solution, providing all the necessary biometric performance, functionality and security certifications required by payment schemes such as Mastercard and VISA. It enables our customers and partners to take their own card manufacturing processes and complete a fast-track certification by incorporating IDEX Pay technology and leveraging our certified smartcard reference design into their own card manufacturing lines.

The IDEX Pay biometric solution is offered with a suite of enrollment methods to enable issuers to deploy turnkey biometric activation and on-boarding solutions allowing users to enroll via their smartphone, with a dedicated device at home or in a branch.

The Mastercard certification of the IDEX Pay solution marked a major milestone in the development of our Biometric Software Platform for cards.

IDEX biometric software platform, IDEX Pay, and access, IDEX Access are built on the same biometric platform, serving two different markets. The solution can be layered with different applets to provide new functions and capabilities for supporting payment, crypto wallets, and other digital authentication solutions such as digital access. The full card solution from IDEX Biometrics is complete with hardware (sensor, secure element modules and all accompanying components) and software (OS, applets, SDKs). The OS developed by IDEX allows our customers to provide their own customized applet for application specific functions.

Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are committed to investing in patents and other intellectual property protection measures that ensure our products are, and remain, the leading solution in our target markets.

Sustainability

Providing secure authentication to the world through sustainable technology solutions, IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model. IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model. IDEX Biometrics company strategy for sustainability reporting is based on the United Nations Sustainable Development Goals (SDGs). This framework is part of our business and operating models, aimed at contributing to secure value, trust and predictability for our operations.

FINANCIAL REVIEW

Statements of profit and loss

IDEX Biometrics revenue amounted to \$0.4 million in the second quarter ended June 30, 2024. Sequentially, revenue increased 4% from the first quarter of 2024. Product revenue decreased 76% when compared to \$1.5 million in the second quarter 2023. In the second quarter of 2023 revenue largely originated from the two component customers at the time, while revenue in 2024 represents early-stage revenue from solution customers who are completing their certifications and preparing for biometric card launches on the IDEX Pay and IDEX Access solution platforms. This change reflects IDEX's strategy to transition from a component supplier to a full solutions provider.

Gross profit margin on products sold was 40% of product revenue⁶ in the second quarter of 2024, compared to 26% in the corresponding period of 2023. Improved gross margin reflects the shift in product mix toward our complete payment card solution in 2024.

Compensation and benefits expenses amounted to \$2.5 million in the second quarter of 2024 compared to \$4.0 in the second quarter of 2023. The decrease is due to staff reductions implemented in both 2023 and 2024. Further reductions of staff have been implemented during the first half of 2024 and expect to lower payroll expenses in the third quarter of 2024 vs the second quarter of 2024.

Share-based compensation expense, which is non-cash, was a gain of \$0.1 million in the second quarter of 2024, compared to \$0.3 million expense recorded for the second quarter of 2023. Share-based compensation expense amounted to \$0.2 million for the first six months of 2024, in contrast to \$0.7 million recorded for the first six months of 2023. The second quarter gain was related to the forfeiture of subscription rights held by terminated staff members. In general, quarterly variances in share-based compensation are attributable to the number of subscription rights vesting in the period, and changes in the share price which influences the accrual of estimated employer's tax that will be due if/when a subscription right is exercised.

The company continues to focus on reducing expenses and during the second quarter reduced its full time equivalent (FTE) to 59 at the end of June 2024 from 80 at the end of March 2024, and 99 on June 2023 IDEX is also consolidating its engineering functions to the UK and has closed two facilities in the US. These actions are contribute to reduce operating expense level to \$2.5 million per quarter. All actions are expected to be completed by the end of the third quarter of 2024. Restructuring expenses incurred during the second quarter of 2024 included \$0.7 million related to facility expense exit costs for the two facilities in the US and \$0.4 million for severance payments.

⁶ The gross profit and gross profit margin figures are alternative performance measures (APM) under IFRS. The gross profit and gross profit margin are measured as Revenue from products less the Cost of materials, net of inventory change. The cost of materials is the purchased cost of manufactured finished goods sold to customers.

Research and development (R&D) expenses include the external costs of product development, prototype manufacturing, and pre-release product testing. The cost of employees engaged in R&D is included in Compensation and benefits. R&D expenses are reported net of earned government grants in support of R&D activities. Net R&D expenses amounted to \$0.6 million in the second quarter of 2024, compared to 0.9 million the second quarter of 2023. Net R&D expenses amounted to \$1.2 million in the first six months of 2024 in contrast to \$1.8 million in the first six months of 2023. The reduction reflects the maturing of the products and ensuing reduced R&D activity.

Other operating expenses, primarily expenses associated with marketing, sales, and administrative activities, amounted to \$1.9 million in the second quarter of 2024, in contrast to \$2.5 million in the second quarter of 2023, primarily due to lower insurance, information technology and software expenses. Other operating expenses amounted to \$3.8 million in the first six months of 2024, in contrast to \$4.5 million in the first six months of 2023, on similar factors to the quarter variation.

Amortization and depreciation and impairment charges⁷ amounted to \$1.1 million in the second quarter of 2024, in contrast to \$0.4 million for the second quarter of 2023 and \$0.3 million for the first quarter of 2024. The amount in the second quarter of 2024 included impairment of right to use assets (leasehold agreements) amounting to \$0.7 million. Amortization and depreciation and impairment charges amounted to \$1.5 million in the first six months of 2024, in contrast to \$0.7 million for the first six months of 2023.

Net financial items amounted to expense of \$0.7 million in the second quarter of 2024, in contrast to expense of \$0.1 million recorded in the second quarter of 2023. In the second quarter of 2024, the convertible debt that was taken up in December 2023 accounted for \$1.5 million expense, partly offset by favorable value change on the warrants issued in the second quarter amounting to \$0.7 million. Net financial items amounted to expense of \$0.2 million in the first six months of 2024, compared to an income of \$0.1 million in the first six months of 2023. The convertible debt amounted to expense of \$0.8 million in the first half of 2024, offset by favorable value change on the warrants amounting to \$0.7 million. Other financial items were insignificant.

IDEX Biometrics operates at a loss and has a substantial tax loss carryforward position in Norway. The company has not recognized any deferred tax assets in the Statements of Financial Position.

Net loss in the second quarter of 2024 amounted to \$6.9 million, representing a loss per share of \$0.02. The net loss in the second quarter of 2023 was \$7.4 million representing a loss per share of \$0.01. Net loss in the first six months of 2024 amounted to \$12.3 million, representing a loss per share of \$0.04, in contrast to a net loss of \$14.7 million in the first six months of 2023, representing a loss per share of \$0.01.

⁷ Under IFRS 16 Leases, leased assets are capitalized, with corresponding assets and liabilities recorded on the Statements of financial position. The right to use assets is depreciated over the lease period. The notional interest on the liability is report-ed as financial cost.

Statements of Cash Flows

The company incurred an operating cash outflow of \$5.0 million in the second quarter of 2024, in contrast to an operating cash outflow of \$7.1 million in the second quarter of 2023. The decreased year-over-year cash outflow in the second quarter resulted from a lower net loss in the periods and reduced working capital requirements.

The primary operating cash items are the operating losses in each period, less non-cash expenses, including share-based compensation, depreciation and amortization. Net working capital varies between quarters, mainly due to the timing of shipments, collections from customers, receipt of inventoried materials, and disbursements to vendors.

Capital expenditures amounted to an inflow of \$237 thousand in the second quarter of 2024 due to sale of equipment and machinery no longer in use. This in contrast to capital outflow of \$190 thousand for the second quarter of 2023.

Total cash flow from financing activities amounted to a net inflow of \$3.8 million in the second quarter of 2024, in contrast to an inflow of \$10.8 million in the second quarter of 2023. The main inflow in the second quarter of 2024 was the private placement conducted on May 15, 2024, resulting in a net inflow of \$4.8 million.

Statements of Financial Position

The largest assets held on the company's Statements of financial position as of June 30, 2024, were inventory of \$6.3 million, and cash of \$2.0 million, representing 43% and 14% of total assets, respectively. Total intangible assets are acquired IP and goodwill, amounting to \$1.7 million. Fixed assets amount to \$1.1 million.

IDEX Biometrics develops intellectual property and has incurred product development costs. The value of self-developed IP is not recorded on the Statements of financial position, because the IP does not satisfy accounting criteria for capitalization.

Tangible fixed assets, including the right to use value of leased assets, net of accumulated depreciation, amounted to \$1.2 million as of June 30, 2024, compared to \$3.2 million as of June 30, 2023, and \$2.7 million at December 31, 2023. Right to use leased assets were impaired by \$0.7 million in the second quarter, due to restructuring of the company's facilities in the US. Other than right to use leased assets, the Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years.

Inventory amounted to \$6.3 million as of June 30, 2024, compared to \$6.5 million as of June 30, 2023, and \$6.4 million as of December 31, 2023. IDEX Biometrics is a fabless developer of semiconductor-based products, and the manufacturing operations are outsourced. Inventory consists of raw materials (primarily semiconductor components and substrates), work-in-progress (primarily incomplete assemblies) and finished goods (completed fingerprint sensing devices available for sale). A large share of the inventories is physically located at the contract manufacturing partners' sites.

Customer accounts receivable amounted to \$1.1 million as of June 30, 2024, compared to \$1.8 million as of June 30, 2023, and \$1.0 million as of December 31, 2023. The decrease

in accounts receivable was the result of lower sales in 2024. The amounts are net of reserves for bad debt. IDEX has requested an arbitration at the Oslo Chamber of Commerce concerning a receivable from a customer who has not yet paid. The possible loss for IDEX depends on the outcome of the case and is difficult to estimate reliably. The receivable is held a best estimated value.

Total short-term liabilities amounted to \$11.1 million as of June 30, 2024, compared to \$6.0 million as of June 30, 2023, and \$12.4 million as of December 31, 2023. The year-over-year increase is due to the convertible debt taken up in December 2023. In the first six months of 2024, the company has made three term payments and two accelerated amortization payments on the principal of the convertible loan.

Net working capital (i.e., short-term assets, excluding cash, less short-term liabilities, excluding convertible loan) amounted to \$6.6 million as of June 30, 2024, \$4.7 million as of June 30, 2023, and \$5.2 million as of December 31, 2023.

Equity amounted to \$2.5 million as of June 30, 2024, in contrast to \$19.6 million as of June 30, 2023, and \$11.3 million as of December 31, 2023. The changes are primarily the result of the incurred loss and net of private placements in the second quarter of 2024 amounting to net \$4.8 million combined.

Liquidity

The cash balance amounted to \$2.1 million as of June 30, 2024, in contrast to \$11.0 million as of June 30, 2023, and \$11.4 million as of December 31, 2023.

The company's balance sheet solvency, defined as the value of cash plus accounts receivable, less short-term liabilities, was negative \$7.0 million as of June 30, 2024. The amount includes the convertible bond liability and the outstanding warrants from the private placement in the second quarter. The bond has a term greater than 12 months but is classified as short-term because it may be converted to equity at any time. The balance sheet solvency amounted to \$7.4 million as of June 30, 2023, and \$0.9 million as of December 31, 2023. The board is taking measures to secure adequate liquidity going forward.

Going concern

The Company's liquidity is constrained and as of June 30, 2024 more than half of IDEX's share capital was lost. Key shareholders have stated their continued support of the Company and interest in providing additional funding, because of the momentum evident in the biometrics card market. The Company is in the process of obtaining a short-term liquidity loan, expected to be finalized soon. The going concern assumption has been applied in the preparation of this interim report.

August 14, 2024

The Board of Directors of IDEX Biometrics ASA

CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		YTD	YTD	Full year
		Q2 2024	Q2 2023	2024	2023	2023
Operating revenue						
Product revenue	4	275	1,463	647	2,704	4,131
Service and other revenue	4	110		110		8
Total revenue		385	1,463	757	2,704	4,138
Operating expenses						
Cost of materials, net of inventory change		233	1,145	470	2,059	3,908
Compensation and benefits	5	2,531	3,968	5,680	8,376	14,305
Research and development	6	633	853	1,228	1,786	2,393
Other operating expenses	7	1,863	2,462	3,834	4,517	8,743
Amortization, depreciation and impairment	8	1,100	403	1,482	743	1,635
Total operating expenses		6,359	8,832	12,693	17,480	30,986
Loss from operations		(5,974)	(7,369)	(11,936)	(14,776)	(26,847)
Financial income	9	75	130	1,265	328	842
Financial cost	9	769	235	1,416	259	639
Loss before tax		(6,667)	(7,474)	(12,087)	(14,707)	(26,644)
Income tax benefit (expense)	10	(2)	30	(2)	25	16
Net loss for the period		(6,669)	(7,443)	(12,089)	(14,681)	(26,629)
Loss per share, basic and diluted	11	(0.02)	(0.01)	(0.04)	(0.01)	(0.11)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		YTD	YTD	Full year
	Q2 2024	Q2 2023	2024	2023	2023
Net loss for the period	(6,669)	(7,443)	(12,089)	(14,681)	(26,629)
Foreign currency translation adjustment	36	(205)	104	(412)	(436)
Total comprehensive income (loss) for the period, net of tax	(6,633)	(7,649)	(11,986)	(15,094)	(27,065)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	June 30, 2024	June 30, 2023	December 31, 2023
Assets				
Non-current assets				
Goodwill		968	968	968
Intangible assets		772	1,249	1,011
Total intangible assets		1,740	2,217	1,979
Property, plant and equipment		374	1,087	812
Right-of-use assets		746	2,083	1,779
Non-current receivables		81	56	81
Total non-current assets	8	2,941	5,443	4,651
Current assets				
Prepaid expenses		1,235	1,789	648
Inventory	13	6,308	6,466	6,384
Accounts receivable, trade		1,139	1,055	979
Accounts receivable, other		917	1,373	949
Cash and cash equivalents		2,057	10,955	11,352
Total current assets		11,657	21,638	20,312
Total assets		14,598	27,081	24,962
Equity and liabilities				
Equity				
Share capital		10,591	24,831	25,955
Share premium		4,611	13,102	2,118
Share-based payment		25,035	24,301	24,858
Foreign currency translation effects		(11,964)	(12,044)	(12,068)
Capital reduction reserves		316,341	287,500	300,500
Accumulated loss		(342,119)	(318,082)	(330,030)
Total equity	12	2,495	19,607	11,334
Non-current liabilities				
Non-current lease liabilities		968	1,521	1,238
Total non-current liabilities		968	1,521	1,238
Current liabilities				
Accounts payable		910	993	688
Current lease liabilities		596	619	624
Public duties payable		265	507	283
Interest-bearing loans	14	4,169	-	5,076
Other current financial liabilities	14	3,996	-	3,545
Other current liabilities		1,199	3,835	2,174
Total current liabilities		11,135	5,954	12,390
Total liabilities		12,103	7,474	13,628
Total equity and liabilities		14,598	27,081	24,962

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in USD 000s	Note	Share capital	Share premium	Share based payment	Foreign currency translation effects	Capital reduction reserve	Accumulated loss	Total equity
Balance at January 1, 2024		25,955	2,118	24,858	(12,068)	300,500	(330,030)	11,334
Share issuance	12	471	4,344	-	-	-	-	4,816
Share capital reduction	5,7,12	(15,841)	-	-	-	15,841	-	-
Warrant issuance	12	-	(1,851)	-	-	-	-	(1,851)
Share-based compensation	5,7,12	5	-	177	-	-	-	182
Loss for the period		-	-	-	-	-	(12,089)	(12,089)
Other comprehensive income		-	-	-	104	-	-	104
Balance at June 30, 2024		10,591	4,611	25,035	(11,964)	316,341	(342,119)	2,495
Balance at January 1, 2023		22,762	4,036	23,576	(11,632)	287,500	(303,401)	22,841
Share issuance	12	2,020	8,921	-	-	-	-	10,942
Share-based compensation	5,7,12	48	144	725	-	-	-	917
Loss for the period		-	-	-	-	-	(14,681)	(14,681)
Other comprehensive income		-	-	-	(412)	-	-	(412)
Balance at June 30, 2023		24,831	13,102	24,301	(12,044)	287,500	(318,082)	19,607
Balance at January 1, 2023		22,762	4,036	23,576	(11,632)	287,500	(303,401)	22,841
Share issuance	12	3,128	11,009	-	-	-	-	14,137
Share-based compensation	5,7,12	65	73	1,283	-	-	-	1,421
Loss for the period		-	-	-	-	-	(26,629)	(26,629)
Transfer of share premium		-	(13,000)	-	-	13,000	-	-
Other comprehensive income		-	-	-	(436)	-	-	(436)
Balance at December 31, 2023		25,955	2,118	24,858	(12,068)	300,500	(330,030)	11,334

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		YTD	YTD	Full year
		Q2 2024	Q2 2023	2024	2023	2023
Operating activities						
Loss before tax		(6,667)	(7,474)	(12,087)	(14,707)	(26,644)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>						
Amortization, depreciation and write-down expense	8	1,100	403	1,482	743	1,635
Share-based compensation expense	5	(83)	323	177	725	1,283
Change in value of derivate		154		(764)	-	-
Financial expenses (income)		616	(259)	949	(427)	(434)
<i>Other operating cash flows:</i>						
(Increase) decrease in inventories		119	(1,146)	76	(2,019)	(1,937)
(Increase) decrease in accounts receivables		234	185	(71)	294	370
Increase (decrease) in accounts payable		171	(55)	222	(547)	(852)
(Increase) decrease in other working capital items		(528)	909	(1,637)	(117)	(466)
Interest paid	9	(154)	(45)	(252)	(69)	(5)
Change in income taxes		(2)	21	(2)	16	46
Net cash flow used in operating activities		(5,040)	(7,137)	(11,909)	(16,107)	(27,005)
Investing activities						
(Purchases) sales of property, plant and equipment	8	237	(190)	222	(173)	(243)
Change in non-current receivables		(1)	4	(1)	18	(6)
Interest received	9	12	53	73	144	254
Net cash flow used in investing activities		249	(133)	295	(11)	4
Financing activities						
Net proceeds from issuance of shares		4,882	10,952	4,887	11,134	14,275
Proceeds from borrowings	14	-	-	-	-	8,621
Repayments of borrowings	14	(879)	-	(2,216)	-	-
Paid, not registered capital		(26)	-	-	-	-
Payments on lease liabilities	8	(173)	(108)	(348)	(190)	(671)
Payment related to a financed asset purchase		-	-	-	-	-
Net cash flow from financing activities		3,805	10,844	2,323	10,943	22,225
Net change in cash and cash equivalents		(986)	3,574	(9,291)	(5,175)	(4,776)
Effect of foreign exchange rate changes		3	(0)	(3)	5	3
Opening cash and cash equivalents balance		3,040	7,381	11,352	16,124	16,124
Cash and cash equivalents at period end		2,057	10,955	2,057	10,955	11,352

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 The Company and its business

IDEX Biometrics specializes in the design, development, and sale of fingerprint authentication solutions. The Company's fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies. The Company is a public limited liability company incorporated and domiciled in Norway. The address of the head office is Dronning Eufemias gate 16 at NO-0191 Oslo, Norway. There is one class of ordinary (i.e., common) shares, and all shares have equal rights. The Company's Ordinary Shares are listed on Euronext Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX.

IDEX Biometrics has wholly owned subsidiaries in the United States, the United Kingdom, and China. The subsidiaries provide technical development services, sales facilitation, marketing assistance, and/or logistics processing for the parent company.

2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the quarter ended June 30, 2024, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. These interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards as adopted by the EU. The accounting policies applied herein are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2023. Amounts presented may not sum precisely due to rounding.

IDEX Biometrics operates in one operating segment, fingerprint imaging and recognition technology, and these interim financial statements present the full consolidation of the accounts of the Company and all subsidiaries, reflecting this operational focus.

The going concern assumption has been applied in the preparation of the consolidated financial statements. Going concern assumes the realization of assets and liquidation of liabilities in the normal course of business.

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. Net equity amounted to \$2.5 million and the balance sheet solvency was negative as of June 30, 2024. The Company has implemented measures to significantly reduce operating expenses, mainly in the technical functions in the US, while maintaining the customer support functions and supply chain capabilities. The existing cash does not fund the Company's operating expenses and capital expenditures requirements for the next twelve months. While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics will be successful in raising capital the future. There is significant doubt over the Company's ability to continue as a going concern. The Company has been successful in the past in raising capital through private placements of equity. Key shareholders have stated their continued support of the company and interest in providing additional funding, because of the momentum evident in the biometrics card market. Acknowledging the significant doubt, the board has on balance decided to apply the going concern assumption.

3 Risks

It is the duty of the Board of Directors to present the principal risks facing the Company in the conduct of its business. The Company's major risk is its business risk, broadly meaning risks to its ability to generate revenue and earn profit. Future revenue generation will depend, among other such risks, on the Company's ability to market and profitably deliver products on a sustained basis, its ability to raise sufficient capital to pursue its business strategies, its ability to legally protect its intellectual property rights, its ability to scale its operations to

maximize efficiencies, and its ability to retain current employees and to attract new employees. The ability to generate future revenue is also highly dependent on the pace of development of the market for biometric payment cards, which remains in an early stage.

See note 2 regarding the going concern risk.

The Company's assets primarily consist of cash, working capital, and intangible assets. The Company maintains liquidity by investing available funds in readily accessible, floating-interest rate bank accounts. The Company's exposure to currency exchange rate changes is managed by maintaining an appropriate mix of cash deposits in the various currencies it utilizes for its operations. The Company does not engage in any active hedging strategies. The U.S. Dollar is the dominant currency of the Company's receivables and payables.

As of June 30, 2024, the Company had a convertible debt recognized at \$7.0 million, ref note 14. The original loan amount was NOK 100 million, and the loan is denominated in NOK. The repayment schedule of the convertible debt and accrued interest is 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. The debt thus represents a NOK/USD currency exchange rate risk, and a cash flow risk. The currency risk is not hedged. The Company may elect to make any and all term payments in shares, reducing the liquidity risk.

The conversion option is accounted for as an embedded derivative recognized separately from the host contract as a financial liability at fair value through profit or loss. The liability will eventually amount to nil after the final term payment on the loan. The depreciation of the value of the derivative, which is a non-cash item, is recognized as a financial income. Each period amount may be very volatile, because at the interim balance sheet dates, the value of the derivate will depreciate or appreciate with share price, share volatility and risk-free interest rate, as well as the NOK/USD exchange rate. This risk has not been hedged.

4 Revenue from contracts with customers

The Company records revenue from the sale of biometric fingerprint sensor products and the delivery of technical development and other engineering services to its customers. Product-related revenue is recognized upon shipment, primarily on Incoterms EXW (i.e., ex-works) basis.

There were no contract asset or contract liability balances at June 30, 2024, or December 31, 2023.

IDEX Biometrics categorizes customers by geographic region utilizing the addresses to which IDEX Biometrics invoices its products or services. The Company's products and service revenue by geographic region is as follows:

	Quarters		YTD	YTD	Full year
Amounts in USD 1,000	Q2 2024	Q2 2023	2024	2023	2023
EMEA	14	983	106	1,803	3,029
Americas	81	474	198	893	975
Asia-Pacific	181	6	343	8	126
Product revenue	276	1,463	647	2,704	4,131
EMEA	-	-	-	-	2
Americas	41	-	41	-	-
Asia-Pacific	69	-	69	-	6
Service and other revenue	110	-	110	-	8
Total revenue	386	1,463	758	2,704	4,138

5 Compensation and benefits

	Quarters		YTD	YTD	Full year
Amounts in USD 1,000	Q2 2024	Q2 2023	2024	2023	2023
Salary, payroll tax, benefits, other	2,625	3,655	5,514	7,661	13,026
Share-based compensation	(95)	313	166	715	1,280
Compensation and benefits	2,531	3,968	5,680	8,376	14,305

Compensation and benefit expenses consist of costs for direct employees of the Company. Individual contractors are classified as Research and development expenses or Other operating expenses, as applicable.

The gain on share-based compensation in the second quarter of 2024 is a result of staff reductions. Employees' unvested subscription rights terminate immediately, and prior period expense is reversed. See note 9.

The table below sets forth the number of employees and individual contractors by their function measured in full-time equivalents (FTE). Certain individuals are contractors because they live in countries in which the Company does not have a business presence.

	June 30, 2024		June 30, 2023		December 31, 2023	
Full-time equivalents (FTEs) by function	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	30	5	61	7	53	5
Marketing and sales	2	10	5	12	4	11
General and administrative	4	1	6	2	5	2
Supply chain and distribution	7	-	7	-	7	-
Total	43	16	79	20	69	18

IDEX Biometrics presents operating expenses by *nature*, in contrast to *function*. Accordingly, Compensation and benefits expenses includes the compensation and benefit costs for all employees. Cost of materials, net of inventory change, Research and development expenses, and Other operating expenses do not include the cost of personnel assigned to those activities.

6 Research and development expenses

Research costs are expensed when incurred. Development costs are expensed unless they qualify for capitalization. The Company's patents and other intellectual property rights created are capitalized and recorded on the Statement of financial position only if they satisfy the criteria for capitalization. The Company has not capitalized development costs in any of the periods presented. Development costs related to the creation of intellectual property have been expensed when incurred.

	Quarters		YTD	YTD	Full Year
Amounts in USD 1,000	Q2 2024	Q2 2023	2024	2023	2023
Gross R&D expenses	633	853	1,228	1,786	3,495
Government grants credited to cost	-	-	-	-	(1,102)
Net R&D expenses	633	853	1,228	1,786	2,393

Government support is recognized when it is probable the Company will qualify and receive support, and the amount can be measured reliably. Norwegian SkatteFUNN grants are recorded in the fourth quarter each year.

7 Related party transactions

Chair of the board, formerly board member, Morten Opstad, is a partner in the law firm Ræder Bing advokatfirma AS. Ræder Bing has provided legal services to the Company resulting in charges of \$80

thousand during the first six months of 2024. Mr. Opstad's work on behalf of the Company beyond his board duties is invoiced by Ræder Bing.

The former chair of the Board of Directors, Lawrence J. Ciaccia, provided consulting services to the Company for a fixed fee of \$50 thousand per year. The service agreement was ended April 30, 2024.

In connection with the private placement on May 15, 2024, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placement. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum on the subscription price multiplied by the number of borrowed shares lent by the respective lender. The fees paid amounted to \$5.5 thousand to Mr. Robert Keith and \$2.6 thousand to Sundt AS.

Following approval by the annual general meeting (AGM) on May 16, 2024, IDEX has paid the board and committee remuneration for the period from the 2023 AGM to the 2024 AGM.

8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, plant and equipment	Right-of-use assets	Non-current receivables	Total non-current assets
Balance at January 1, 2024	968	1,011	812	1,779	81	4,651
Additions	-	-	(222)	-	-	(222)
Settlements	-	-	-	-	-	-
Depreciation and amortization	-	(239)	(214)	(308)	-	(760)
Impairment	-	-	-	(722)	-	(722)
Effects of changes in foreign currency	-	-	(2)	(4)	0	(6)
Balance at June 30, 2024	968	772	374	746	81	2,941
Balance at January 1, 2023	968	1,488	1,107	1,545	73	5,181
Additions	-	-	201	846	-	1,047
Settlements	-	-	-	-	(17)	(17)
Depreciation and amortization	-	(239)	(201)	(304)	-	(743)
Effects of changes in foreign currency	-	-	(20)	(4)	-	(25)
Balance at June 30, 2023	968	1,249	1,087	2,083	56	5,443
Balance at January 1, 2023	968	1,488	1,107	1,545	73	5,181
Additions	-	-	243	844	25	1,112
Settlements	-	-	-	-	(17)	(17)
Depreciation and amortization	-	(477)	(548)	(610)	-	(1,635)
Effects of changes in foreign currency	-	-	10	-	-	11
Balance at December 31, 2023	968	1,011	812	1,779	81	4,651

Acquired intangible assets and intellectual property rights have been capitalized at the time of acquisition. These assets are depreciated over their respective economic lives. The major items depreciate over 9.5 years and 17 years from acquisition, through July 2024 and to the end of 2030, respectively. Goodwill is not amortized but is tested for impairment at least annually or more frequently, if circumstances merit. The Company is one cash generating unit for purposes of impairment testing. Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years.

In the second quarter, the Company recorded an impairment amounting to USD 722K on right to use assets, viz. leasehold properties.

9 Financial items

Amounts in USD 1,000	Quarters		YTD	YTD	Full year
	Q2 2024	Q2 2023	2024	2023	2023
Interest income	13	53	73	144	254
Currency exchange gain	62	78	609	185	588
Gain on embedded derivative	-	-	583	-	-
Total financial income	75	130	1,265	328	842
Interest expenses on lease liabilities	25	45	53	69	130
Interest expenses	521	-	1,111	-	5
Currency exchange loss	106	190	252	190	503
Loss on embedded derivative	116	-	-	-	-
Total financial expense	769	235	1,416	259	639

10 Income tax expense

The Company has significant accumulated tax losses. No deferred tax asset associated with these accumulated tax losses has been recorded on the Statement of financial position, as there is not sufficient evidence that taxable profit will be generated, against which the unused tax losses could be applied. There are no restrictions as to how long tax losses may be carried forward in Norway.

11 Loss per share

	Quarters		YTD	YTD	Full year
	Q2 2024	Q2 2023	2024	2023	2023
Profit (loss) attributable to the shareholders (USD 1,000)	(5,420)	(7,443)	(12,300)	(14,681)	(26,629)
Weighted average basic number of shares	291,573,230	258,472,963	285,621,113	239,033,571	253,042,411
Weighted average diluted number of shares	292,342,330	259,019,502	286,645,376	239,647,686	254,080,521
Profit (loss) per share, basic and diluted (USD)	(0.02)	(0.03)	(0.04)	(0.06)	(0.11)

The profit or loss per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding for the period. Loss per share is calculated per basic share (i.e., without consideration for the anti-dilutive effect of exercisable subscription rights)

12 Shares and subscription rights

On 10 January 2024, a 5:1 share consolidation (reverse split) took effect. This is reflected in the table below. The subscription rights scheme has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

Number of financial instruments	Incentive subscription rights	Warrants	Shares
Balance at January 1, 2024	94,834,662		1,397,010,650
Jan 10: After 5:1 share consolidation	18,966,932		279,402,130
May 15: Share issue		27,940,213	27,940,213
Jun 19: Share issue		5,393,120	5,393,120
Employee Stock Purchase Plan			358,525
Granted incentive subscription rights	590,900		
Mar 20: Exercised incentive subscription rights	(365,900)		365,900
Expired/forfeited incentive subscription rights	(5,254,307)		
Balance at June 30, 2024	13,937,625	33,333,333	313,459,888
Balance at January 1, 2023	81,106,631		1,166,326,584
May 24: Share issue			116,897,492
Jun 16: Share issue			30,161,332
Employee Stock Purchase Plan			2,648,336
Granted incentive subscription rights	3,408,750		
Expired/forfeited incentive subscription rights	(1,572,605)		
Balance at June 30, 2023	82,942,776		1,316,033,744
Balance at January 1, 2023	81,106,631		1,166,326,584
May 24: Share issue			116,897,492
Jun 16: Share issue			30,161,332
Nov 20: Share issue			78,651,685
Employee Stock Purchase Plan			4,583,949
Granted incentive subscription rights	22,475,200		
Exercised incentive subscription rights	(389,608)		389,608
Expired/forfeited incentive subscription rights	(8,357,561)		
Balance at December 31, 2023	94,834,662		1,397,010,650

On May 15, 2024, IDEX conducted a private placement of 33,333,333 shares at NOK 1.65 per share, raising gross proceeds of NOK 55 million or USD 5.1 million. In addition, the subscribers received one warrant at NOK 1.65 per share subscribed to. The warrants are exercisable in quarterly windows after issue of interim reports and expire fourteen days after the interim report for the first quarter of 2025 has been issued. The private placement was divided into two tranches and was approved by an extraordinary general meeting on June 19, 2024.

From time to time, on a discretionary basis, IDEX Biometrics awards subscription rights for the purchase of shares to employees and individual contractors, pursuant to the terms of an annual subscription rights program approved by shareholders at the annual general meeting (AGM). Such subscription rights are denominated in NOK. Unless specifically resolved otherwise by the Board of Directors, 25% of each grant of subscription rights vests per year, and the grant expires on the fifth anniversary of the AGM at which the program was approved. Unvested subscription rights terminate on the holder's last day of employment or termination of contract. Vested subscription rights may be exercised up to 90 days after such termination date. The weighted average exercise price of outstanding incentive subscription rights on June 30, 2024, was NOK 7.14 per share.

The fair value at grant date of a subscription right is expensed over the vesting period of each tranche of the grant. The fair value of each tranche of a subscription right is determined using a Black-Scholes option pricing model, based on share prices quoted on the Oslo Børs and applicable volatility and interest rates. The Company's social security tax obligations related to share-based remuneration are recorded on each balance sheet date, based on the earned value of the subscription rights outstanding, and the adjustment to the accrued balance is recorded through profit and loss.

The Company operates an employee stock purchase plan (ESPP), whereby employees may elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees make payroll contributions of up to 20% of gross salary to the ESPP over the course of six-month contribution periods, March-August, and September-February. At the end of each period, they purchase shares at a 15% discount to the lesser of the share price at the beginning and ending of the contribution period. The cost of the ESPP is amortized over each contribution period. The cost is based on the contribution amount, the 15% discount, and a Black-Scholes option pricing model at the beginning of the period. The Company suspended the ESPP effective March 1, 2024.

13 Inventory

Amounts in USD 1,000	June 30, 2024			June 30, 2023			December 31, 2023		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	3,671	-	3,671	3,570	-	3,570	3,795	-	3,795
Work in progress	249	-	249	1,118	-	1,118	102	-	102
Finished Goods	2,435	(46)	2,389	1,922	(144)	1,778	3,356	(869)	2,487
Total Inventory	6,355	(46)	6,308	6,610	(144)	6,466	7,254	(869)	6,384

Inventory, consisting of raw materials (primarily semiconductor components and substrates), work-in-progress, and finished goods (completed fingerprint sensing devices available for sale), is valued at the lower of cost or net realizable value, reflecting reserves based on aging and obsolescence until physical disposal.

The finished goods inventory is comprised of current products for sale, and the raw materials at hand are meant for use in the current products offered. Shelf life is practically unlimited. Due to long cycle times of components and at the manufacturing service providers, IDEX has chosen to hold components and finished products in order to enable delivery according to customer requirements.

14 Financial instruments

Convertible Bond

Amounts in USD 1,000	Interest rate	Maturity	June 30, 2024	June 30, 2023	December 31, 2023
Convertible bond	6%	Bimonthly Amortization until June 28, 2027			
Convertible debt			4,169	-	5,076
Embedded derivative			2,807	-	3,545
Total:			6,977	-	8,621

In December 2023, IDEX Biometrics entered into a convertible debt financing agreement. The Company issued NOK 100 million, or \$9.9 million in convertible bonds at 6.0% interest p.a. The loan is denominated in NOK. The Company received NOK 92 million after deduction of the issue discount. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The bond holder may elect to convert the outstanding loans into IDEX ordinary shares at any time prior to repayment, originally at a conversion price of NOK 3.665. The conversion price was reset as of May 15, 2024 to NOK 1.65 due to the private placement of shares on that date. The Company may elect to pay the interest payments, principal payments, or both with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares. The lender has the right to request advancement of up to two term payments between each scheduled term, and may request to defer one or more term payment until the original final maturity date.

The Company does not have an unconditional right to defer payment beyond twelve months. Accordingly, both the host contract and the embedded derivative are classified as current liabilities. The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the Company determined the value of the conversion option to be NOK 36.8 million, or \$3.6 million

and the residual value of the host contract to be NOK 51.2 million, or \$5.1 million, including NOK 4.0 million, or \$0.4 million transaction costs.

The financial cost for the host contract is the effective interest of the cash flow. If and when the lender requests advanced or deferred term payments, the cash flow changes, and the host contract liability changes. Such valuation change is recognized as a financial item. The value change of the derivative is recognized as a financial item. The derivative liability will eventually be nil, when the loan has been settled, but will vary between periods. The key drivers of the fair value of the derivative are the remaining debt, the share price and the remaining duration. In the first six months of 2024, IDEX recognized net financial expenses amounting to \$0.8 million related to the convertible debt. Following a gain in the first quarter of 2024, the financial expense on the loan in the second quarter amounted to \$1.5 million.

Warrants

Amounts in USD 1,000	Exercise price	Expiry	June 30, 2024	June 30, 2023	December 31, 2023
Warrants					
Warrants	NOK 1.65	May 29, 2025	1,188		
Total:			1,188	-	-

See note 12 regarding issue of warrants on May 15 and June 19 as part of the private placement on May 15, 2024. The warrants were recognized on the respective dates as a financial liability denominated in NOK, at fair value through profit and loss. The option value amounted to NOK 19.7 million or \$1.9 million. The financial liability represented by the warrants will eventually be nil, when the warrants have been exercised or expire, but will vary between periods. The key drivers of the fair value of the warrants are number outstanding, the share price and the remaining duration. IDEX recognized net \$0.7 million in financial gain related to the second quarter of 2024.

15 Events after the balance sheet date

Per request from the lender, the Company paid an advanced term on July, 16 2024. The term was settled in cash for a total of \$0.5 million. The final maturity date was thus advanced to December 28 2026.

The board of directors resolved on August 14, 2024 to issue 84,800 incentive subscription rights to a new individual contractor of IDEX Biometrics. The grant was made under the Company's 2024 Subscription rights plan. The exercise price of the subscription rights is NOK 1.37 per share, they vest by 25% per year, and will expire on May 16, 2029. Following the grant, there are 27,229,855 incentive subscription rights outstanding.

There have been no events between June 30, 2024, and the approval of these interim financial statements by the Board of Directors that have had any material impact on the Company's results for the six months ended June 30, 2024, or the value of the Company's assets and liabilities as of June 30, 2024.

RESPONSIBILITY STATEMENT

The Board of Directors and the Chief Executive Officer have today reviewed and approved the IDEX Biometrics ASA unaudited interim condensed consolidated financial statements as of June 30, 2024.

To the best of our knowledge, we confirm the following:

- The interim condensed consolidated financial statements with notes for the first half of 2024 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and additional disclosure requirements as stated in the Norwegian Securities Trading Act section 5-6.
- The interim condensed consolidated financial statements for the first half calendar year of 2024 give a true and fair view of the Company's assets, liabilities, financial position, and results for the period viewed in their entirety.
- The report from the Board of Directors issued in concert with these condensed financial statements gives a true and fair view of the development, performance, and financial position of the Company, and a fair review of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements.
- A description of the principal risks and uncertainties for the remaining six months of the financial year have been disclosed in note 3 to the financial statements.
- Major related party transactions have been disclosed in note 7 to the financial statements.
- The report from the Board of Directors has been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

August 14, 2024

The Board of Directors of IDEX Biometrics ASA

/s/ Morten Opstad
Chair

/s/ Annika Olsson
Board member

/s/ Adriana Saitta
Board member

/s/ Vincent Graziani
Chief Executive Officer



Interim Report

First half 2023



CEO'S COMMENTS

Dear Shareholders,

IDEX Biometrics continues its positive momentum in the second quarter of 2023. Global demand for secure identity solutions in a digital world is increasing exponentially, driving demand for biometric technologies. A surge in credential theft and cyber security incidents around the world forces decision makers to implement new methods to improve security while improving customer experiences. This trend is fueling demand for biometric smart card solutions for payments and access management from IDEX Biometrics, leading to strong second quarter results for the company.

Consumer preferences, regulations and standardization support the move from PIN and passwords to biometrics. EMVCo¹ is currently in the process of finalizing the requirements for biometric payment cards. This industry standardization is expected to accelerate the market, as it will set the biometric payment card performance standards, combining seamless user experiences and robust security.

Governments are becoming more actively involved in regulating and improving the frameworks for online security, for both public and private sectors and the economy at large. As an industry leader, IDEX Biometrics participated in discussions at the White House about multifactor authentication and the use of biometrics as a secure and user-friendly verification method to safeguard US federal agencies from cyber threats.

IDEX Biometrics continues to expand our global partnership network to drive the adoption of IDEX's biometric smart card solutions. In the second quarter, we further solidified our position in the ecosystem by announcing a partnership with STMicroelectronics, a leading provider of technology to the secure payments industry. IDEX Biometrics secured two additional design wins with card manufacturers in the Middle East and Malaysia and formed reseller agreements with two high-volume card manufacturers to expand our market reach.

During the quarter, the IDEX Pay complete solution passed all the required certification testing by Mastercard for use on its payment network. A formal Letter of Approval is anticipated in the coming weeks. This milestone provides smart card manufacturers and end-customers an expedited route to producing fully certified biometric payment cards, thereby minimizing the need for them to undertake the entire certification process, which is time-consuming and costly. We

¹ EMVCo manages the EMV® specifications and supporting programs that facilitate worldwide interactions and acceptance of secure card payments. EMV is a registered trademark in the U.S. and other countries and an unregistered trademark elsewhere. The EMV trademark is owned by EMVCo, LLC.

anticipate biometric payment cards based on this solution will stimulate growth for the entire market, starting in late 2023 and accelerating throughout 2024 and beyond.

The IDEX Pay complete solution has been selected by 17 card manufacturers and resellers who will be bringing new biometric payment cards to market. We are actively engaged in enabling our card manufacturing partners, who collectively produce over 1.2 billion cards globally each year, to complete their card certification process and begin production shipments by the fourth quarter of this year. In the second quarter, IDEX Biometrics received its first production order for IDEX Pay from a leading European manufacturer, totaling nearly 1 million USD. This scale order includes IDEX biometrics software operating system and sensor technology and will service banks launching biometric cards in Bangladesh, India, and Turkey.

To strengthen our go-to-market model, IDEX Biometrics recently announced the collaboration with Goldpac Fintech to deploy biometric cards based on IDEX Biometrics solution for payments and identity access outside of China. Goldpac is the world's fourth largest payment card supplier with a portfolio of more than 1700 issuers and financial institutions and will contribute to the market acceleration in Asia and globally.

We have also initiated a partnership with SELP², a French card manufacturer and personalization center that accounts for more than 350 million cards per year across 60 countries globally. In addition, we are³, an innovative payments solution provider, with an annual volume of more than 250, who will deploy IDEX Biometrics card technologies for both payments and digital identification markets.

In line with our market focus, IDEX Biometrics is taking biometric payment cards to market with an innovative bank in Azerbaijan, another sign of growing demand from Eastern Europe. This brings a total of 18 banks currently launching cards with IDEX Biometrics technology across the globe.

Developers of enterprise identity and access management solutions in all regions are selecting IDEX Biometrics, including our matcher and bio-manager software. Our biometric system supports a variety of applications and identity access solutions. IDEX Biometrics is now an Associate Member of the FIDO Alliance. FIDO's global industry standards for strong authentication aim to reduce reliance on passwords, and support strong, secure, private, and easy authentication methods.

In the second quarter, IDEX Biometrics received a production order from PONE Biometrics to supply fingerprint sensors to PONE's open-API smart device, OFFPAD. Additionally, we announced a new partnership with AuthenTrend in Asia, which will leverage IDEX's technologies for their next-generation ATKey series identity access product.

² SELP, www.selp.fr/en/selp-group-en/

³ Thames Technology, www.thamestechnology.co.uk/content/about-us

With an increasing number of banks, issuers, and enterprises adopting IDEX Biometrics, we are uniquely positioned as a leading global biometric technology provider. Card manufacturers worldwide are planning for biometric card program launches with their customers. IDEX Biometrics and our ecosystem partners are set up to respond to the accelerated demand for biometric payment cards in Asia, the Middle East, and Europe, as well as for our enterprise access management solutions across all regions.

Highest ever revenue in a quarter

In the second quarter of 2023, IDEX recorded a record \$1.5 million of quarterly revenue. Revenue increased 18% compared to the previous quarter and 32% year-over-year. For the first six months of 2023, revenues increased 29% compared to the same period in 2022.

Gross profit margin was 22% for the second quarter of 2023 compared to 26% in the first quarter of 2023. Gross margin in the second quarter of 2023 was adversely impacted by inventory adjustments. Absent the inventory adjustments, gross margin would have been similar to the first quarter of 2023.

Current revenues and product mix are based on high customer concentration with long-duration contracts. As we continue scaling the IDEX Pay solution, our margins are expected to expand as we broaden our customer base as well as increase software and solution sales as part of our product mix.

Operating expenses, excluding cost of materials and depreciation, were \$7.3 million in the second quarter and decreased from the previous quarter. As the company continues to transition from development to full commercial operations, further initiatives to streamline operations have been implemented after the second quarter of 2023. We aim to decrease operating expenses by approximately 30% compared to the first quarter of 2023. The cost reductions will impact the third quarter and take full effect by the end of 2023. The streamlined organization and expense optimization are aligned with the company's strategy and focus on commercial acceleration.

In addition, the company's board of directors has voluntarily decided to delist the ADRs traded on Nasdaq (ticker IDBA). This action is part of the above reduction in the operating costs as the company's listing fees and additional public company costs related to the Nasdaq listing will lapse. The listing on the Euronext Oslo Børs of IDEX Biometrics shares (ticker IDEX) continues unchanged.

Vince Graziani
Chief Executive Officer

IDEX BIOMETRICS

IDEX Biometrics is a global technology leader in fingerprint biometrics, offering authentication solutions across payments, access control, and digital identity. Our solutions bring convenience, security, peace of mind, and seamless user experiences to the world.

Built on patented and proprietary sensor technologies, hardware and software, our biometric solutions target card-based applications for payments and digital authentication. As an industry-enabler we partner with leading card manufacturers and technology companies to bring our solutions to the market.

Products and Technology

Our biometrics technology solutions for payments were specifically designed to enable a seamless user experience for contactless biometric payment transactions while significantly increasing security.

Our products are based on a portfolio of proprietary technologies, many of which are patented, including fingerprint sensors, fingerprint ASICs (Application Specific Integrated Circuits, executing a range of functions), biometric software and matching algorithms, card operating system and applet software, and remote enrollment solutions. Our fingerprint solutions can be used in dual interface, contactless-only, and contact-only payment cards across payment networks offering a complete biometric authentication capability, integrating fingerprint image sensing, biometric processing, system power management, and encryption functions. IDEX Biometrics enables cost effective biometric smart cards with industry-leading performance.

Using our proprietary remote solutions to add fingerprint, cardholders can easily scan and activate their fingerprint on their cards remotely without the need to visit a bank branch or ATM, and without communicating sensitive biometric information to third parties. An encrypted template of the fingerprint is stored directly on the card's secure encryption chip. Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are always committed to investing in patents and other intellectual property protection measures that ensure that our products are, and remain, unique in our target markets.

Competitive Positioning

Our core competencies are based on proven expertise in biometric applications including integrated system design, biometric algorithm and software development, integrated circuit design and packaging. We are adept at problem-solving and creative collaboration with customers and partners across the card industry.

We enable people to prove their identity in a simple, secure and personal way. To do so, IDEX Biometrics enables digital authentication with biometric fingerprint sensors and related technologies, and applications. We are focusing on biometrically enabled authentication

applications, primarily delivered in card form factors with no batteries. Our solution is powered through harvesting energy emitted by point-of-sale terminals, mobile phones or other card reading devices. Our solutions fit in various applications in payments as well as digital identity access and cryptocurrency hard wallets.

The Company's solutions use a patented sensor design, which separates the fingerprint sensor into two components sharing a single package: a flexible, polymer-based sensor array and a separate ASIC, delivering demonstrably superior performance and compelling economics.

Since its inception, the smart card industry has been enabled by a small number of trusted suppliers for secure element encryption chips, including Infineon Technologies, STMicroelectronics, and NXP. IDEX has developed biometric smart card solutions together with technology from both Infineon and STMicroelectronics. This provides biometric smart card manufacturers with solutions enabled by partners they have relied on for more than 25 years.

With our technology solution, our customers benefit from integration opportunities with multiple secure elements, inlay technologies, card manufacturing methods and software operating systems. This provides flexibility to card manufacturers who have established supply chain partners and manufacturing methods. This also provides flexibility to enable solutions globally as our solutions are set up to integrate with the most relevant and highest performing ecosystem partners across geographies and applications.

Our Opportunity

The company's goal is to enable biometric smart cards with a seamless user experience, at a price point that enables mass market adoption. With the IDEX Biometrics sensor solutions and other technologies we offer a high level of performance at a compelling price point. We are positioned to achieve our objective of becoming the leading provider of fingerprint biometric solutions for payment cards and digital authentication applications.

IDEX Pay, the IDEX Biometrics complete payment solution is integrated with Infineon Technology AG's SLC38. SLC38 is part of the latest generation SE from Infineon, the market leader in secure elements, SEs, for smart cards. IDEX Biometrics is preferred partner member of Infineon's Security Partner Network, ISPN. We have developed a proprietary card operating system and are using a third-party customized inlay and antenna design, both of which are optimized for the combined IDEX sensor solution and SLC38 reference design. We have achieved 17 smart card design wins for this joint and now certified solution.

The IDEX Biometrics solution can work with multiple secure elements, and we recently announced the advanced solution for biometric smart cards, leveraging the latest secure element from leading semiconductor security provider, STMicroelectronics, fully integrated with ST's STPay-Topaz-Bio Operating System and payment applets. This high-performance solution includes the ST31N600 secure microcontroller with biometric features, packaged in a single-chip EMV module, and includes a cost-effective solution to add fingerprint.

FINANCIAL REVIEW

Statements of profit and loss

For the second quarter ended June 30, 2023, IDEX Biometrics recorded consolidated revenue of \$1.5 million. Sequentially, second quarter revenue increased 18% from the first quarter of 2023, reflecting an increase in shipments to our two largest customers in the payment card segment. By comparison, second quarter 2022 revenue was \$1.1 million for a year-over-year quarterly increase of 32%.

For the first six months 2023, the Company recorded consolidated revenue of \$2.7 million, compared to 2.1 million for the same period in 2022, representing an increase of 29%.

Cost of materials increased by \$0.1 million from \$1.0 million for the second quarter of 2022, reflecting higher consumption of inventories associated with increased product sales.

Cost of materials totaled \$2.1 million the first six months 2023, compared to \$1.7 million for the first six months 2022. Cost of materials as a percentage of revenue is impacted by product mix as well as costs of wafers, assembly services, and certain components. One-time costs such as the write-off of inventory are also included in cost of materials.

Gross profit margin, as a percentage of revenue⁴, was 22% for the second quarter of 2023, compared to 26% in the first quarter of 2023. The sequential decrease in gross margin was due inventory adjustments that adversely impacted gross margin. Absent the inventory adjustments, gross margin would have been similar to first quarter of 2023. For the second quarter of 2022, the gross profit margin was 7%. The lower margin in the second quarter of 2022 reflected higher costs of wafers, assembly services, and certain components, as well as the write-off of previous-generation products held in inventory.

On a year-to-date basis, gross profit margin for the first six months of 2023 was 24%, compared to 18% for the first six months of 2022. Both product cost decreases, improved product pricing and an inventory write-off that was included in the second quarter of 2022 contributed to the increase in gross profit margin in the first half of 2023 as compared to the comparable prior period.

⁴ The gross profit and gross profit margin figures are alternative performance measures (APM) under IFRS. The gross profit and gross profit margin are measured as Revenue less the Cost of materials, net of inventory change. The cost of materials is the purchased cost of manufactured finished goods sold to customers.

Compensation and benefits expenses totaled \$4.0 million for the second quarter of 2023, a decrease from \$4.8 million for the second quarter of 2022. Compensation and benefits expenses totaled \$8.4 million in the first six months of 2023 compared to \$9.8 in 2022. The year-over-year decrease is due to staff reduction efforts implemented in 2022 partially offset by an increase in variable compensation.

Share-based compensation expense, which is non-cash, totaled \$0.3 million for the second quarter of 2023, in contrast to \$0.5 million recorded for the second quarter of 2022 and \$0.4 million recorded for the first quarter of 2023. Quarterly variances in share-based compensation are attributable to the number of subscription rights vesting in the period, and changes in the price of an ordinary share which influences the accrual of estimated employer's tax which will be due when a subscription right is exercised. Share-based compensation expense totaled \$0.7 million for the first six months of 2023, in contrast to \$1.0 million recorded for the first six months of 2022, primarily because of reduced tax accruals due to lower share prices in 2023.

Our staff is made up of employees and individual contractors. On a full-time equivalent (FTE) basis, our staff totaled 99 on June 30, 2023, down from 108 on June 30, 2022 and unchanged from the beginning of 2023. The year-over-year decrease in staff reflects the net of personnel additions in marketing and sales, offset by staff reductions in 2022 and attrition in R&D.

Research and development (R&D) expenses include the external costs of product development, prototype manufacturing, and pre-release product testing. The cost of employees engaged in R&D is included in Compensation and benefits. R&D expenses are reported net of earned government grants in support of R&D activities.

Timing of the receipt of such grants is generally subject to the completion of qualifying activities. Net R&D expenses, as presented, totaled \$0.9 million for the second quarter of 2023, in contrast to \$1.0 million for the second quarter of 2022 and \$0.9 million for the first quarter of 2023.

R&D expenses totaled \$1.8 million for the first six months of 2023, in contrast to \$2.0 million for the first six months of 2022. These costs are primarily design and development costs, product testing and qualification costs and costs related to patents and trademarks during the period.

Other operating expenses, primarily expenses associated with marketing, sales, and administrative activities, totaled \$2.5 million for the second quarter of 2023, in contrast to \$2.3 million for the second quarter of 2022. Other operating expenses totaled \$2.1 million for the first quarter of 2023. The year-over-year increase is associated largely with higher sales costs, reflecting the expansion of our commercial activities. Other operating expenses totaled \$4.5 million for the first six months of 2023, in contrast to \$4.3 million for the first six months of 2022, on similar factors to the quarter variation.

Amortization and depreciation charges⁵ totaled \$0.4 million for the second quarter of 2023, in contrast to \$0.3 million for the second quarter of 2022 and \$0.3 million for the first quarter of 2023. The depreciation charges are primarily associated with the depreciation of right-of-use assets.

Amortization and depreciation charges totaled \$0.7 million for the first six months of 2023, similar to \$0.7 million for the first six months of 2022, due to stable depreciation of right-of-use assets.

Net financial items, consisting primarily of the net effect of currency adjustments and the net amount of interest income and interest expense, totaled expenses of \$0.1 million for the second quarter of 2023, in contrast to expense of \$0.9 million recorded for the second quarter of 2022. Net financial items totaled to an income of \$0.2 million for the first quarter of 2023. Net financial items totaled income of \$0.1 million for the first six months of 2023, compared to expense of \$1.1 million in the first six months of 2022. The variation in net financial items between periods primarily is the result of fluctuations of the exchange rate of the U.S. Dollar to other currencies of countries in which IDEX Biometrics has operations, mainly British Pounds to the U.S. dollar.

The company recorded a minor amount of income tax expense for the first quarter of 2023 and no income tax expense in the first quarter of 2022. IDEX Biometrics operates at a loss and has a substantial tax loss carryforward position in Norway, it has not recognized to date any deferred tax assets in its Statements of financial position.

Net loss for the second quarter of 2023 totaled \$7.4 million, representing a loss per share of \$0.01, in contrast to a net loss of \$9.2 million for the second quarter of 2022, representing a loss per share of \$0.01, and a net loss of \$7.2 million for the first quarter of 2023, representing a loss per share of \$0.01.

Net loss for the first six months of 2023 totaled \$14.7 million, representing a loss per share of \$0.01, in contrast to a net loss of \$17.4 million for the first six months of 2022, representing a loss per share of \$0.02.

Statements of Cash Flows

The company incurred an operating cash outflow of \$7.1 million for the second quarter of 2023, in contrast to operating cash outflows of \$9.0 million for the second quarter of 2022 and \$9.0 million for the first quarter of 2023. The decreased year-over-year cash outflow for the second quarter was a consequence of the quarter's reduced net loss and lower working capital requirements.

⁵ Under IFRS 16 Leases, leased assets are capitalized, with corresponding assets and liabilities recorded on the Statements of financial position. The right of use assets is depreciated over the lease period. The notional interest on the liability is reported as financial cost.

Operating cash outflow for the first six months of 2023 totaled \$16.1 million, in contrast to an outflow of \$17.4 million for the first six months of 2022. The year-over-year decrease in operating cash outflow was due to a lower net loss partially offset by higher working capital requirements.

Investing activities (i.e., capital expenditure) were insignificant for these periods.

Total cash flow from financing activities, including the net proceeds from the issuance of shares and the net proceeds from the exercise of subscription rights, net of payments associated with lease liabilities, totaled \$10.8 million for the second quarter of 2023, in contrast to an outflow \$0.1 million for the second quarter of 2022.

For the first six months of 2023, cash flow from financing activities totaled \$10.9 million in contrast to an outflow \$0.1 million for the first six months of 2022.

IDEX Biometrics completed a private placement transaction during the second quarter of 2023.

The cash balance totaled \$11.0 million as of June 30, 2023, in contrast to \$16.3 million as of June 30, 2022, and \$16.1 million as of December 31, 2022.

Statements of Financial Position

The largest assets held on the company's Statements of financial position as of June 30, 2023, were cash of \$11.0 million, inventory of \$6.5 and acquired intangible assets of \$2.2 million, representing 40%, 24% and 8% of total assets, respectively. Total intangible assets included goodwill of \$968 thousand.

IDEX Biometrics has developed intellectual property and has incurred product development costs. The value of self-developed IP is generally not recorded on the Statements of financial position, because it does not satisfy accounting criteria for capitalization. No development costs were capitalized during the six months ended June 30, 2023. Tangible fixed assets, including the right-of-use value of leased assets, totaled, net of accumulated depreciation, \$3.2 million as of June 30, 2023, in contrast to \$1.3 million as of June 30, 2022, and \$2.7 million at December 31, 2022.

Other than right-of-use leased assets, Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years.

Inventory totaled \$6.5 million as of June 30, 2023, in contrast to \$2.0 million as of June 30, 2022, and \$4.4 million as of December 31, 2022. IDEX Biometrics is a fabless developer of semiconductor-based products, and its manufacturing operations are outsourced. Inventory consists of raw materials (primarily semiconductor components and substrates), work-in-progress (primarily incomplete assemblies) and finished goods (completed fingerprint sensing

devices available for sale). A large share of the inventories is physically located at the contract manufacturing partners' sites.

There have been significant and uncertain lead times across the electronics industry in 2022. To reduce the risk of delays and reduce lead time for our customers, IDEX Biometrics increased inventory of long lead time materials and components such as silicon chips, as well as finished goods during 2022 and into 2023.

Customer accounts receivable totaled \$1.1 million as of June 30, 2023, in contrast to \$1.4 million as of June 30, 2022, and \$1.3 million as of December 31, 2022. No customer accounts necessitated a bad debt reserve as of June 30, 2023.

Total short-term liabilities totaled \$6.0 million as of June 30, 2023, compared to \$2.7 million as of June 30, 2022, and \$5.0 million as of December 31, 2022. Variations in short-term liabilities are the result of activity levels such as increased accounts payable levels associated with higher purchases of inventories and the timing of expense accruals and the settlement of payables.

Net working capital (i.e., short-term assets, excluding cash, less short-term liabilities) totaled \$9.7 million as of June 30, 2023, \$4.6 million as of June 30, 2022, and \$6.2 million as of December 31, 2022.

As revenues continue to increase, net working capital will increase with the levels of inventory and customer accounts receivable. The increase will likely be partially offset by an increase in trade accounts payable.

Equity totaled \$19.6 million as of June 30, 2023, in contrast to \$22.8 million as of June 30, 2022, and \$22.8 million as of December 31, 2022. The change during the periods was primarily the result of the private placements, offset by the net losses in the respective periods.

At the end of 2022, IDEX Biometrics allocated \$18.0 million of Paid-in capital against Accumulated losses. Total equity was not affected by the allocation.

As of June 30, 2023, the Company had no debt to financial institutions or lenders.

Liquidity

IDEX Biometrics incurred an operating cash deficit of \$7.1 million for the second quarter of 2023, in contrast to operating cash deficits of \$9.0 million for the second quarter of 2022 and \$9.0 million for the first quarter of 2023.

The operating cash deficit for the first six months of 2023 totaled \$16.1 million, in contrast to a deficit of \$17.4 million for the first six months of 2022.

The primary operating cash items are the operating losses in each period, less non-cash expenses, including share-based compensation, depreciation, and amortization. Net working

capital varies between quarters, mainly due to the timing of shipments, collections from customers, receipt of inventoried materials, and disbursements to vendors.

The Company incurred capital expenditures of \$190 thousand for the second quarter of 2023, in contrast to capital expenditures of \$51 thousand for the second quarter of 2022, and a net income due to a vendor credit of \$18 thousand for the first quarter of 2023.

The Company's balance sheet solvency, defined as the value of cash and accounts receivable, less short-term liabilities, totaled \$7.4 million as of June 30, 2023, in contrast to \$15.6 million as of June 30, 2022, and \$13.4 million as of December 31, 2022.

We have incurred significant operating losses and negative cash flows during the development stage of our business. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash would enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company is exploring all options to raise additional capital by the end of 2023 to fund commercialization efforts.

While the Company has been successful in the past in raising funds through private placements of shares, there is no assurance that we will be successful in the future.

The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies.

U.S. regulatory matters

The Company's American Depositary Shares (each representing 75 of the Company's ordinary shares, which are listed on the Euronext Oslo Børs) are listed on the Nasdaq Capital Market under the ticker symbol IDBA. In connection with this listing, the Company is subject to securities regulations in the United States.

On July 21, 2023 IDEX Biometrics announced it has given formal notice to the Nasdaq Stock Market of the Company's intention to voluntarily delist American Depositary Shares ("ADSs") representing its ordinary shares, which is anticipated to be effective prior to the opening of trading on August 10, 2023.

The ADS delisting will have no impact on the Company's accounting standards, and IDEX Biometrics intends to continue its disclosures in compliance with applicable Norwegian financial market regulations. The delisting concerns only the ADSs listed on Nasdaq. The listing on the Euronext Oslo Børs of IDEX Biometrics shares (ticker IDEX) continues unchanged.

Pursuant to the Jumpstart Our Business Startups Act of 2012 (JOBS Act), IDEX Biometrics is considered an "emerging growth company," and thereby is exempt from various certain U.S. reporting requirements. These exemptions allow for reduced disclosure in periodic U.S. filings and deferral of the auditor attestation requirements of Section 404(b) of the U.S. Sarbanes-Oxley Act of 2002. The company will remain an emerging growth company until 2025, unless it

reaches certain revenue, market capitalization, or debt issuance thresholds beforehand. As of June 30, 2023, IDEX Biometrics continued to be considered an emerging growth company.

Similarly, the Company is considered a “foreign private issuer” pursuant to SEC rules, promulgated under the U.S. Securities Exchange Act of 1934, as amended, (Exchange Act). As such, the Company is not required, among various exemptions, to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. registrants. Notably, IDEX Biometrics currently is not required to file quarterly reports with the SEC on Form 10-Q or current reports on Form 8-K. The Company is required to file a Form 6-K in association with the disclosure of significant events, including the filing of this report with Norwegian regulatory authorities. Companies utilizing the foreign private issuer exemptions must confirm their status at the conclusion of their second fiscal quarter. As of June 30, 2023, IDEX Biometrics met the annual test against the criteria to remain considered a foreign private issuer.

August 9, 2023

The Board of Directors of IDEX Biometrics ASA

CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		YTD		Full year
		Q2 2023	Q2 2022	2023	2022	2022
Operating revenue						
Product revenue	4	1 463	1 005	2 704	1 994	3 889
Service revenue	4	-	103	-	103	203
Total revenue		1 463	1 108	2 704	2 097	4 091
Operating expenses						
Cost of materials, net of inventory change		1 145	1 034	2 059	1 710	3 244
Compensation and benefits	5	3 968	4 776	8 376	9 754	19 213
Research and development	6	853	958	1 786	1 987	3 250
Other operating expenses	7	2 462	2 314	4 517	4 252	8 402
Amortization and depreciation	8	403	334	743	703	1 352
Total operating expenses		8 832	9 416	17 480	18 406	35 460
Loss from operations		(7 369)	(8 308)	(14 776)	(16 309)	(31 369)
Financial income	9	130	17	328	23	97
Financial cost	9	(235)	(953)	(259)	(1 079)	(1 425)
Loss before tax		(7 474)	(9 244)	(14 707)	(17 365)	(32 698)
Income tax benefit (expense)	10	30	-	25	-	36
Net loss for the period		(7 443)	(9 244)	(14 681)	(17 365)	(32 662)
Loss per share, basic and diluted	11	(0.01)	(0.01)	(0.01)	(0.02)	(0.03)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		YTD		Full year
	Q2 2023	Q2 2022	2023	2022	2022
Net loss for the period	(7 443)	(9 244)	(14 681)	(17 365)	(32 662)
Foreign currency translation adjustment	(205)	397	(412)	694	680
Total comprehensive income (loss) for the period, net of tax	(7 649)	(8 847)	(15 094)	(16 671)	(31 981)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	June 30, 2023	June 30, 2022	December 31, 2022
Assets				
Non-current assets				
Goodwill		968	968	968
Intangible assets		1 249	1 727	1 488
Total intangible assets		2 217	2 695	2 456
Property, plant and equipment		1 087	1 150	1 107
Right-of-use assets		2 083	115	1 545
Non-current receivables		56	75	73
Total non-current assets	8	5 443	4 035	5 181
Current assets				
Prepaid expenses		1 789	1 126	986
Inventory	13	6 466	2 023	4 447
Accounts receivable, trade		1 055	1 410	1 349
Accounts receivable, other		1 373	617	929
Cash and cash equivalents		10 955	16 325	16 124
Total current assets		21 638	21 501	23 835
Total assets		27 081	25 536	29 016
Equity and liabilities				
Equity				
Share capital		24 831	20 447	22 762
Share premium		13 102	9 783	4 036
Share-based payment		24 301	22 788	23 576
Foreign currency translation effects		(12 044)	(11 618)	(11 632)
Capital reduction reserves		287 500	269 500	287 500
Accumulated loss		(318 082)	(288 104)	(303 401)
Total equity	12	19 607	22 796	22 841
Non-current liabilities				
Non-current lease liabilities		1 521	-	1 142
Total non-current liabilities		1 521	-	1 142
Current liabilities				
Accounts payable		993	592	1 540
Current lease liabilities		619	119	402
Public duties payable		507	343	394
Other current liabilities		3 835	1 686	2 697
Total current liabilities		5 954	2 740	5 033
Total liabilities		7 474	2 740	6 175
Total equity and liabilities		27 081	25 536	29 016

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in USD 000s	Note	Share capital	Share premium	Share based payment	Foreign currency translation effects	Capital reduction reserve	Accumulated loss	Total equity
Balance at January 1, 2023		22 762	4 036	23 576	(11 632)	287 500	(303 401)	22 841
Share issuance	12	2 020	8 921	-	-	-	-	10 942
Share-based compensation	5,7,12	48	144	725	-	-	-	917
Loss for the period		-	-	-	-	-	(14 681)	(14 681)
Other comprehensive income		-	-	-	(412)	-	-	(412)
Balance at June 30, 2023		24 831	13 102	24 301	(12 044)	287 500	(318 082)	19 607
Balance at January 1, 2022		20 410	9 452	21 414	(12 312)	269 500	(270 739)	37 725
Share issuance	12	7	30	-	-	-	-	37
Share-based compensation	5,7,12	30	301	1 374	-	-	-	1 705
Loss for the period		-	-	-	-	-	(17 365)	(17 365)
Other comprehensive income		-	-	-	694	-	-	694
Balance at June 30, 2022		20 447	9 783	22 788	(11 618)	269 500	(288 104)	22 796
Balance at January 1, 2022		20 410	9 452	21 414	(12 312)	269 500	(270 739)	37 725
Share issuance	12	2 273	12 103	-	-	-	-	14 376
Share-based compensation	5,7,12	79	481	2 161	-	-	-	2 721
Loss for the period		-	-	-	-	-	(32 662)	(32 662)
Transfer of share premium		-	(18 000)	-	-	18 000	-	-
Other comprehensive income		-	-	-	680	-	-	680
Balance at December 31, 2022		22 762	4 036	23 576	(11 632)	287 500	(303 401)	22 841

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		Year to date		Full year
		Q2 2023	Q2 2022	2023	2022	2022
Operating activities						
Loss before tax		(7 474)	(9 244)	(14 707)	(17 365)	(32 698)
Amortization and depreciation expense	8	403	334	743	703	1 352
Share-based compensation expense		323	594	725	1 374	2 721
Increase in inventories		(1 146)	(13)	(2 019)	(789)	(3 215)
(Increase) decrease in accounts receivables		185	(104)	294	(609)	(548)
Increase (decrease) in accounts payable		(55)	(220)	(547)	(91)	858
Change in other working capital items		650	(350)	(544)	(634)	564
Interest paid	9	(45)	(17)	(69)	(23)	(33)
Change in income taxes		21	-	16		(372)
Net cash flow used in operating activities		(7 137)	(9 020)	(16 107)	(17 434)	(31 370)
Investing activities						
Purchases of property, plant and equipment	8	(190)	(51)	(173)	(102)	(267)
Settlements of non-current receivables		4	7	18	7	9
Payments on non-current receivables		-	(6)	-	-	-
Interest received	9	53	17	144	23	97
Net cash flow used in investing activities		(133)	(33)	(11)	(72)	(160)
Financing activities						
Net proceeds from issuance of shares		10 952	(1)	11 134	368	14 376
Payments on lease liabilities	8	(108)	(102)	(190)	(236)	(400)
Net cash flow from financing activities		10 844	(103)	10 943	132	13 976
Net change in cash and cash equivalents		3 574	(9 156)	(5 175)	(17 374)	(17 555)
Effect of foreign exchange rate changes		(0)	(51)	5	(60)	(80)
Opening cash and cash equivalents balance		7 381	25 532	16 124	33 759	33 759
Cash and cash equivalents at period end		10 955	16 325	10 955	16 325	16 124

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1 The Company and its business

IDEX Biometrics ASA (the Company) specializes in the design, development, and sale of fingerprint identification and authentication solutions based on patented and proprietary sensor technologies, circuit designs, software and algorithms, and enrolment techniques. IDEX Biometrics' largest potential market is the biometric payment card market. The Company is a public limited liability company incorporated and domiciled in Norway. The address of the head office is Dronning Eufemias gate 16 at NO-0191 Oslo, Norway. There is one class of ordinary (i.e., common) shares, and all shares have equal rights. The Company's Ordinary Shares are listed on the Euronext Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX. The Company's American Depositary Shares ("ADSs"), each ADS representing 75 Ordinary Shares, are listed on Nasdaq, under the ticker symbol IDBA.

On July 21, 2023 IDEX Biometrics gave notice to the Nasdaq Stock Market of the Company's intention to voluntarily delist American Depositary Shares ("ADSs") representing its ordinary shares, which is anticipated to be effective prior to the opening of trading on August 10, 2023. The ADS delisting will have no impact on the Company's accounting standards, and IDEX Biometrics intends to continue its disclosures in compliance with applicable Norwegian financial market regulations. The delisting concerns only the ADSs listed on Nasdaq. The listing on the Euronext Oslo Børs of IDEX Biometrics shares (ticker IDEX) continues unchanged.

IDEX Biometrics has wholly owned subsidiaries in the United States, the United Kingdom, and China. The subsidiaries provide technical development services, sales facilitation, marketing assistance, and/or logistics processing for the parent company.

2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the three and six-month periods ended June 30, 2023, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. These interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the European Union. The accounting policies applied herein are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2022. Amounts presented may not sum precisely due to rounding.

IDEX Biometrics operates in one operating segment, fingerprint imaging and recognition technology, and these interim financial statements present the full consolidation of the accounts of the Company and all subsidiaries, reflecting this operational focus.

Pursuant to IAS 1 *Presentation of Financial Statements*, a going concern assumption has been applied in the preparation of these interim financial statements. The Company does not expect that its existing cash would enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company plans to undertake a private placement of shares or procure other substantial funding by the end of the fourth quarter of 2023 to provide additional funding to support research and development and

fund working capital. While the Company has been successful in the past in raising funds through private placements of shares, there is no assurance that we will be successful in the future. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies.

These interim financial statements were approved by the Board of Directors on August 9, 2023.

3 Risks

It is the duty of the Board of Directors to present the principal risks facing the Company in the conduct of its business. The Company's major risk is its business risk, broadly meaning risks to its ability to generate revenue and earn profit. Future revenue generation will depend, among other such risks, on the Company's ability to market and profitably deliver products on a sustained basis, its ability to legally protect its intellectual property rights, its ability to scale its operations to maximize efficiencies, and its ability to retain current employees and to attract new employees. The ability to generate future revenue is also highly dependent on the pace of development of the market for biometric payment cards, which remains in an early stage.

We have incurred significant operating losses and negative cash flows during the development stage of our business. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash would enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company is exploring all options to raise additional capital by the end of 2023 to fund commercialization efforts.

The Company's assets primarily consist of cash, working capital, and intangible assets. As of June 30, 2023, the Company had no indebtedness to financial institutions or other third-party lenders. The Company maintains liquidity by investing available funds in readily accessible, floating-interest rate bank accounts. The Company's exposure to currency exchange rate changes is managed by maintaining an appropriate mix of cash deposits in the various currencies it utilizes for its operations. The Company does not engage in any active hedging strategies. The U.S. Dollar is the dominant currency of the Company's receivables and payables.

During 2022, the Company has experienced vendor shipment delays associated with supply chain constraints within the semiconductor industry. Continued supply chain constraints may further affect future inventory planning and timing of customer shipments. Semiconductor component availability may become a more significant risk factor as the Company's order stock and unit volumes expand.

4 Revenue from contracts with customers

The Company records revenue from the sale of biometric fingerprint sensor products and the delivery of technical development and other engineering services to its customers. Product-related revenue is recognized upon shipment, generally on an Incoterms EXW (i.e., ex-works) basis. Revenue is recognized according to the criteria of IFRS 15 Revenue from Contracts with Customers.

The balances of customer accounts receivable as of June 30, 2023, and December 31, 2022, were \$1.1 million and \$1.3 million, respectively. There were no contract asset or contract liability balances at either of these dates.

IDEX Biometrics categorizes customers by geographic region utilizing the addresses to which we invoice our products or services. The Company's products and service revenue by geographic region is as follows:

	Quarters		Year to date		Full year
Amounts in USD 1,000	Q2 2023	Q2 2022	2023	2022	2022
EMEA	983	1 004	1 803	1 948	3 574
Americas	474	1	893	5	252
Asia-Pacific	6	-	8	41	63
Product revenue	1 463	1 005	2 704	1 994	3 889
EMEA	-	3	-	3	10
Americas	-	100	-	100	193
Asia-Pacific	-	-	-	-	-
Service revenue	-	103	-	103	203
Total revenue	1 463	1 108	2 704	2 097	4 091

5 Compensation and benefits

	Quarters		YTD	Full year	
Amounts in USD 1,000	Q2 2023	Q2 2022	2023	2022	2022
Salary, payroll tax, benefits, other	3 655	4 238	7 661	8 712	17 389
Share-based compensation	313	538	715	1 042	1 824
Compensation and benefits	3 968	4 776	8 376	9 754	19 213

Compensation and benefit expenses consist of costs for direct employees of the Company. Individual contractors are classified as Research and development expenses or Other operating expenses, as applicable.

The table below sets forth the number of employees and individual contractors by their function measured in full-time equivalents (FTE). Certain individuals are contractors because they live in countries in which the Company does not have a business presence.

	June 30, 2023		December 31, 2022		June 30, 2022	
Full-time equivalents (FTEs) by function	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	61	7	64	6	77	7
Marketing and sales	5	12	6	9	7	11
General and administrative	6	2	5	2	6	1
Supply chain and distribution	7	-	7	-	2	-
Total	79	20	82	17	92	19

IDEX Biometrics presents operating expenses by nature, in contrast to function. Accordingly, Compensation and benefits expenses includes the compensation and benefit costs for all employees. Cost of materials, net of inventory change, Research and development expenses, and Other operating expenses do not include the cost of personnel assigned to those activities.

6 Research and development expenses

Research costs are expensed when incurred. Development costs are expensed unless they qualify for capitalization. The Company's patents and other intellectual property rights created are capitalized and recorded on the Statement of financial position only if they satisfy the criteria for capitalization. The

Company has not capitalized development costs in any of the periods presented. Development costs related to the creation of intellectual property have been expensed when incurred.

Amounts in USD 1,000	Quarters		YTD		Full Year
	Q2 2023	Q2 2022	2023	2022	2022
Gross R&D expenses	853	958	1 786	1 987	3 959
Government grants credited to cost	-	-	-	-	(709)
Net R&D expenses	853	958	1 786	1 987	3 250

Government support is recognized when it is probable the Company will qualify and receive support, and the amount can be measured reliably. Norwegian SkatteFUNN grants are recorded in the fourth quarter each year.

7 Related party transactions

The chair of the Board of Directors, Lawrence J. Ciaccia, provides to the Company, pursuant to a written agreement, consulting services for a fixed fee of \$50 thousand per year.

Morten Opstad, a member of the Board, is a partner in the law firm Advokatfirma Ræder AS (Ræder). Ræder provided legal services to the Company during the first six months of 2023, resulting in charges of \$35 thousand. Mr. Opstad's work on behalf of the Company beyond his Director duties is invoiced by Ræder.

8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, Plant, and Equipment	Right-of-use assets	Non-current receivables	Total non-current assets
Balance at January 1, 2023	968	1 488	1 107	1 545	73	5 181
Additions	-	-	201	846	-	1 047
Settlements	-	-	-	-	(17)	(17)
Depreciation and amortization	-	(239)	(201)	(304)	-	(743)
Effects of changes in foreign currency	-	-	(20)	(4)	-	(25)
Balance at June 30, 2023	968	1 249	1 087	2 083	56	5 443
Balance at January 1, 2022	968	1 965	1 301	357	87	4 678
Additions	-	-	104	-	-	104
Settlements	-	-	-	-	(7)	(7)
Depreciation and amortization	-	(239)	(239)	(225)	-	(703)
Effects of changes in foreign currency	-	1	(16)	(17)	(5)	(37)
Balance at June 30, 2022	968	1 727	1 150	115	75	4 035
Balance at January 1, 2022	968	1 965	1 301	357	87	4 678
Additions	-	-	267	1 654	-	1 921
Settlements	-	-	-	-	(14)	(14)
Depreciation and amortization	-	(477)	(443)	(431)	-	(1 352)
Effects of changes in foreign currency	-	-	(18)	(35)	-	(52)
Balance at December 31, 2022	968	1 488	1 107	1 545	73	5 181

Acquired intangible assets and intellectual property rights have been capitalized at the time of acquisition. These assets are depreciated over their respective economic lives. The major items depreciate over 9.5 years and 17 years from acquisition, through July 2024 and to the end of 2030, respectively. Goodwill is not amortized but is tested for impairment at least annually or more frequently, if circumstances merit. The Company is one cash generating unit for purposes of impairment testing.

9 Financial items

Amounts in USD 1,000	Quarters		YTD		Full year
	Q2 2023	Q2 2022	2023	2022	2022
Interest income	53	17	144	23	97
Currency exchange gain	78	-	185	-	-
Total financial income	130	17	328	23	97
Interest expenses on lease liabilities	45	1	69	5	33
Currency exchange loss	190	952	190	1 074	1 392
Total financial expense	235	953	259	1 079	1 425

10 Income tax expense

The Company has significant accumulated tax losses. No deferred tax asset associated with these accumulated tax losses has been recorded on the Statement of financial position, as there is not sufficient evidence that taxable profit will be generated, against which the unused tax losses could be applied. There are no restrictions as to how long tax losses may be carried forward in Norway.

11 Loss per share

	Quarters		Full year		Full year
	Q2 2023	Q2 2022	2023	2022	2022
Profit (loss) attributable to the shareholders (USD 1,000)	(7 443)	(9 244)	(14 681)	(17 365)	(32 662)
Weighted average basic number of shares	1 292 364 817	867 551 573	1 195 167 855	1 011 851 645	1 026 932 569
Weighted average diluted number of shares	1 295 097 508	873 074 037	1 198 238 428	1 020 036 606	1 031 990 723
Profit (loss) per share, basic and diluted	USD (0.01)	USD (0.01)	USD (0.01)	USD (0.02)	USD (0.03)

The profit or loss per share is calculated by dividing the profit (loss) for the period by the weighted average number of ordinary shares outstanding for the period. Loss per share is calculated per basic share (i.e., without consideration for the anti-dilutive effect of exercisable subscription rights).

12 Shares and subscription rights

Number of financial instruments	Incentive subscription rights	Shares
Balance at January 1, 2023	81 106 631	1 166 326 584
May 24th: Share issue		116 897 492
Jun 16th: Share issue		30 161 332
Employee Stock Purchase Plan		2 648 336
Granted incentive subscription rights	3 408 750	
Exercised incentive subscription rights		
Expired/forfeited incentive subscription right	(1 572 605)	
Balance at June 30, 2023	82 942 776	1 316 033 744
Balance at January 1, 2022	71 756 399	1 010 388 454
Mar 9th: Share issue		394 409
May 31st: Share issue		60 400
Employee Stock Purchase Plan		1 765 791
Granted incentive subscription rights	8 374 700	
Exercised incentive subscription rights	(454 809)	
Expired/forfeited incentive subscription right	(3 386 933)	
Balance at June 30, 2022	76 289 355	1 012 609 054
Balance at January 1, 2022	71 756 399	1 010 388 454
Mar 9th: Share issue		394 409
May 31st: Share issue		60 400
Aug 19th: Share issue		289 608
Nov 18th: Share issue		246 167
Nov 21st: Share issue		101 254 865
Dec 13th: Share issue		48 745 135
Employee Stock Purchase Plan		4 947 546
Granted incentive subscription rights	19 342 900	
Exercised incentive subscription rights	(930 184)	
Expired/forfeited incentive subscription right	(9 062 484)	
Balance at December 31, 2022	81 106 631	1 166 326 584

From time to time, on a discretionary basis, IDEX Biometrics awards subscription rights for the purchase of Ordinary Shares to employees and individual contractors, pursuant to the terms of an annual subscription rights program approved by shareholders at that year's annual general meeting (AGM). Such subscription rights are denominated in Norwegian Krone. Unless specifically resolved otherwise by the Board of Directors, 25% of each grant of subscription rights vests per year, and the grant expires on the fifth anniversary of the AGM at which the program was approved. Unvested subscription rights terminate on the holder's last day of employment or termination of contract. Vested subscription rights may be exercised up to 90 days after such termination date. The weighted average exercise price of outstanding incentive subscription rights on June 30, 2023, was NOK 1.67 per share.

The fair value at grant date of a subscription right is expensed over the vesting period of each tranche of the grant. The fair value of each tranche of a subscription right is determined using a Black-Scholes option pricing model, based on Ordinary Share prices quoted on the Euronext Oslo Børs and published interest rates. The Company's social security tax obligations related to share-based remuneration are recorded on each balance sheet date, based on the earned value of the subscription rights outstanding, and the adjustment to the accrued balance is recorded as cost.

The Company operates an employee stock purchase plan (ESPP), whereby employees may elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees make payroll contributions to the ESPP over the course of six-month contribution periods, March-August, and September-February. At the end of each period, they purchase shares at a 15% discount to the lesser of the share price at the beginning and ending of the contribution period.

The cost of the ESPP is amortized over each contribution period. The cost is based on the contribution amount, the 15% discount, and a Black-Scholes option pricing model at the beginning of the period.

13 Inventory

Amounts in USD 1,000	June 30, 2023			June 30, 2022			December 31, 2022		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	3 570	-	3 570	984	-	984	2 280	-	2 280
Work in progress	1 118	-	1 118	675	-	675	1 486	-	1 486
Finished Goods	1 922	(144)	1 778	445	(81)	364	812	(130)	681
Total Inventory	6 610	(144)	6 466	2 104	(81)	2 023	4 577	(130)	4 447

Inventory, consisting of raw materials (primarily semiconductor components and substrates), work-in-progress, and finished goods (completed fingerprint sensing devices available for sale), is valued at the lower of cost or recoverable value, reflecting reserves based on aging and obsolescence. Period to period variations in reserve balances are mainly caused by time between the identification of an impairment (i.e., the calculation of a reserve charge) and the physical disposal of the inventory in question.

14 Events after the balance sheet date

On July 21, 2023 IDEX Biometrics gave notice to the Nasdaq Stock Market of the Company's intention to voluntarily delist American Depositary Shares (ADSs) representing its ordinary shares. The ADS delisting will have no impact on the Company's accounting standards, and IDEX Biometrics intends to continue its disclosures in compliance with applicable Norwegian financial market regulations. The listing on the Euronext Oslo Børs of IDEX Biometrics shares (ticker IDEX) continues unchanged.

There have been no events between June 30, 2023, and the approval of these interim financial statements by the board of directors that have had any material impact on the Company's results for the three months ended June 30, 2023, or the value of the Company's assets and liabilities as of June 30, 2023.

RESPONSIBILITY STATEMENT

The Board of Directors and the Chief Executive Officer have today reviewed and approved the IDEX Biometrics ASA unaudited interim condensed consolidated financial statements as of June 30, 2023.

To the best of our knowledge, we confirm the following:

- The interim condensed consolidated financial statements with notes for the first half of 2023 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and additional disclosure requirements as stated in the Norwegian Securities Trading Act section 5-6.
- The interim condensed consolidated financial statements for the first half calendar year of 2023 give a true and fair view of the Company's assets, liabilities, financial position, and results for the period viewed in their entirety.
- The report from the Board of Directors issued in concert with these condensed financial statements gives a true and fair view of the development, performance, and financial position of the Company, and a fair review of important events that have occurred during the first six months of the financial year and their impact on the interim condensed consolidated financial statements.
- A description of the principal risks and uncertainties for the remaining six months of the financial year have been disclosed in note 3 to the financial statements.
- Major related party transactions have been disclosed in note 7 to the financial statements.
- The report from the Board of Directors has been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

August 9, 2023

The Board of Directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia
Chair

/s/ Morten Opstad
Board member

/s/ Deborah Davis
Board member

/s/ Annika Olsson
Board member

/s/ Adriana Saitta
Board member

/s/ Stephen A. Skaggs
Board member

/s/ Vincent Graziani
Chief Executive Officer