



Interim report fourth quarter and preliminary result 2023

Three and twelve months
ended December 31, 2023



CEO'S COMMENTS

Dear Shareholders,

2023 was a year of transformation as we continued to execute on our strategy to evolve IDEX Biometrics from a component company into a biometric solution company. This year has been 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. IDEX fast track program enabled a first manufacturer to obtain its Mastercard letter of approval (LoA) in just 5 weeks, proving the effectiveness of the IDEX Biometrics Manufacturing Support Program.

IDEX also partnered with a first Asian bank offering the best customer the world's first biometric metal card. During the year, 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.

As a result of this new customer-centric solutions approach, our portfolio of customers and partners has grown from seven customers in 2022 to more than 25 in 2023. We have introduced IOS mobile enrolment, which integrates seamlessly with the banks' mobile banking app and supports banks overall digital strategies. Mobile enrolment is a fundamental accelerator for scaling biometric payment cards. We have further optimized the cost efficiency of the supply chain. In addition to excellent user experience the mobile-based solutions are further decreasing cost for our clients and enabling scaled launches. We have supported our manufacturers in their transitions towards biometric card production and launched bank implementation programs, guiding banks to fast-track market introductions. With several of our manufacturing partners in the process of obtaining their certification, we anticipate our partners worldwide to launch biometric payment and authentication solutions in the coming quarters.

While we continued to build momentum with new customers for IDEX Pay and IDEX Access, revenues for the fourth quarter were down. Customers for our legacy products experienced longer sales cycles with and weaker than expected demand from their existing customers.

One legacy customer exited the payment segment altogether further impacting our fourth quarter result. The delays we experienced earlier this year for IDEX Pay certification resulted in longer than expected lead-times for our customers to complete their approval processes delaying the anticipated growth. Still, one of our customers received their LoA from Mastercard in record time during the quarter, now allowing them to take their cards to market.

During the quarter, we continued to focus on strategic growth markets in Asia, which resulted in the successful opening of Bangladesh for biometric payment cards and the announcement of the world's first biometric metal card with Eastern Bank Limited. We also entered the access market in Japan through our partner AuthenTrend with the launch of their biometric access and multi factor authentication card.

IDEX Biometrics continues to execute on bringing absolute proof of identity solutions to both the payment market as well as the authentication market. We are confident that IDEX Pay is the key to unlocking the potential of this large market opportunity. 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 LoAs. 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.

Our marketing strategy is to unlock the payment card market segment by segment, and region by region. The launch of biometric metal cards in collaboration with Eastern Bank Limited (EBL), an innovative leading bank in Bangladesh, is an example of the market acceleration driven by IDEX Pay and the potential for biometric payment cards in specific growth markets. IDEX PAY is enabling EBL's premium card holders to seamlessly pay globally with high security and convenience.

Within the digital and physical access area a biometric card for multifactor authentication was launched by our customer, Authentrend. This card is based on IDEX Access software platform and 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 a 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 and others that are finalizing the preparations for launch. We anticipate multiple new initiatives in this space throughout 2024.

At IDEX Biometrics we believe in a world where each one of us can trust that our identity or user credentials will not be compromised or exploited for fraudulent activities. We believe in a world where we do not have to manage complex passwords, one time PIN codes or be worried about our credentials being stolen in the cloud and sold on the dark web. We believe that proving who you are should be as easy and secure for everyone, even those with disabilities such as the visually- or memory impaired.

We support the many initiatives by governments, regulators, industry associations and other parts of the ecosystem, providing opportunities for biometric smart cards to enable secure, standardized, affordable and inclusive ways for authenticating individuals. The Biometric Authentication Services launched by Mastercard with the aim to replace passwords with biometrics is just one concrete example of this movement.

Financial comment

Year-over-year revenue of \$4.1 million increased 6.2% in 2023 during a year in which we began to transition from a component supplier to a full solutions provider. Fourth quarter revenue ended at \$0.5 million, down when compared to the prior quarter. The decline in revenue is primarily related to lower component sales with two of our legacy customers. During the quarter one of those customers announced that they were exiting the payment market. Several of their customers have now turned to IDEX Pay to fill the gap that was created in their product portfolios. We expect several card manufacturing partners to complete full qualifications in the coming quarter enabling them to promote cards based on IDEX Pay to banks and issuers.

Gross profit for the year of \$0.2 million included the impact of a one-time inventory write-off for end-of-life products in the fourth quarter in the amount of \$0.8 million related to our transition from a unique component supplier to an integrated solutions provider. Excluding the

one-time inventory write-off, gross profit margin would have been 26% for 2023 as compared to 21% for 2022, reflecting increased margins of our solutions business model. Gross profit margin for the fourth quarter of 2023 when excluding the one-time inventory write-off for end-of-life products, was 44% compared to 33% in the fourth quarter of 2022. The margin is expected to continue to increase with volumes based on market adoption of the complete IDEX Pay and IDEX Access solutions and product mix changes.

As a result of our cost reduction efforts earlier in the year, operating expenses for 2023 decreased by \$5.1M when compared to 2022. Operating expenses, excluding cost of products sold, for the year totaled \$27.1M. Fourth quarter operating expenses were \$4.7 million, a decrease by \$1.9 million from \$6.6 million in the previous quarter. The decrease in costs is in line with the cost reduction initiatives along with the research and development funding grants recognized during the quarter. We continue to focus on reducing expenses. As previously announced, we are targeting operating expense level below \$4 million per quarter through implementing further cost reductions in the first quarter of 2024, and to be completed during the second quarter of 2024.

IDEX Biometrics completed a \$3.1 million private placement of shares in November 2023, net of expenses. We also entered into a convertible loan agreement in December 2023 which generated \$8.6 million net of expenses. The conversion price for the convertible loan is at 125% of the share price, and the interest rate is 6%. This capital will fund the commercial ramp-up of our IDEX Pay and IDEX Access solutions.

IDEX Biometrics has in January 2024 completed the consolidation (reverse split) of five IDEX shares into one IDEX share, along with an adjustment to the par value of the stock which was approved at the extraordinary general meeting in December. The share consolidation keeps IDEX Biometrics compliant with stock exchange listing regulations.

Vince Graziani
Chief Executive Officer

IDEX BIOMETRICS

IDEX Biometrics is a global technology leader in fingerprint biometrics, offering authentication platform solutions across payments and access. 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 platforms 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 market.

Products and Technology

Our biometrics technology platform solution for payments was 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 a suite of fingerprint activation 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 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 element. Therefore, sensitive biometric information is never communicated to third parties or stored in an online 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 solutions are powered by energy harvested from standard point-of-sale terminals, mobile phones or other card reading devices. Our biometric software platform for cards enables 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 Biometrics 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. IDEX Pay, based on Infineon's SLC38 secure element, was certified by Mastercard in 2023 and is expected to complete the Visa certification process during the first half of this year. We anticipate that our joint solution with STMicroelectronics will complete Mastercard and Visa certifications during 2024.

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 platforms and 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 platform solution 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 access applications.

IDEX Pay and IDEX Access complete solutions for payment and access, are integrated with Infineon Technology AG's SLC38 and is part of the latest generation Secure Element (SE) from Infineon, the market leader in secure elements, SEs, for smart cards. IDEX Biometrics is a 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 more than 20 smart card design wins for these joint biometric card solutions.

The IDEX Biometrics solution can work with multiple secure elements, including the advanced solution for biometric smart cards, leveraging the latest secure element from leading semiconductor security provider, STMicroelectronics, fully integrated with ST's STPay-To-paz-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

In the fourth quarter ended December 31, 2023, IDEX Biometrics recorded consolidated revenue of \$0.5 million. Sequentially, fourth quarter revenue decreased 49% from the third quarter of 2023, reflecting the timing of shipments to our two largest customers in the payment card segment as we transition from a component supplier to a full solutions provider. By comparison, fourth quarter 2022 revenue was \$1.1 million for a year-over-year quarterly decrease of 55%. The quarter year-over-year decrease was primarily due to lower deliveries of payment card sensor components.

In the twelve months 2023, IDEX Biometrics recorded consolidated product revenue of \$4.1 million, compared to \$3.9 million for the same period in 2022, representing an increase of 6%. Other revenue was minimal in 2023, compared to \$0.2 million services revenue in 2022.

Gross profit margin, as a percentage of revenue¹, was minus 130% for the fourth quarter of 2023, compared to 23% in the third quarter of 2023. The negative margin was due to one-time costs of \$0.8 million as a result of the inventory write-off of excess and obsolete inventory. Excluding the impact of inventory write-offs, gross profit margin for the fourth quarter of 2023 was 44%. For the fourth quarter of 2022, a similarly calculated gross profit margin was 33%, with the year over year increase reflecting product mix.

The gross profit margin for the twelve months of 2023 was 6%, compared to 21% for the twelve months 2022 reflecting the shift in product mix toward payment cards in 2023 and the inventory write-off in 2023. Excluding the impact of the inventory write-off, gross profit margin for the twelve months of 2023 was 26% reflecting improved product pricing.

Compensation and benefits expenses totaled \$2.3 million in the fourth quarter of 2023, a decrease from \$4.4 million in the fourth quarter of 2022. Compensation and benefits expenses totaled \$14.3 million in the first twelve months of 2023 compared to \$19.2 in

¹ 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.

2022. Both the quarterly and year-over-year decreases are due to staff reductions efforts implemented in both 2022 and 2023.

Share-based compensation expense, which is non-cash, totaled \$0.3 million in the fourth quarter of 2023, compared to \$0.4 million recorded for the fourth quarter of 2022 and \$0.2 million recorded for the third 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 market price of an ordinary share which influences the accrual of estimated employer's tax due when a subscription right is exercised. Share-based compensation expense totaled \$1.3 million for the twelve months of 2023, in contrast to \$1.8 million recorded for the twelve months of 2022, because of staff reductions throughout the year and reduced payroll tax accruals in 2023.

Our staff is made up of employees and individual contractors. On a full-time equivalent (FTE) basis, our staff totaled 87 on December 31, 2023, down from 99 on December 31, 2022. The year-over-year decrease of staff reflects additions in marketing and sales.

The Company undertook cost containment measures consisting primarily of staff reductions, during the third quarter of 2023 with the full impact to be realized during the first quarter of 2024.

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 the \$1.1 million government grants recorded during the fourth quarter of 2023. Timing of the recognition of such grants is generally subject to the completion of qualifying activities. Net R&D expenses totaled negative \$0.2 million for the fourth quarter of 2023 due to significant government grants recorded in the fourth quarter. Net R&D expenses were \$0.2 million in the fourth quarter of 2022 and \$0.8 million in the third quarter of 2023. R&D expenses totaled \$2.4 million in the twelve months of 2023, in contrast to \$3.2 million in the twelve months of 2022. These costs are primarily software development and systems engineering costs, and costs related to patents and trademarks during the period.

Other operating expenses, primarily associated with marketing, sales, and administrative activities, totaled \$2.1 million in the fourth quarter of 2023, in contrast to \$2.4 million in the fourth quarter of 2022. The year-over-year decrease is associated largely with lower

marketing and sales costs, listing fees and lower IT costs, partially offset by higher bad debt expense. Other operating expenses totaled \$8.7 million in the twelve months of 2023, in contrast to \$8.4 million in the twelve months of 2022. The increase is primarily due to higher marketing and sales costs that were partially offset by lower rent, IT, and insurance costs.

Amortization and depreciation charges² totaled \$0.5 million in the fourth quarter of 2023, in contrast to \$0.3 million in the fourth quarter of 2022 and \$0.4 million in the third quarter of 2023. The increase is primarily associated with depreciation of right-of-use assets.

Amortization and depreciation charges totaled \$1.6 million in the first twelve months of 2023, in contrast to \$1.4 million in the first twelve months of 2022, also due to higher depreciation of right-of-use assets.

Net financial items, consisting primarily of the net effect of currency adjustments, the net amount of interest income and interest expense, and valuation adjustments to embedded derivatives, totaled income of \$0.4 million in the fourth quarter of 2023, in contrast to income of \$0.6 million recorded in the fourth quarter of 2022. Net financial items totaled income of \$0.2 million in the twelve months of 2023, compared to expense of \$1.3 million in the first twelve 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 the British Pound.

IDEX Biometrics recorded a minor amount of income tax expense for 2023 and 2022. IDEX Biometrics operates at a loss and has a substantial tax loss carryforward position in Norway, but it has not to date recognized any deferred tax assets in its Statements of financial position.

Net loss in the fourth quarter of 2023 totaled \$4.9 million, representing a loss per share of \$0.02, in contrast to a net loss of \$6.3 million for the fourth quarter of 2022, representing a loss per share of \$0.02.

² 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.

Net loss for the twelve months of 2023 totaled \$26.6 million, representing a loss per share of \$0.11, in contrast to a net loss of \$32.7 million for the twelve months of 2022, representing a loss per share of \$0.16.

Statements of Cash Flows

The company incurred an operating cash outflow of \$3.7 million in the fourth quarter of 2023, in contrast to an outflow of \$7.2 million in the fourth quarter of 2022. The year-over-year decrease the fourth quarter cash outflow was a consequence of the quarter's lower net loss and a reduction in working capital.

The operating cash outflow for the twelve months of 2023 totaled \$27.0 million, in contrast to an outflow of \$31.4 million for the twelve months of 2022. The year-over-year decrease in operating cash outflow was due to a lower net loss partially offset by an increase in working capital.

Investing activities (i.e., capital expenditure) were insignificant in these periods.

Total cash flow from financing activities, including the net proceeds from the issuance of a convertible bond, 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 \$11.3 million during the fourth quarter of 2023, in contrast to \$14.2 million in the fourth quarter of 2022. For the twelve months of 2023, cash flow from financing activities totaled \$22.2 million in contrast to \$14.0 million for the twelve months of 2022. IDEX Biometrics completed private placement transactions with net proceeds of \$14 million, during the second and fourth quarter of 2023 and issued convertible bonds for net proceeds of \$8.6 million in the fourth quarter of 2023.

The cash balance totaled \$11.4 million as of December 31, 2023, in contrast to \$16.1 million as of December 31, 2022.

Statements of Financial Position

The largest tangible assets held on the company's Statements of financial position as of December 31, 2023, were cash of \$11.4 million and inventory of \$6.4, representing 45% and 25% of total assets, respectively. Total intangible assets are acquired IP and goodwill, amounting to \$2.0 million.

IDEX Biometrics develops 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 twelve months ended December 31, 2023, or in 2022.

Tangible fixed assets, including the right-of-use value of leased assets, totaled, net of accumulated depreciation, \$2.6 million as of December 31, 2023, in contrast to \$2.7 million as of 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 \$6.4 million as of December 31, 2023, in contrast to \$4.4 million as of December 31, 2022. IDEX Biometrics is a fables 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.

Customer accounts receivable totaled \$1.0 million as of December 31, 2023, in contrast to \$1.3 million as of December 31, 2022. The amounts are net of bad debt reserves.

Total short-term liabilities totaled \$12.4 million as of December 31, 2023, compared to \$5.0 million as of December 31, 2022. The year-over-year increase is due to the issuance of convertible debt at the end of 2023 in the amount of \$8.6 million. The duration of the convertible debt is 3.5 years, but the full amount is classified as short-term because of the conversion right. Other variations in short-term liabilities are the result of increased accounts payable 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 trade accounts payables) totaled \$8.3 million as of December 31, 2023, as compared to \$6.2 million as of December 31, 2022. In general, 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 \$11.3 million as of December 31, 2023, in contrast to \$22.8 million as of December 31, 2022. The change during the period was primarily the result of the private placements of shares in the second and fourth quarter of 2023, offset by the net losses in the period.

At the end of 2022 and 2023, IDEX Biometrics allocated \$18.0 million and \$13.0 million of Paid-in capital against Accumulated losses. Total equity was not affected by the allocation.

Liquidity

IDEX Biometrics incurred an operating cash deficit of \$3.7 million in the fourth quarter of 2023, in contrast to a deficit of \$7.2 million in the fourth quarter of 2022. The operating cash deficit in the first twelve months of 2023 totaled \$27.0 million, in contrast to a deficit of \$31.4 million in the first twelve 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 no capital expenditures for the fourth quarter of 2023, in contrast to capital expenditures of \$53 thousand for the fourth quarter of 2022. In the twelve months ending December 31, 2023, capital expenditures amounted to \$243 thousand, compared to \$267 thousand in 2022.

The Company's balance sheet solvency, defined as the value of cash and accounts receivable, less short-term liabilities, totaled \$0.9 million as of December 31, 2023, in contrast to \$13.4 million as of December 31, 2022.

In December 2023, IDEX Biometrics 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 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 a 5:1 share consolidation (reverse split) was completed 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. Any such repayment in shares will be converted at 90% of the prevailing market price of the shares.

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the 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 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 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.

February 28, 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 | | Full year | Full year |
|--|-----------|----------------|----------------|-----------------|-----------------|
| | | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Operating revenue | | | | | |
| Product revenue | 4 | 477 | 1 051 | 4 131 | 3 889 |
| Service revenue | 4 | 8 | 16 | 8 | 203 |
| Total revenue | | 484 | 1 066 | 4 138 | 4 091 |
| Operating expenses | | | | | |
| Cost of materials, net of inventory change | | 1 116 | 715 | 3 908 | 3 244 |
| Compensation and benefits | 5 | 2 345 | 4 378 | 14 305 | 19 213 |
| Research and development | 6 | (236) | 230 | 2 393 | 3 250 |
| Other operating expenses | 7 | 2 058 | 2 367 | 8 743 | 8 402 |
| Amortization and depreciation | 8 | 504 | 316 | 1 635 | 1 352 |
| Total operating expenses | | 5 788 | 8 005 | 30 986 | 35 460 |
| Loss from operations | | (5 304) | (6 939) | (26 847) | (31 369) |
| Financial income | 9 | 436 | 649 | 842 | 97 |
| Financial cost | 9 | 34 | 18 | 639 | 1 425 |
| Loss before tax | | (4 903) | (6 309) | (26 644) | (32 698) |
| Income tax benefit (expense) | 10 | (15) | 36 | 16 | 36 |
| Net loss for the period | | (4 918) | (6 273) | (26 629) | (32 662) |
| Loss per share, basic and diluted | 11 | (0.02) | (0.02) | (0.11) | (0.16) |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| Amounts in USD 000s | Quarters | | Full year | Full year |
|---|----------------|----------------|-----------------|-----------------|
| | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Net loss for the period | (4 918) | (6 273) | (26 629) | (32 662) |
| Foreign currency translation adjustment | (24) | (189) | (436) | 680 |
| Total comprehensive income (loss) for the period, net of tax | (4 941) | (6 461) | (27 065) | (31 981) |

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| Amounts in USD 000s | Note | December 31, 2023 | December 31, 2022 |
|--------------------------------------|------|-------------------|-------------------|
| Assets | | | |
| Non-current assets | | | |
| Goodwill | | 968 | 968 |
| Intangible assets | | 1 011 | 1 488 |
| Total intangible assets | | 1 979 | 2 456 |
| Property, plant and equipment | | 812 | 1 107 |
| Right-of-use assets | | 1 779 | 1 545 |
| Non-current receivables | | 81 | 73 |
| Total non-current assets | 8 | 4 651 | 5 181 |
| Current assets | | | |
| Prepaid expenses | | 648 | 986 |
| Inventory | 13 | 6 384 | 4 447 |
| Accounts receivable, trade | | 979 | 1 349 |
| Accounts receivable, other | | 949 | 929 |
| Cash and cash equivalents | | 11 352 | 16 124 |
| Total current assets | | 20 312 | 23 835 |
| Total assets | | 24 962 | 29 016 |
| Equity and liabilities | | | |
| Equity | | | |
| Share capital | | 25 955 | 22 762 |
| Share premium | | 2 118 | 4 036 |
| Share-based payment | | 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 | 12 | 11 334 | 22 841 |
| Non-current liabilities | | | |
| Non-current lease liabilities | | 1 238 | 1 142 |
| Total non-current liabilities | | 1 238 | 1 142 |
| Current liabilities | | | |
| Accounts payable | | 688 | 1 540 |
| Current lease liabilities | | 624 | 402 |
| Public duties payable | | 283 | 394 |
| Interest-bearing loans | 14 | 5 076 | - |
| Other current financial liabilities | 14 | 3 545 | - |
| Other current liabilities | | 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 |

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 | 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 |
| 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 | | Full year | Full year |
|---|------|----------------|----------------|-----------------|-----------------|
| | | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Operating activities | | | | | |
| Loss before tax | | (4 903) | (6 309) | (26 644) | (32 698) |
| Amortization and depreciation expense | 8 | 504 | 316 | 1 635 | 1 352 |
| Share-based compensation expense | | 323 | 403 | 1 283 | 2 721 |
| Change in inventories | | 958 | (1 522) | (1 937) | (3 215) |
| (Increase) decrease in accounts receivables | | 685 | (198) | 370 | (548) |
| Increase (decrease) in accounts payable | | 96 | 902 | (852) | 858 |
| Change in other working capital items | | (1 446) | (386) | (899) | 564 |
| Interest paid | 9 | 96 | (40) | (5) | (33) |
| Change in income taxes | | 2 | (372) | 46 | (372) |
| Net cash flow used in operating activities | | (3 685) | (7 205) | (27 005) | (31 370) |
| Investing activities | | | | | |
| Purchases of property, plant and equipment | 8 | - | (53) | (243) | (267) |
| Change in non-current receivables | | (7) | (5) | (6) | 9 |
| Interest received | 9 | 47 | 40 | 254 | 97 |
| Net cash flow used in investing activities | | 40 | (17) | 4 | (160) |
| Financing activities | | | | | |
| Net proceeds from issuance of shares | | 3 076 | 14 334 | 14 275 | 14 376 |
| Proceeds from borrowings | 14 | 8 621 | - | 8 621 | - |
| Payments on lease liabilities | 8 | (372) | (92) | (671) | (400) |
| Net cash flow from financing activities | | 11 326 | 14 242 | 22 225 | 13 976 |
| Net change in cash and cash equivalents | | 7 681 | 7 019 | (4 776) | (17 555) |
| Effect of foreign exchange rate changes | | 10 | 46 | 3 | (80) |
| Opening cash and cash equivalents balance | | 3 661 | 9 059 | 16 124 | 33 759 |
| Cash and cash equivalents at period end | | 11 352 | 16 124 | 11 352 | 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 Euronext Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX.

The delisting of IDEX Biometrics's American Depositary Shares ("ADSs") representing its ordinary shares, 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 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 twelve-month periods ended December 31, 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 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, 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. IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the 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 further options to raise additional capital 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 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 interim financial statements were approved by the Board of Directors on February 28, 2024.

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.

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the 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 further options to raise additional capital to fund its commercialization efforts.

The Company's assets primarily consist of cash, working capital, and intangible assets. As of December 31, 2023, the Company had NOK 100 million of Amortizing Senior Convertible Notes. 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.

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 this balance date or December 31, 2022.

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:

| Amounts in USD 1,000 | Quarters | | Full year | |
|------------------------|------------|--------------|--------------|--------------|
| | Q4 2023 | Q4 2022 | 2023 | 2022 |
| EMEA | 378 | 800 | 3 029 | 3 574 |
| Americas | 34 | 244 | 975 | 252 |
| Asia-Pacific | 65 | 7 | 126 | 63 |
| Product revenue | 477 | 1 051 | 4 131 | 3 889 |
| EMEA | 2 | 7 | 2 | 10 |
| Americas | - | 9 | - | 193 |
| Asia-Pacific | 6 | - | 6 | - |
| Service revenue | 8 | 16 | 8 | 203 |
| Total revenue | 484 | 1 066 | 4 138 | 4 091 |

5 Compensation and benefits

| Amounts in USD 1,000 | Quarters | | Full year | |
|--------------------------------------|--------------|--------------|---------------|---------------|
| | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Salary, payroll tax, benefits, other | 2 014 | 3 967 | 13 026 | 17 389 |
| Share-based compensation | 331 | 411 | 1 280 | 1 824 |
| Compensation and benefits | 2 345 | 4 378 | 14 305 | 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.

| Full-time equivalents (FTEs) by function | December 31, 2023 | | December 31, 2022 | |
|--|-------------------|-------------|-------------------|-------------|
| | Employees | Contractors | Employees | Contractors |
| Research and development | 53 | 5 | 64 | 6 |
| Marketing and sales | 4 | 11 | 6 | 9 |
| General and administrative | 5 | 2 | 5 | 2 |
| Supply chain and distribution | 7 | - | 7 | - |
| Total | 69 | 18 | 82 | 17 |

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 | | Full Year |
|------------------------------------|--------------|------------|--------------|
| | Q4 2023 | Q4 2022 | 2023 |
| Gross R&D expenses | 865 | 939 | 3 495 |
| Government grants credited to cost | (1 102) | (709) | (1 102) |
| Net R&D expenses | (236) | 230 | 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

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 Bing AS. Ræder Bing has provided legal services to the Company during this year resulting in charges of \$172 thousand. Mr. Opstad's work on behalf of the Company beyond his director 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, 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 | - | - | 10 |
| Balance at December 31, 2023 | 968 | 1 011 | 812 | 1 779 | 81 | 4 651 |
| 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) | - | (53) |
| 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. 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.

9 Financial items

| Amounts in USD 1,000 | Quarters | | Full year | Full year |
|--|------------|------------|------------|--------------|
| | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Interest income | 47 | 40 | 254 | 97 |
| Currency exchange gain | 301 | 609 | 588 | - |
| Gain on embedded derivative | 87 | - | - | - |
| Total financial income | 436 | 649 | 842 | 97 |
| Interest expenses on lease liabilities | 30 | 18 | 130 | 33 |
| Interest expenses | 5 | - | 5 | - |
| Currency exchange loss | - | - | 503 | 1 392 |
| Total financial expense | 34 | 18 | 639 | 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 |
|--|-------------------|-------------------|-------------------|-------------------|
| | Q4 2023 | Q4 2022 | 2023 | 2022 |
| Profit (loss) attributable to the shareholders (USD 1,000) | (4 918) | (6 273) | (26 629) | (32 662) |
| Weighted average basic number of shares | 279 060 775 | 302 208 132 | 253 042 411 | 205 386 514 |
| Weighted average diluted number of shares | 280 527 953 | 302 955 201 | 254 080 521 | 206 398 145 |
| Profit (loss) per share, basic and diluted | USD (0.02) | USD (0.02) | USD (0.11) | USD (0.16) |

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).

12 Shares and subscription rights

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 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 | 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 |
| Nov 20th: Share issue | | | 78 651 685 |
| Nov 21st: Share issue | | | 389 608 |
| Employee Stock Purchase Plan | | | 4 583 949 |
| Granted incentive subscription rights | | 22 475 200 | |
| Exercised incentive subscription rights | | (389 608) | |
| Expired/forfeited incentive subscription rights | | (8 357 561) | |
| Balance at December 31, 2023 | | 94 834 662 | 1 397 010 650 |
| 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 rights | | (9 062 484) | |
| Balance at December 31, 2022 | | 81 106 629 | 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 December 31, 2023, was NOK 1.43 per share (NOK 7.15 per share after the 5:1 consolidation).

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 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 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.

13 Inventory

| Amounts in USD 1,000 | December 31, 2023 | | | December 31, 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 | 7 254 | (869) | 6 384 | 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 net realizable value, reflecting reserves based on aging and obsolescence and the physical disposal.

14 Convertible bond

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

In December 2023, IDEX Biometrics 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 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.

15 Events after the balance sheet date

A 5:1 share consolidation (reverse split) was effective at record date January 10, 2024.

There have been no other events between December 31, 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 and twelve months ended December 31, 2023, or the value of the Company's assets and liabilities as of December 31, 2023.