



Quarterly Report

First quarter 2025



IDEX BIOMETRICS ASA

Recent highlights

- On 11 March 2025 IDEX Biometrics announced a new strategy with a fundamental shift in how the company would take its unique technology and products to market
- New CEO appointed – Anders Storbråten
- Securing a new debt facility of NOK 30 million, converted to shares
- Heights convertible bond renegotiated and amended
 - Outstanding principal reduced from approx NOK 66.4 million to approx NOK 50.0 million
 - Potential additional reduction to approx NOK 33.3 million subject to next equity issuance
 - Conversion price set at NOK 0.065, with ordinary adjustment mechanisms
 - Amortisation starting from June 2026
- Range of operational improvement initiatives under way – target quarterly run rate OPEX from end Q3 2025 in the range of \$1.5-1.7 million.
- Production order in Japan from the manufacturing partner Beautiful Card Corporation (BCC). The order has a value of approx. USD 50,000
- Order received from DigAware to deliver biometric sensor solution for access cards with sensor systems from IDEX
- IDEX Biometrics receives IDEX Pay order for VISA biometric cards in the Middle East & Africa region of 10,000 units
- KONA I granted Mastercard Letter of Approval for IDEX Pay biometric cards
- Completed debt conversion, launching subsequent offering allowing investors to participate at the same terms as shareholders participating in the debt conversion

Financial results Q1 2025

- Revenues of \$0.1 million in the quarter.
- Ordinary operating expenses amounting to \$2.4 million.
- Net loss was \$4.1 million.
- Cash balance per 31 March 2025 at \$1.1 million

Strategy and business model

The IDEX Biometrics' ("IDEX", "company") fingerprint authentication technology leverages the unique biological markers of a person's fingerprint to confirm their identity through a seamless 'handshake procedure' with payment terminals, access readers or mobile phones. By eliminating the need for passwords and pins, our solution provides a more convenient and secure way to verify identity.

IDEX offers comprehensive biometric platform solutions, with proprietary software and card operating capabilities. This enables us to support additional market verticals, expand our target markets, and create new growth opportunities.

The IDEX Biometrics fingerprint authentication solutions are certified by Mastercard and Visa. IDEX' solutions leverages a JavaCard card operating system and Java-based "applets," complying with the standards of GlobalPlatform, an independent standards body for secure channel communications and use of cryptographic data.

IDEX address evolving customer and end-user requirements by leveraging continuous advances in secure technologies, innovative design, and high-performance capabilities. Since its founding, the company has focused on research and development to drive growth.

The core competencies of IDEX Biometrics are characterized by deep domain expertise and a multi-disciplined, systems engineering approach, and build 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.

The company recently conducted a strategic review, resulting in an updated strategy and business plan. As a result, IDEX is focusing on accelerating new initiatives within Access, accelerating the time to profitability, and optimizing the cost structure.

IDEX Biometrics continues to support its partners and is anticipating that some of our long-standing efforts in building up the IDEX Pay market materialize.

IDEX product solutions

The IDEX biometric software platforms, IDEX Pay and IDEX Access, are built on the same biometric platform, serving two different markets. The solutions can be layered with different applets to provide new functions and capabilities supporting payment, crypto wallets, and other digital authentication solutions, such as digital and physical access. The OS developed by IDEX allows our customers to provide their own customized applet for application specific functions. IDEX has launched both its IDEX Pay and IDEX Access solutions to the market and is currently preparing for further scaling of biometric payment and access cards with several partners.

Principal markets

IDEX has identified three main verticals with an accelerating need for biometric identity solutions: banking and payment, enterprise security and public services. IDEX leverages its biometrics technology platform to offer decentralized authentication solutions across payments and access control.

As the market matures and technology evolves, IDEX expects the solution for different use cases to converge. The IDEX Biometrics technology can already be seen in solutions that combine physical and digital access. The ability to attach attributes related to ID and health records are

emerging. Fiat and digital currencies could co-exist on the same card, and there are many other examples.

Customers and business 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. 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 with similarities in the cards' appearance and components. The IDEX Biometrics 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. Customers of IDEX Biometrics are smart card manufacturers and system integrators of the Company's hardware and software biometric technologies.

Supply chain

IDEX operates with an asset light, fables business model, leveraging external manufacturing partners to produce, assemble and test products. The majority of our card manufacturing partners are present in both payment and access.

While the pace of market adoption has been challenging, we are confident that our strong foundation, strategic focus and accelerating of the access business line will enable us to capitalize on the opportunities that lie ahead. The fingerprint biometric card solution as an efficient and secure way to perform Multifactor Authentication is driving growth in the years to come, with our strong IDEX portfolio of solutions, global footprint of manufacturers, and development partners positioning us for scale and growth.

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.

FINANCIAL REVIEW

Statements of profit and loss

- Revenue amounted to \$0.1 million in the first quarter of 2025, compared to \$0.4 million in the first quarter of 2024. Following the lack of revenues-generating agreements in the fourth quarter of 2024, the Company announced on March 11, 2025 a new strategic shift in its business strategy.
- Operating expenses excluding Cost of materials and Depreciation were \$3.0 million in the first quarter of 2025, compared to \$5.7 million in the first quarter of 2024.
- The cost of materials in the quarter was \$86k. The gross margin on products sold in the first quarter of 2025 was 27.5%. Due to supplementary shipments for revenue accounted in earlier periods, the gross margin was negative in the quarter.
- At the end of the first quarter of 2025 the Company had 40 full-time equivalents, same as in the previous quarter.
- Net Loss in the first quarter of 2025 was \$4.1 million. The result includes net financial gain amounting to \$3.2 million caused by value change of warrants and embedded derivative related to the convertible debt, as well as a financial loss amounting to \$4.0 million caused by amended terms of the convertible loan on March 11, 2025. Adjusted for these items, the net loss would have been \$3.4 million.

Statements of Financial Position

The largest assets held on the company's balance sheet as of March 31, 2025, were inventory of \$5.5 million and cash of \$1.1 million, representing 60% and 12% of assets, respectively.

Total intangible assets, acquired intellectual property, amounted to \$0.5 million. The current product portfolio has been created from development work conducted in more recent years. The company holds fixed assets amounting to \$0.4 million.

Customer accounts receivable amounted to \$0.1 million as of March 31, 2025, compared to \$1.4 million as of 31 March, 2024 and \$30 thousand as of December 31, 2024. The amounts are net of reserves for bad debt. IDEX continues to pursue any recoverable value. The receivable was written down in the fourth quarter of 2024. The accrual for loss on receivables amounted to \$0.6 million.

Total long-term liabilities amounted to \$4.0 million as of March 31, 2025, compared to \$1.1 million as of March 31, 2024 and \$2.1 million as of December 31, 2024. Long-term liabilities consist of the convertible bond and embedded derivatives. The terms of the Convertible bond were amended on March 10, 2025, resulting in a net loss of \$4.0 million, offset by value change gain in the period. Further details, see note 14.

Total short-term liabilities amounted to \$5.0 million as of March 31, 2025 compared to 10.0 million as of March 31, 2024, and \$3.5 million as of December 31, 2024. The change in the first quarter of 2025 is mainly due to the amended terms of the convertible debt. See note 14.

Net working capital (i.e., current assets, excluding cash, less short-term liabilities, excluding convertible loan) amounted to \$2.2 million as of March 31, 2025, compared to \$6.6 million as of March 31, 2024 and \$5.9 million as of December 31, 2024. The decrease in net working capital in

the first quarter of 2025 is mainly caused by increase of other current liabilities as a result from the first installment of the loan financing disclosed on March 11, 2025.

Equity amounted to \$0.1 million as of March 31, 2025, compared to \$6.3 million as of March 31, 2024 and \$4.7 million as of December 31, 2024. The reduction is caused by the net loss in the first quarter of 2025 amounting to \$4.4 million.

Cash flow and liquidity

The company incurred an operating cash outflow of \$2.7 million in the first quarter of 2025, compared to an operating cash outflow of \$6.9 million in the first quarter of 2024. The primary operating cash items are the operating losses in each period, adjusted for non-cash expenses and gains such as share-based compensation, depreciation and amortization and changes in financial liabilities. The reduction in operating cash outflow is mainly due to lower operating expenses and favorable working capital movement.

The company has outsourced the manufacturing activities and as such the company has minimal capital expenditures. There were no significant capital expenditures in the first quarter of 2025.

Total cash flow from financing activities amounted to a net inflow of \$1.8 million in the first quarter of 2025. The primary activity was cash received in the first installment of the loan on NOK 30 million. The extraordinary general meeting on April 11, 2025 approved the debt conversion of the loan at a subscription price of NOK 0.01 per share. A subsequent offering was approved and may raise up to NOK 6 million. A prospectus will be published prior to the commencement of the subscription period.

The cash balance amounted to \$1.1 million as of March 2024, compared to \$3.0 million as of March 2024 and \$2.0 million as of December 31, 2024. The company's balance sheet solvency, defined as the value of cash plus accounts receivable, less short-term liabilities, was negative \$2.9 million as of March 2025 compared to negative 4.6 million as of March 2024 and negative \$0.5 million as of December 31, 2024.

Going concern

The Company's liquidity is constrained and as of March 31, 2025, more than half of IDEX's share capital was lost. The net equity amounted to only \$144 thousand, and the balance sheet solvency was negative.

In the short term, IDEX Biometrics is dependent on the successful implementation of Company's strategy. The long-term future viability depends on the Company's ability to generate cash from operating activities and to raise additional capital to finance its operations. IDEX Biometrics' existing cash and the funding described above is not sufficient to fund its operating expenses and capital expenditures requirements for the next twelve months.

In the short term, the planned subsequent offering is expected to add NOK 6 million (\$0.6 million) in June, and the Company will need to obtain additional funding or revenues within the third quarter of 2025.

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 in 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 Biometrics has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Reflecting the recent funding described above and acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

May 20, 2025

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		Full year
		Q1 2025	Q1 2024	2024
Operating revenue				
Product revenue	4	80	372	700
Service and other revenue	4	24	-	141
Total revenue		104	372	841
Operating expenses				
Cost of materials, net of inventory change		86	237	1,684
Compensation and benefits	5	889	3,149	8,797
Research and development	6	545	596	2,457
Other operating expenses	7	1,560	1,970	7,289
Amortization, depreciation and impairment	8	138	382	2,517
Total operating expenses		3,218	6,334	22,745
Loss from operations		(3,114)	(5,962)	(21,903)
Finance income	9	3,357	1,306	7,904
Gain (loss) on modification of financial liabilities, net	9	(3,969)	-	1,841
Finance cost	9	416	763	2,411
Profit (loss) before tax		(4,142)	(5,420)	(14,569)
Income tax benefit (expense)	10	(2)	-	120
Net loss for the period		(4,144)	(5,420)	(14,449)
Profit (loss) per share, basic and diluted	11	(0.00)	(0.01)	(0.02)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		Full year
	Q1 2025	Q1 2024	2024
Net loss for the period	(4,144)	(5,420)	(14,449)
Foreign currency translation adjustment	(209)	68	108
Total comprehensive income (loss) for the period, net of tax	(4,353)	(5,352)	(14,341)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	March 31, 2025	March 31, 2024	December 31, 2024
Assets				
Non-current assets				
Goodwill		-	968	-
Intangible assets		545	891	569
Total intangible assets		545	1,859	569
Property, plant and equipment		99	716	122
Right-of-use assets		213	1,620	293
Non-current receivables		59	80	57
Total non-current assets	8	916	4,275	1,043
Current assets				
Prepaid expenses		593	1,251	764
Inventory	13	5,512	6,428	5,548
Accounts receivable, trade		101	1,374	30
Accounts receivable, other	6	965	981	901
Cash and cash equivalents		1,060	3,040	2,011
Total current assets		8,231	13,075	9,255
Total assets		9,147	17,350	10,297
Equity and liabilities				
Equity				
Share capital		12,942	10,119	12,942
Share premium		1,690	2,118	1,735
Share-based payment reserve		25,038	25,119	25,210
Foreign currency translation effects		(12,168)	(12,000)	(11,959)
Capital reduction reserves		321,264	316,341	321,264
Accumulated loss		(348,622)	(335,449)	(344,478)
Total equity	12	144	6,247	4,713
Non-current liabilities				
Non-current non-interest-bearing loans	14	1,812	-	1,983
Other non-current financial liabilities	14	2,194	-	139
Non-current lease liabilities		-	1,115	-
Total non-current liabilities		4,006	1,115	2,123
Current liabilities				
Accounts payable		941	740	850
Current lease liabilities		315	594	396
Public duties payable		212	237	269
Interest-bearing loans		-	3,929	-
Other current financial liabilities	14	1,909	2,627	652
Other current liabilities		1,620	1,861	1,294
Total current liabilities		4,997	9,988	3,461
Total liabilities		9,003	11,103	5,584
Total equity and liabilities		9,147	17,350	10,297

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, 2025		12,942	1,735	25,210	(11,959)	321,264	(344,478)	4,713
Share capital reduction	5,7,12	-	-	-	-	-	-	-
Share issuance	12	-	(45)	(172)	-	-	-	(217)
Convertible bond settlement in shares		-	-	-	-	-	-	-
Share-based compensation	5,7,12	-	-	-	-	-	-	-
Loss for the period		-	-	-	-	-	(4,144)	(4,144)
Transfer of share premium		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	(208)	-	-	(208)
Balance at March 31, 2025		12,942	1,690	25,038	(12,168)	321,264	(348,622)	144
Balance at January 1, 2024		25,955	2,118	24,858	(12,068)	300,500	(330,030)	11,334
Share capital reduction		(15,841)	-	-	-	15,841	-	-
Share issuance	12	-	-	-	-	-	-	-
Convertible bond settlement in shares		-	-	-	-	-	-	-
Share-based compensation	5,7,12	5	-	260	-	-	-	265
Loss for the period		-	-	-	-	-	(5,420)	(5,420)
Transfer of share premium		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	68	-	-	68
Balance at March 31, 2024		10,119	2,118	25,119	(12,000)	316,341	(335,449)	6,247
Balance at January 1, 2024		25,955	2,118	24,858	(12,068)	300,500	(330,030)	11,334
Share capital reduction		(20,764)	-	-	-	20,764	-	-
Share issuance	12	7,616	(774)	-	-	-	-	6,842
Convertible bond settlement in shares		130	391	-	-	-	-	521
Share-based compensation	5,7,12	5	-	351	-	-	-	356
Loss for the period		-	-	-	-	-	(14,449)	(14,449)
Transfer of share premium		-	-	-	-	-	-	-
Other comprehensive income		-	-	-	108	-	-	108
Balance at December 31, 2024		12,942	1,735	25,210	(11,959)	321,264	(344,478)	4,713

CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		Full year
		Q1 2025	Q1 2024	2024
Operating activities				
Profit (loss) before tax		(4,142)	(5,420)	(14,569)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Amortization, depreciation and impairment expense	8	138	382	2,517
Share-based compensation expense	5	(172)	260	351
(Gain) loss on modification of financial liabilities, net		3,969	-	(1,841)
Value change convertible loan and warrants		(3,273)	(918)	(6,837)
Other financial items		281	332	(280)
<i>Other operating cash flows:</i>				
(Increase) decrease in inventories		37	(44)	836
(Increase) decrease in accounts receivables		(70)	(306)	1,038
Increase (decrease) in accounts payable		5	51	165
(Increase) decrease in other working capital items		516	(1,109)	1,468
Interest paid	9	(5)	(99)	(254)
Change in income taxes		(2)	-	(129)
Net cash flow used in operating activities		(2,718)	(6,869)	(17,534)
Investing activities				
(Purchases) sales of property, plant and equipment	8	-	(15)	114
Change in non-current receivables		-	-	23
Interest received	9	7	61	136
Net cash flow used in investing activities		7	46	272
Financing activities				
Net proceeds from issuance of shares		(45)	5	11,176
Proceeds from borrowings	14	1,894	-	-
Repayments of borrowings	14	-	(1,338)	(2,657)
Paid, not registered capital		-	26	-
Payments on lease liabilities	8	(93)	(175)	(596)
Change in non-current payables		-	-	-
Net cash flow from financing activities		1,756	(1,482)	7,923
Net change in cash and cash equivalents		(954)	(8,305)	(9,339)
Effect of foreign exchange rate changes		4	(6)	(2)
Opening cash and cash equivalents balance		2,010	11,352	11,352
Cash and cash equivalents at period end		1,060	3,040	2,011

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 shares, and all shares have equal rights. The Company's shares are listed on Euronext Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX.

The technical development and supply chain activities are performed at the subsidiary in the United Kingdom. The subsidiaries in the United States and China are inactive.

2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the quarter ended March 31, 2025, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. The interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2024, 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, 2024. Amounts presented may not sum accurately due to rounding.

IDEX Biometrics operates in one operating segment, fingerprint imaging and recognition technology.

The going concern assumption has been applied in the preparation of this interim report. The net equity amounted to \$144 thousand, less than half of the share capital, and the balance sheet solvency, defined as cash plus current receivables less current liabilities, excluding warrants and the March loans (see below) was negative \$962 thousand on March 31, 2025. The existing cash does not fund the Company's operating expenses and capital expenditures requirements for the next twelve months.

On March 11, 2025, the company disclosed that following a strategic review, concluding that the company shall concentrate its technical and commercial efforts on serving the access market, where IDEX is believed to possess competitive advantage. IDEX Biometrics will seek to also harvest from its long-time efforts in the payment market. On the same date, the company disclosed that it would borrow NOK 30 million (\$2.8 million) from certain shareholders, which loans were convertible to shares at NOK 0.01 per share ("the March loans"). See note 15-*Events after the balance sheet date*.

A subsequent offering of shares at the same price to the other existing shareholders, raising up to NOK 6 million (\$0.6 million) will be conducted in the second quarter of 2025. Thirdly, the Company disclosed that it had entered into a commitment letter and term sheet for an amendment agreement with the holder of the Company's convertible bonds issued in 2023 ("the 2023 debt") whereby, inter alia, (i) the principal amount will be reduced by 25%, and, (ii) subject to the company obtaining additional equity on market terms by December 31, 2025, the principal amount would be reduced by a further 25%.

The long-term future viability depends on the Company's ability to generate cash from operating activities and to raise additional capital to finance its operations. 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. This casts 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 Biometrics has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Reflecting the recent funding described above and acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

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 and access cards, which remains in an early stage.

See note 2-*Basis of preparation and accounting policies* 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 US dollar is the dominant currency of the Company's receivables and payables.

The accounts receivable are subject to credit risk. The credit risk is not insured. Receivables are held at the original value less specific reserves for possible losses. Following a decision by Zwipe AS on to file for bankruptcy on February 17, 2025, a significant credit loss was accrued for as of December 31, 2024.

The inventory is valued at the lower of cost or net realizable value, reflecting reserves based on aging and obsolescence until physical disposal. The items held in inventory are substantially designed by and bespoke to IDEX. While storage is considered safe and shelf life is practically unlimited, the amount of inventory is substantially higher than short term requirements from customers. This causes a risk of technical or market obsolescence before the quantity at hand has been sold.

As of March 31, 2025, the Company's convertible 2023 debt was recognized at \$4.0 million, as presented in note 14-*Financial instruments*. The original loan amount was NOK 100 million, and the loan is denominated in NOK. The loan agreement was last amended as of March 11, 2025. Following the amendment, the convertible debt is interest free, and the term payments will be semi-annual starting from June 28, 2026. As of March 31, 2025, the nominal debt outstanding amounted to NOK 50.0 million or \$4.7 million. The debt 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 versus cash, reducing the liquidity risk.

The conversion option of the convertible 2023 debt 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 derivative liability will eventually amount to nil after the final term payment on the loan. The change in fair value of the derivative, which is a non-cash liability, is recognized as financial income or cost. The fair value is measured at each balance sheet date, and the value of the derivative, as estimated by option calculation, will increase or decrease with share price, share volatility and risk-free interest rate, as well as the NOK/USD exchange rate.

Consequently, the non-cash financial effect may vary considerably between periods. This risk has not been hedged.

The option value of the March loans was not recognized as a liability because conversion was subject to approval by the extraordinary general meeting on April 11, 2025. The currency risk related to the March loans was eliminated upon conversion to shares on the same date.

The May warrants and the warrants A and B described in note 12, expiring on March 13, April 11 and late May respectively, constitute financial liabilities, recognized at fair value through profit or loss. The liability will eventually amount to nil after the exercise or expiry of the respective warrants. The change in fair value of the warrants, which are non-cash liabilities, is recognized as financial income or cost. The fair value is measured at each balance sheet date. The May warrants are valued by option calculation, while warrants A and B are valued at the observed price at Euronext Oslo Børs. Consequently, the non-cash financial effect may vary considerably between periods. This risk has not been hedged.

4 Revenue from contracts with customers

Product-related revenue is recognized upon shipment, primarily on ex-works basis. Service revenue is recognized on customer acceptance of delivery.

There were no contract asset or contract liability balances on March 31, 2025, or December 31, 2024.

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

Amounts in USD 1,000	Quarters		Full year
	Q1 2025	Q1 2024	2024
EMEA	10	93	106
Americas	-	117	248
Asia-Pacific	70	162	347
Product revenue	80	372	701
EMEA	-	-	-
Americas	24	-	72
Asia-Pacific	-	-	69
Service and other revenue	24	-	140
Total revenue	104	372	841

5 Compensation and benefits

Amounts in USD 1,000	Quarters		Full year
	Q1 2025	Q1 2024	2024
Salary, payroll tax, benefits, other	1,061	2,889	8,464
Capitalized cost of development work			
Payable payroll tax on realized share-based benefit			
Share-based compensation	(172)	260	333
Net employer's tax on subscr.rights			
Compensation and benefits	889	3,149	8,797

Compensation and benefit expenses consist of costs for direct employees of the Company. The cost of individual contractors is reported 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 work in countries in which the Company does not have a business presence.

Full-time equivalents (FTEs) by function	March 31, 2025		March 31, 2024		December 31, 2024	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	15	5	48	5	16	4
Marketing and sales	4	7	3	11	3	4
General and administrative	4		5	2	5	1
Supply chain and distribution	4	1	7	-	6	-
Total	27	13	63	18	30	9

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		Full year
	Q1 2025	Q1 2024	2024
Gross R&D expenses	545	596	2,873
Government grants credited to cost	-	-	(416)
Net R&D expenses	545	596	2,457

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 and the UK SME R&D tax relief is normally recorded at year end.

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 \$54 thousand during the first quarter of 2025. Mr. Opstad's work for the Company beyond his board duties is invoiced by Ræder Bing.

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, 2025	-	569	123	293	57	1,043
Additions	-	-	-	-	-	-
Settlements	-	-	-	-	-	-
Depreciation, amortization and impairment	-	(24)	(27)	(87)	-	(138)
Effects of changes in foreign currency	-	-	2	7	2	11
Balance at March 31, 2025	-	545	99	213	59	916
Balance at January 1, 2024	968	1,011	812	1,779	81	4,651
Additions	-	-	15	-	-	15
Settlements	-	-	-	-	-	-
Depreciation and amortization	-	(119)	(109)	(154)	-	(382)
Effects of changes in foreign currency	-	-	(2)	(5)	(1)	(8)
Balance at March 31, 2024	968	891	716	1,620	80	4,275
Balance at January 1, 2024	968	1,011	812	1,779	81	4,651
Additions	-	-	-	-	-	-
Settlements	-	-	-	-	(23)	(23)
Depreciation and amortization	(968)	(441)	(572)	(535)	-	(2,517)
Depreciation on disposed and retired assets	-	-	(114)	(948)	-	(1,062)
Effects of changes in foreign currency	-	(0)	(3)	(3)	-	(6)
Balance at December 31, 2024	-	569	123	293	57	1,043

The annual impairment test of goodwill at the end of 2024 concluded that the goodwill was impaired. 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. Internal development costs have not been capitalized.

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 connection with the closing of the activities in IDEX America and IDEX China in 2024, lease agreements were terminated which led to reduced right of use assets.

9 Financial items

Amounts in USD 1,000	Quarters		Full year
	Q1 2025	Q1 2024	2024
Interest income	7	61	136
Currency exchange gain	77	546	933
Gain on modification of financial liabilities, net	-	699	1,841
Change in fair value of financial instruments	3,273	-	6,837
Total financial income	3,357	1,306	9,745
Interest expenses on lease liabilities	4	28	82
Interest expenses	259	590	1,924
Currency exchange loss	152	146	406
Loss on modification of financial liabilities, net	3,969	-	-
Total financial expense	4,385	763	2,411

See note 14-*Financial instruments* regarding the gain or loss on financial instruments.

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
	Q1 2025	Q1 2024	2024
Profit (loss) attributable to the shareholders (USD 1,000)	(4,144)	(5,420)	(14,449)
Weighted average basic number of shares	831,578,316	279,570,343	414,656,727
Weighted average diluted number of shares	831,578,316	268,226,337	415,376,744
Profit (loss) per share, basic and diluted (USD)	(0.00)	(0.02)	(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 or warrants).

12 Shares, warrants and incentive subscription rights

Number of financial instruments	Incentive subscription rights	Warrants	Shares
Balance at January 1, 2025	22,569,865	526,160,419	831,576,974
Mar 13: Warrants A exercise and expiry		(246,396,285)	17,258
Expired/forfeited incentive subscription rights	(9,437,872)		
Balance at March 31, 2025	13,131,993	279,764,134	831,594,232
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
Employee Stock Purchase Plan			358,525
Granted incentive subscription rights			
Mar 20: Exercised incentive subscription rights	(365,900)		365,900
Expired/forfeited incentive subscription rights	(1,127,307)		
Balance at March 31, 2024	17,473,725		280,126,555
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
Aug 20: Share issue			16,166,667
Aug 29: Share issue - Convertible loan term payment settled in shares			9,123,333
Sep 16: Share issue		101,624,966	101,624,966
Oct 14: Share issue		365,041,700	365,041,700
Dec 2: Share issue		26,160,420	26,160,420
Employee Stock Purchase Plan			358,525
Granted incentive subscription rights	15,383,130		
Mar 20: Exercised incentive subscription rights	(532,572)		365,900
Expired/forfeited incentive subscription rights	(11,247,625)		
Balance at December 31, 2024	22,569,865	526,160,419	831,576,974

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 \$5.1 million. In addition, the subscribers received one warrant at NOK 1.65 per share subscribed to. The May 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. No May warrants have been exercised by the date of this interim report.

On September 16, 2024, IDEX conducted a private placement of 466,666,666 shares at NOK 0.15 per share, raising gross proceeds of NOK 70.0 million or \$6.6 million. For each two shares subscribed to, the subscriber received two warrants: One warrant A exercisable within the first 14 days following the disclosure this interim report, and one warrant B which is exercisable from March 31, 2025, to April 11, 2025. The warrants will lapse unless exercised within the respective periods. Following the private placement on September 16, 2024, the company conducted a subsequent offering placing 26,160,420 shares at NOK 0.15 per share, raising NOK 3.9 million. The subsequent offering was at the same terms (price, warrants) as the private placement on September 16, 2024. The warrants A and B were admitted to listing on Euronext Oslo Børs December 12, 2024. 17,258 warrants A were exercised on March 13, 2025. See also note 15-Events after the balance sheet date.

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 March 31, 2025, was NOK 3.41 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.

13 Inventory

Amounts in USD 1,000	March 31, 2025			March 31, 2024			December 31, 2024		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	3,890	(634)	3,256	3,796	-	3,796	3,876	(634)	3,242
Work in progress	36	-	36	53	-	53	36	-	36
Finished Goods	3,062	(842)	2,219	2,619	(40)	2,579	3,107	(836)	2,271
Total Inventory	6,988	(1,476)	5,512	6,468	(40)	6,428	7,019	(1,470)	5,548

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.

IDEX disclosed on March 11, 2025, a strategic shift to focus on the access market, while continuing to harvest from its long-time efforts in the payment market. Consequently, parts of the material and components held in inventory became less likely to be sold, and an obsolescence provision was recognized as of December 31, 2024. Furthermore, the quantity of certain components (raw material) in inventory was deemed substantially larger than would be required for the updated business plan. Some of the inventory may remain unused and unsold by the time the material becomes obsolete because of aging/shelf life and/or technical obsolescence. Any such obsolescence and the timing of it is uncertain. An impairment charge was recognized as of December 31, 2024, based on an assessment with horizon three years derived from the business plan and estimated usage.

14 Financial instruments

Convertible Bond

Recognized value on the balance sheet

Amounts in USD 1,000	Interest rate	Maturity	March 31, 2025	March 31, 2024	December 31, 2024
Convertible bond	0%	Semi-annual Amortization from June 28, 2026 to December 28, 2028			
Convertible debt			1,812	3,929	1,983
Embedded derivative			2,194	2,627	139
Total			4,006	6,556	2,123

In December 2023, IDEX entered into a convertible debt financing agreement. The agreement has been amended since, see below. 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. IDEX Biometrics received NOK 92 million after deduction of the issue discount. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates. The bondholder could elect to convert the outstanding loans into IDEX shares at any time prior to repayment at a conversion price of NOK 3.655, which price reflects the 5:1 share consolidation (reverse split) effective on the record date of January 10, 2024. 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.

Under the original agreement, the debt would be redeemed in 21 equal bi-monthly instalments of NOK 4.8 million plus accrued interest. On September 17, 2024, IDEX Biometrics entered into a commitment letter to amend the terms of the convertible bond. The full agreement was entered into on November 6, 2024. The coupon interest rate on the bond was reduced to 0%. The repayment will be in four semi-annual terms starting from June 28, 2026, extending the duration of the loan until December 28, 2027. The conversion rate on the loan was reduced to NOK 0.85 per share. Conversion can, at the earliest, be done on February 28, 2026, unless the share price exceeds NOK 1.25 after June 28, 2025. The Company may elect to settle the principal payments 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 amendment represented a substantial modification of the financial liability under IFRS 9. The original host contract and embedded derivative was therefore derecognized and the amended debt was recognized at fair value of the host contract and the embedded derivative. This resulted in a gain on modification.

On March 10, 2025, IDEX Biometrics entered into a commitment letter whereby the terms of the convertible bonds were amended. The amendments included, inter alia, that (i) the principal amount of the bonds will be reduced by 25%, (ii) subject to the Company's consummation of any further equity raise on market terms latest December 31, 2025, the principal amount of the bonds would be reduced by a further 25%, (iii) the conversion period shall be the period from September 1, 2025 to two Oslo business days prior to the final maturity on December 28, 2027. If the market price of the share in the Company is NOK 0.10 or more, the bondholder shall be permitted to exercise its conversion rights under the bonds for so long as such price is maintained, (iv) the conversion price is reset to be NOK 0.065, (v) any provisions under the bonds relating to the bondholder's rights to exercise amortized payment advancements shall not apply. The amendments to the convertible bond were approved by the extraordinary general meeting of the company on April 11, 2025. The amendment represented a substantial modification of the financial liability under IFRS 9. The host contract and embedded derivative (as previously amended) was therefore derecognized and the amended debt recognized at fair value of the host contract and the embedded derivative as of March 10, 2025. This resulted in a net loss on modification amounting to \$3.969 million.

Due to the change of share price in the quarter, the value of the derivative was reduced during the period, resulting in a gain amounting to \$2.591 million, partly offsetting the loss on modification.

Warrants

Amounts in USD 1,000	Exercise price	Expiry	Recognized value on the balance sheet		
			March 31, 2025	March 31, 2024	December 31, 2024
Warrants					
Warrants May-Jun	NOK 1.65	May 29, 2025	1		1
Warrants A	NOK 0.15	March 13, 2025	-		326
Warrants B	NOK 0.15	April 11, 2025	14		326
Total			15	-	652

See note 12-Shares, warrants and incentive subscription rights regarding issue of warrants. The warrants were recognized on the respective dates as a financial liability denominated in NOK, at fair value through profit and loss. The valuation at initial recognition was based on option calculations, while subsequent valuation is at fair value because of the listing of warrants A and B. The financial liability represented by the warrants will eventually be nil, when the warrants have been exercised or expire, but will vary between periods. In the first quarter of 2025, IDEX recognized net \$0.7 million in financial gain related to the warrants, due to expiry of warrants A and change in share price.

March loan

On March 10, 2025, the company took out loans from certain shareholders, in a total of NOK 30 million (\$2.8 million). The loan is interest-free and – subject to approval by the extraordinary general meeting on April 11, 2025 – convertible to shares. NOK 20 million (\$1.9 million) was received by March 31, 2025, and the amount was classified as a short-term financial liability. The remaining amount, NOK 10 million (\$0.9 million) was received by April 11, 2025. See note 15-Events after the balance sheet date.

15 Events after the balance sheet date

The March loans taken up on March 10, 2025 were converted to shares on April 11, 2025, as resolved by the extraordinary general meeting on that date. 3,000,000,000 new shares were issued and NOK 30 million (\$2.8 million) of debt was thus converted to share capital.

The share capital was reduced by NOK 116.4 million (\$10.9 million) which amount was allocated to cover accumulated loss, as resolved by the extraordinary general meeting on April 11, 2025. As of the same date, NOK 3,653.2 million (\$342.5 million) was allocated from other equity to cover accumulated loss. The reduction and allocation did not cause any effect on the result or net equity.

36,767 Warrant B shares were issued on May 2, 2025, adding NOK 5.5 thousand (\$0.5 thousand) share capital.

There have been no other events between March 31, 2025, 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 March 31, 2025, or the value of the Company's assets and liabilities as of March 31, 2025.