



# Interim Report

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Nine months ended  
September 30, 2023



## CEO'S COMMENTS

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Dear Shareholders,

During the third quarter, IDEX added more manufacturing partners that are quickly mobilizing to take our biometrics payment card platform, IDEX Pay, to the market. This was happening in conjunction with IDEX receiving the critical Mastercard certification for the IDEX Pay platform, on August 30.

The strategy with IDEX Pay is showing early success as demonstrated by one of the major global card manufacturers who already achieved their final biometric card certification based on the IDEX platform. Several other card manufacturing partners are now leveraging this fast-track route to certification and we expect more Letters of Approval to be granted during the fourth quarter.

The IDEX certification is expected propel the market as banks and issuers can now start to launch Mastercard approved biometric payment cards based on the IDEX Pay platform.

Executing on our growth strategy, we have during the quarter joined forces with KL HI-TECH as a manufacturing partner for India, one of our targeted focus markets. KL HI-TECH 's client portfolio includes major banks across India and Asia. KL HI-TECH biometric cards are expected to start reaching bank consumers in the first half of 2024.

Success in Asia Pacific continued with an order and signed partnership agreement from KONA I to bring recycled PVC and metal biometric payment cards to banks in South Korea and worldwide.

IDEX Biometrics hosted our annual Capital Markets Day in Oslo in September, with high interest and attendance. The IDEX Biometrics executive team was joined by global industry experts discussing the market opportunity and scaling of biometric smart cards with executives from Eastern Bank Ltd (Bangladesh), FIS (India), KL HI-TECH (India) and Sentry (USA). IDEX Biometrics presented the Biometric Software Platform for cards with live demonstrations of biometric solutions across payments, cybersecurity, and identity management.

At the current rate of growth, damage from cyberattacks will amount to about \$10.5 trillion annually by 2025 - a 300 percent increase from 2015 levels<sup>1</sup>. Behind most of the cyberattacks on organizations and individuals, there is usually a fundamental breach of identity or theft of credentials. In a turbulent global environment, it has become critical to secure and protect the integrity of individuals, within enterprises, governments, and society. Biometric authentication solutions have proven to be the answer, and biometric smart cards are among the strongest, most cost effective and ready-to-deploy solutions.

Biometric smart cards provide multi factor authentication by design. In Apple's recent report, "The Rising Threat to Consumer Data in the Cloud", Apple pinpoints biometric authentication as an "incredibly valuable" mode of "password-less sign-in". Biometric authentication, using unique physical characteristics is a solution that protects individuals and the society efficiently and represents an untapped market potential. The biometric card is the ultimate hack-resistant authentication device as it is never connected to the internet, and the user's biometric data is encrypted and stored only on the card.

### **Regulatory landscape and industry standardization favor biometrics**

The regulatory landscape world-wide strives to enhance end-user control and improve data accessibility for consumers. EU has recently sharpened directives and regulations<sup>2</sup>, bringing stricter enforcement of multi factor authentication among organizations, who must upgrade their current IT infrastructures and find the right balancing between frictionless customer experiences and stricter security measures.

Biometric on-card authentication has proven to be the most secure and convenient solution for multi factor authentication. It is economically viable and reduces the risk for cloud-based data threats putting the user in total control of their own digital identity.

Within payments, EMVCo, the industry governing body is now intensifying efforts for global standards for biometric payment cards. IDEX Biometrics is an engaged member and participates in EMVCo's industry expert group for biometric payment cards. IDEX is also an active member of the FIDO Alliance, a global consortium developing standards for password-less authentication<sup>3</sup>.

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<sup>1</sup> McKinsey article Oct 27, 2022 "New survey reveals \$2 trillion market opportunity for cybersecurity technology and service providers"

<sup>2</sup> EU Regulations include PSD3 (Payment Service Directive), SCA (Strong Customer Authentication), PSR1 (Payment Service Regulation, and NIS2 (Network and Information Security)

<sup>3</sup> The FIDO Alliance is a global consortium of tech companies, service providers, governments, financial institutions and payment processors with the goal of eliminating the use of passwords on websites, apps and devices

### **IDEX Biometrics Software Platform solution strategy**

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

This has yielded a versatile, software-defined biometric card platform able to address multiple applications across payments, access, cybersecurity and digital ID markets. Taking this Software Platform approach also enables IDEX to remain at the forefront of driving both user experience and security through the development and deployment of new technologies such as seamless activation and next generation liveness detection.

Looking ahead we should see the emergence of multi-application biometric cards along with a range of biometric cloud-based services including AI-based biometric authentication. These cloud services will be guided by signals from biometric cards as part of broader Identity and Access Management platforms.

### **Market Progress**

Market availability of biometric smart card solutions continues to expand globally with several new card-based solutions coming to market for payment, cyber security, and identity management. In all, IDEX now has more than 20 card manufacturing partners and solutions providers who have either launched or are in commercialization to launch biometric card solutions.

In the payments space we are seeing strong initial demand in the premium segment including metal cards. With three of the leading global metal card manufacturers committed to IDEX Pay, we observe a growing number of opportunities among card issuers and are well positioned to take advantage of this market momentum particularly in Asia where metal card is growing at + 30% CAGR.

Within the area of cyber security and authentication, several of our development and manufacturing partners across Asia, Europe and United States have recently introduced products using the IDEX biometric platform. Many of the solutions are targeting digital authentication, including FIDO2. For such use cases, biometric matching represents enhanced multifactor authentication with reduced user friction while eliminating the use of

passwords. We expect this market segment to grow in 2024 as those card products become available to the broader market.

### Financial comment

For the first three quarters of 2023 revenues grew 21% when compared to the same period of 2022 driven primarily from sales in the Payment Card market. For the third quarter, year-over-year product revenue increased 12%. In the third quarter of 2023, revenue declined compared to the second quarter of this year reflecting the timing of shipments to our largest customers in the payment card segment, and the delayed certification of IDEX Pay which was caused by external factors, beyond the control of the company. Our IDEX Pay platform was certified by Mastercard in August, and we now have our first manufacturer to complete their card certifications to begin volume manufacturing. This gives us confidence that other manufacturers will be receiving their card certifications in the near term as well.

Gross profit margin on products was 23% for the third quarter of 2023 compared to 22% in the second quarter of 2023. The margin for the first nine months of 2023 was 24%, up from 16% in the corresponding period of 2022. Gross margin improvement relates to product and production costs normalization.

Cost reduction initiatives impacted the costs positively in the third quarter, reducing the operating expenses of the organization<sup>4</sup> by \$0,7 million from \$7.3 million in the previous quarter to \$6.6 million in the third quarter. Further cost reduction effect from the optimization of the organization is on track to reach full effect by the end of the year.

On November 6, we entered into a non-binding term sheet with a new institutional investor to issue a senior convertible bond of up to NOK 100 million to fund our commercialization efforts.

In the third quarter we welcomed John Kurtzweil as our new CFO, succeeding Eileen Wynne, who has been interim CFO since August 2022. Prior to joining IDEX Biometrics John served as CFO for Metabolon, a US life science company. John has deep knowledge of the technology industry, having held key roles such as CFO for leading technology companies CREE, Cirrus Logic and ON Semiconductor, where he provided strong strategic and financial leadership while helping to drive sustainable value creation.

Vince Graziani  
Chief Executive Officer

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<sup>4</sup> Operating expenses net of cost of materials and depreciation & amortization

## IDEX BIOMETRICS

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IDEX Biometrics is a global technology leader in fingerprint biometrics, offering authentication platform solutions across payments, cybersecurity, and identity management. 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 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 remote enrollment solutions. Our fingerprint solutions can be used in dual interface, contactless-only, and contact-only payment cards across payment networks offering a complete biometric authentication capability, integrating fingerprint image sensing, biometric processing, system power management, and encryption functions. IDEX Biometrics enables cost effective biometric smart cards with industry-leading performance.

Using our proprietary remote solutions for fingerprint activation, cardholders can easily scan and activate their fingerprint on their cards remotely without the need to visit a bank branch or ATM, and without communicating sensitive biometric information to third parties. An encrypted template of the fingerprint is stored directly on the card's secure encryption chip. Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are 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 through harvesting energy emitted by 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 has developed biometric smart card solutions together with technology from both Infineon and STMicroelectronics. This provides biometric smart card manufacturers with solutions enabled by partners they have relied on for more than 25 years.

With our technology solution, our customers benefit from integration opportunities with multiple secure elements, inlay technologies, card manufacturing methods and software operating systems. This provides flexibility to card manufacturers who have established supply chain partners and manufacturing methods. This also provides flexibility to enable solutions globally as our 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 sensor solutions and other technologies we offer a high level of performance at a compelling price point. We

are positioned to achieve our objective of becoming the leading provider of fingerprint biometric solutions for payment cards and digital authentication applications.

IDEX Pay, the IDEX Biometrics complete payment solution is integrated with Infineon Technology AG's SLC38. SLC38 is part of the latest generation Secure Element (SE) from Infineon, the market leader in secure elements, SEs, for smart cards. IDEX Biometrics is preferred partner member of Infineon's Security Partner Network, ISPN. We have developed a proprietary card operating system and are using a third-party customized inlay and antenna design, both of which are optimized for the combined IDEX sensor solution and SLC38 reference design. We have achieved 17 smart card design wins for this joint and Mastercard certified solution.

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-Topaz-Bio Operating System and payment applets. This high-performance solution includes the ST31N600 secure microcontroller with biometric features, packaged in a single-chip EMV module, and includes a cost-effective solution to add fingerprint.



## FINANCIAL REVIEW

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### Statements of profit and loss

For the first nine months of 2023, IDEX Biometrics recorded revenue of \$3.7 million, compared to \$3.0 million for the same period in 2022, representing an increase of 21%. Year-over-year product revenue increased 29%. For the third quarter ended September 30, 2023, the Company's revenue amounted to \$950 thousand as compared to third quarter 2022 total revenue of \$928 thousand. The product revenue year-over-year quarterly increased by 13%. The increase was primarily due to deliveries of payment card solutions.

Gross profit margin, as a percentage of revenue<sup>5</sup>, for the first nine months of 2023 was 24%, compared to 16% for the first nine months of 2022. For the third quarter of 2023, gross profit margin was 23% compared to 12% in for the third quarter of 2022. Gross margin improvement relates to product and production costs normalization.

Compensation and benefits expenses for direct employees totaled \$12.0 million in the first nine months of 2023 compared to \$14.8 million in the first nine months of 2022. The year-over-year decrease is due staff reductions implemented in late 2022 and in this year. Compensation and benefits expenses totaled \$3.6 million for the third quarter of 2023, a decrease from \$5.1 million for the third quarter of 2022 as the cost reduction efforts are partially reflected in the third quarter with the full effect in in the fourth quarter of 2023.

The staff is made up of employees and individual contractors. On a full-time equivalent (FTE) basis, the staff totaled 90 on September 30, 2023, down from 99 on both December 31, 2022 and September 30, 2022. The year-over-year net decrease of staff reflects the addition in marketing and sales as the Company works to increase market adoption of the IDEX Pay solution, offset by other operating staff reductions in 2022 and 2023 with the full impact realized by the end of 2023.

Net Research and development (R&D) expenses totaled \$2.6 million for the first nine months of 2023, compared to \$3.0 million for the first nine months of 2022 and \$0.8 million for the third quarter of 2023 as compared to \$1.0 million for the third quarter of 2022. R&D

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<sup>5</sup> 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.

expenses are external design and development costs, prototype manufacturing, pre-release product testing and qualification costs and costs related to patents and trademarks. The cost of employees engaged in R&D is included in Compensation and benefits. R&D expenses are reported net of earned government grants in support of R&D activities.

Other operating expenses, which includes external contractors, totaled \$6.7 million for the first nine months of 2023, in contrast to \$6.0 million for the first nine months of 2022 and \$2.2 million for the third quarter of 2023 compared to the third quarter of 2022 of \$1.8 million. The increase in other operating expenses, which includes sales and marketing and administrative activities, including contractors working in these functions, reflect the expansion of the Company's commercial team to promote the IDEX Pay solution.

Amortization and depreciation charges totaled \$1.1 million for the first nine months of 2023, in contrast to \$1.0 million for the first nine months of 2022. Amortization and depreciation charges<sup>6</sup> totaled \$0.4 million for the third quarter of 2023, similar to \$0.3 million for the third quarter of 2022. The depreciation charge is primarily associated with right-of-use assets (laboratories and offices).

Net financial items totaled expense of \$0.2 million for the first nine months of 2023, compared to expense of \$2.0 million in the first nine months of 2022. For the third quarter of 2023, net financial items totaled \$0.3 million compared to \$0.9 million recorded for the third quarter of 2022. Net financial items, consisting primarily of the net effect of currency adjustments and the net amount of interest income and interest expense with variance over time primarily related to fluctuations of the exchange rate of the U.S. Dollar to other currencies of countries in which IDEX Biometrics has operations, mainly British Pounds to the U.S. dollar.

IDEX Biometrics operates at a loss and has a substantial tax loss carryforward position in Norway. The Company has not recognized to date any deferred tax assets in its Statements of financial position.

Net loss for the first nine months of 2023 totaled \$21.7 million, representing a loss per share of \$0.02, in contrast to a net loss of \$26.4 million for the first nine months of 2022, representing a loss per share of \$0.03. Net loss for the third quarter of 2023 totaled \$7.0

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<sup>6</sup> 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 are depreciated over the lease period. The notional interest on the liability is reported as financial cost.

million, representing a loss per share of \$0.01. In contrast to a net loss of \$7.4 million for the second quarter of 2023, representing a loss per share of \$0.01 and a net loss of \$9.0 million for the third quarter of 2022, representing a loss per share of \$0.01.

### Statements of Cash Flows

The company incurred an operating cash outflow of \$7.2 million for the third quarter of 2023, similar to operating cash outflows of \$7.3 million for the third quarter of 2022 and \$7.1 million for the second quarter of 2023. The lower net loss year-over-year in the quarter was offset by an increase in working capital.

The operating cash outflow for the first nine months of 2023 totaled \$23.3 million, in contrast to an outflow of \$24.7 million for the first nine months of 2022. The year-over-year decrease in operating cash outflow was due to a lower net loss partially offset by higher working capital.

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

For the first nine months of 2023, cash flow from financing activities totaled \$10.9 million in contrast to \$0.3 million for the first nine months of 2022. The larger figure stems mostly from a private placement transaction in the second quarter of 2023.

The cash balance totaled \$3.7 million as of September 30, 2023, in contrast to \$9.1 million as of September 30, 2022, and \$16.1 million as of December 31, 2022.

### Statements of Financial Position

The largest assets held on the company's Statements of financial position as of September 30, 2023, were inventories of \$7.3 million, cash of \$3.7 million, and acquired intangible assets of \$2.1 million, representing 37%, 18%, and 11% of total assets, respectively.

Intangible assets included goodwill of \$968 thousand. IDEX Biometrics also develops intellectual property ("IP") 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 first nine months ended September 30, 2023.

Tangible fixed assets, including the right-of-use value of leased assets, totaled, net of accumulated depreciation, \$2.9 million as of September 30, 2023, in contrast to \$1.8 million as of September 30, 2022, and \$2.7 million on 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 \$7.3 million as of September 30, 2023, up from \$6.5 million as of June 30, 2023, \$2.9 million as of September 30, 2022, and \$4.4 million as of December 31, 2022. IDEX Biometrics is a fabless developer of semiconductor-based products, and the manufacturing operations are outsourced. Inventory consists of raw materials (primarily semiconductor components and substrates), work-in-progress (incomplete assemblies in production flow), and finished goods (completed fingerprint sensing devices available for sale).

There have been significant and uncertain lead times across the electronics industry since 2022 and into 2023. The supply chain is now generally stable and reliable, and IDEX Biometrics will be decreasing inventories. The long-term target is greater than four inventory turns annually.

Customer accounts receivable totaled \$1.7 million as of September 30, 2023, in contrast to \$1.2 million as of September 30, 2022, and \$1.3 million as of December 31, 2022. The increase in accounts receivable was the result of increased sales in 2023. No customer accounts necessitated a bad debt reserve as of September 30, 2023.

Total short-term liabilities totaled \$5.4 million as of September 30, 2023, compared to \$3.5 million as of September 30, 2022, and \$5.0 million as of December 31, 2022.

Variations in short-term liabilities are the result of activity levels such as increased accounts payable levels associated with higher purchases of inventories and the timing of expense accruals and the settlement of payables.

Net working capital (i.e., short-term assets, excluding cash, less short-term liabilities) totaled \$11.2 million as of September 30, 2023, \$4.5 million as of September 30, 2022, and \$6.2 million as of December 31, 2022. Looking forward, with forecasted revenues increasing in 2024, net working capital for inventory and accounts receivable will increase to be partially offset by an increase in trade accounts payable.

Equity totaled \$13.2 million as of September 30, 2023, in contrast to \$14.9 million as of September 30, 2022 and \$22.8 million as of December 31, 2022. The changes during the

periods were primarily the result of the private placement of shares in the fourth quarter of 2022 and the second quarter of 2023, offset by the net losses in the respective periods.

At the end of 2022, IDEX Biometrics allocated \$18.0 million of Paid-in capital against Capital reduction reserve. Total equity was not affected by the allocation.

As of September 30, 2023, the Company had no debt to financial institutions or lenders.

### Liquidity

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 September 30, 2023, in contrast to \$6.8 million as of September 30, 2022, and \$13.4 million as of December 31, 2022.

On November 6, IDEX Biometrics entered into a non-binding term sheet with a new institutional investor to issue a senior convertible bond of up to NOK 100 million. Conversion price is equal to 125% of share price at the time of closing, and shall be repaid in 21 equal installments over 3.5 years. The Company will have the option to make installment payments in the form of cash or shares. The convertible bond is subject to final contract.

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, there is no assurance that IDEX Biometrics will be successful in the future. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies.

November 8, 2023

**The Board of Directors of IDEX Biometrics ASA**

## CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

### CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		YTD	Full year	
		Q3 2023	Q3 2022	2023	2022	2022
<b>Operating revenue</b>						
Product revenue	4	950	844	3 654	2 838	3 889
Service revenue	4	-	84	-	187	203
<b>Total revenue</b>		<b>950</b>	<b>928</b>	<b>3 654</b>	<b>3 025</b>	<b>4 091</b>
<b>Operating expenses</b>						
Cost of materials, net of inventory change		733	819	2 792	2 529	3 244
Compensation and benefits	5	3 584	5 081	11 960	14 835	19 213
Research and development	6	844	1 033	2 629	3 020	3 250
Other operating expenses	7	2 168	1 783	6 685	6 035	8 402
Amortization and depreciation	8	388	333	1 131	1 036	1 352
<b>Total operating expenses</b>		<b>7 717</b>	<b>9 049</b>	<b>25 197</b>	<b>27 455</b>	<b>35 460</b>
<b>Loss from operations</b>		<b>(6 768)</b>	<b>(8 121)</b>	<b>(21 544)</b>	<b>(24 430)</b>	<b>(31 369)</b>
Financial income	9	78	34	406	57	97
Financial cost	9	(345)	(937)	(604)	(2 016)	(1 425)
<b>Loss before tax</b>		<b>(7 035)</b>	<b>(9 024)</b>	<b>(21 742)</b>	<b>(26 389)</b>	<b>(32 698)</b>
<b>Income tax benefit (expense)</b>	<b>10</b>	<b>5</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>36</b>
<b>Net loss for the period</b>		<b>(7 030)</b>	<b>(9 024)</b>	<b>(21 711)</b>	<b>(26 389)</b>	<b>(32 662)</b>
<b>Loss per share, basic and diluted</b>	<b>11</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.03)</b>	<b>(0.03)</b>

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		YTD	Full year	
	Q3 2023	Q3 2022	2023	2022	2022
<b>Net loss for the period</b>	<b>(7 030)</b>	<b>(9 024)</b>	<b>(21 711)</b>	<b>(26 389)</b>	<b>(32 662)</b>
<b>Foreign currency translation adjustment</b>	<b>290</b>	<b>869</b>	<b>(123)</b>	<b>1 166</b>	<b>680</b>
<b>Total comprehensive income (loss) for the period, net of tax</b>	<b>(6 740)</b>	<b>(8 155)</b>	<b>(21 834)</b>	<b>(25 223)</b>	<b>(31 981)</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	September 30, 2023	September 30, 2022	December 31, 2022
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		968	968	968
Intangible assets		1 130	1 607	1 488
<b>Total intangible assets</b>		<b>2 098</b>	2 575	2 456
Property, plant and equipment		1 039	1 129	1 107
Right-of-use assets		1 907	696	1 545
Non-current receivables		72	66	73
<b>Total non-current assets</b>	8	<b>5 116</b>	4 466	5 181
<b>Current assets</b>				
Prepaid expenses		1 209	1 004	986
Inventory	13	7 343	2 927	4 447
Accounts receivable, trade		1 664	1 151	1 349
Accounts receivable, other		983	105	929
Cash and cash equivalents		3 661	9 060	16 124
<b>Total current assets</b>		<b>14 860</b>	14 247	23 835
<b>Total assets</b>		<b>19 976</b>	18 713	29 016
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		24 858	20 500	22 762
Share premium		13 139	9 963	4 036
Share-based payment		24 535	23 172	23 576
Foreign currency translation effects		(11 754)	(11 115)	(11 632)
Capital reduction reserves		287 500	269 500	287 500
Accumulated loss		(325 112)	(297 128)	(303 401)
<b>Total equity</b>	12	<b>13 165</b>	14 892	22 841
<b>Non-current liabilities</b>				
Non-current lease liabilities		1 367	323	1 142
<b>Total non-current liabilities</b>		<b>1 367</b>	323	1 142
<b>Current liabilities</b>				
Accounts payable		596	678	1 540
Current lease liabilities		609	373	402
Public duties payable		324	263	394
Other current liabilities		3 914	2 184	2 697
<b>Total current liabilities</b>		<b>5 443</b>	3 498	5 033
<b>Total liabilities</b>		<b>6 810</b>	3 821	6 175
<b>Total equity and liabilities</b>		<b>19 976</b>	18 713	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
<b>Balance at January 1, 2023</b>		<b>22 762</b>	<b>4 036</b>	<b>23 576</b>	<b>(11 632)</b>	<b>287 500</b>	<b>(303 401)</b>	<b>22 841</b>
Share issuance	12	2 020	8 921	-	-	-	-	10 942
Share-based compensation	5,7,12	76	182	959	-	-	-	1 216
Loss for the period		-	-	-	-	-	(21 711)	(21 711)
Other comprehensive income		-	-	-	(123)	-	-	(123)
<b>Balance at September 30, 2023</b>		<b>24 858</b>	<b>13 139</b>	<b>24 535</b>	<b>(11 754)</b>	<b>287 500</b>	<b>(325 112)</b>	<b>13 165</b>
<b>Balance at January 1, 2022</b>		<b>20 410</b>	<b>9 452</b>	<b>21 414</b>	<b>(12 312)</b>	<b>269 500</b>	<b>(270 739)</b>	<b>37 725</b>
Share issuance	12	11	30	-	-	-	-	41
Share-based compensation	5,7,12	79	481	1 758	-	-	-	2 318
Loss for the period		-	-	-	-	-	(26 389)	(26 389)
Other comprehensive income		-	-	-	1 197	-	-	1 197
<b>Balance at September 30, 2022</b>		<b>20 500</b>	<b>9 963</b>	<b>23 172</b>	<b>(11 115)</b>	<b>269 500</b>	<b>(297 128)</b>	<b>14 892</b>
<b>Balance at January 1, 2022</b>		<b>20 410</b>	<b>9 452</b>	<b>21 414</b>	<b>(12 312)</b>	<b>269 500</b>	<b>(270 739)</b>	<b>37 725</b>
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
<b>Balance at December 31, 2022</b>		<b>22 762</b>	<b>4 036</b>	<b>23 576</b>	<b>(11 632)</b>	<b>287 500</b>	<b>(303 401)</b>	<b>22 841</b>



## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		Year to date		Full year
		Q3 2023	Q3 2022	2023	2022	2022
<b>Operating activities</b>						
Loss before tax		(7 035)	(9 024)	(21 742)	(26 389)	(32 698)
Amortization and depreciation expense	8	388	333	1 131	1 036	1 352
Share-based compensation expense		234	384	960	1 758	2 721
Increase in inventories		(877)	(904)	(2 896)	(1 693)	(3 215)
(Increase) decrease in accounts receivables		(609)	259	(315)	(350)	(548)
Increase (decrease) in accounts payable		(401)	47	(948)	(44)	858
Change in other working capital items		1 090	1 682	546	1 048	564
Interest paid	9	(31)	(34)	(101)	(57)	(33)
Change in income taxes		28	-	44	-	(372)
<b>Net cash flow used in operating activities</b>		<b>(7 213)</b>	<b>(7 257)</b>	<b>(23 320)</b>	<b>(24 691)</b>	<b>(31 370)</b>
<b>Investing activities</b>						
Purchases of property, plant and equipment	8	(71)	(112)	(243)	(214)	(267)
Change in non-current receivables		(17)	7	1	14	9
Interest received	9	63	34	207	57	97
<b>Net cash flow used in investing activities</b>		<b>(25)</b>	<b>(71)</b>	<b>(36)</b>	<b>(143)</b>	<b>(160)</b>
<b>Financing activities</b>						
Net proceeds from issuance of shares		65	234	11 199	602	14 376
Payments on lease liabilities	8	(109)	(105)	(300)	(341)	(400)
<b>Net cash flow from financing activities</b>		<b>(44)</b>	<b>129</b>	<b>10 899</b>	<b>261</b>	<b>13 976</b>
<b>Net change in cash and cash equivalents</b>		<b>(7 282)</b>	<b>(7 199)</b>	<b>(12 456)</b>	<b>(24 573)</b>	<b>(17 555)</b>
Effect of foreign exchange rate changes		(12)	(66)	(7)	(126)	(80)
Opening cash and cash equivalents balance		10 955	16 325	16 124	33 759	33 759
<b>Cash and cash equivalents at period end</b>		<b>3 661</b>	<b>9 060</b>	<b>3 661</b>	<b>9 060</b>	<b>16 124</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 1 The Company and its business

IDEX Biometrics ASA (the Company) specializes in the design, development, and sale of fingerprint identification and authentication solutions based on patented and proprietary sensor technologies, circuit designs, software and algorithms, and enrolment techniques. IDEX Biometrics' largest potential market is the biometric payment card market. The Company is a public limited liability company incorporated and domiciled in Norway. The address of the head office is Dronning Eufemias gate 16 at NO-0191 Oslo, Norway. There is one class of ordinary (i.e., common) shares, and all shares have equal rights. The Company's Ordinary Shares are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX.

On July 21, 2023, IDEX Biometrics announced it has given formal notice to the Nasdaq Stock Market of the Company's intention to voluntarily delist American Depositary Shares ("ADSs") representing its ordinary shares, which was effective on August 10, 2023. The ADS delisting will have no impact on the Company's accounting standards, and IDEX Biometrics intends to continue its disclosures in compliance with applicable Norwegian financial market regulations. The delisting concerns only the ADSs listed on Nasdaq. There is no impact on the ordinary shares listed on the Oslo Stock Exchange.

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 nine-month periods ended September 30, 2023, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. These interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2022, which were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and IFRS as endorsed by the European Union. The accounting policies applied herein are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2022. Amounts presented may not sum precisely due to rounding.

IDEX Biometrics operates in one operating segment, fingerprint imaging and recognition technology, and these interim financial statements present the full consolidation of the accounts of the Company and all subsidiaries, reflecting this operational focus.

Pursuant to IAS 1 *Presentation of Financial Statements*, a going concern assumption has been applied in the preparation of these interim financial statements. The Company does not expect that its existing cash would enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company plans to undertake a private placement of shares or procure other substantial funding by the end of

the fourth quarter of 2023 to provide additional funding to support R&D, Market Development and fund working capital. While the Company has been successful in the past in raising funds through private placements of shares, there is no assurance that the Company will be successful in the future. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and its ability to pursue its business strategies.

These interim financial statements were approved by the Board of Directors on November 8, 2023.

### 3 Risks

It is the duty of the Board of Directors to present the principal risks facing the Company in the conduct of its business. The Company's major risk is its business risk, broadly meaning risks to its ability to generate revenue and earn profit. Future revenue generation will depend, among other such risks, on the Company's ability to market and profitably deliver products on a sustained basis, its ability to legally protect its intellectual property rights, its ability to scale its operations to maximize efficiencies, and its ability to retain current employees and to attract new employees. The ability to generate future revenue is also highly dependent on the pace of development of the market for biometric payment cards, which remains in an early stage.

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 September 30, 2023. This is critically low. On November 6, IDEX Biometrics entered into a non-binding term sheet with a new institutional investor to issue a senior convertible bond of up to NOK 100 million. 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 September 30, 2023, the Company had no indebtedness to financial institutions or other third-party lenders. The Company maintains liquidity by investing available funds in readily accessible, floating-interest rate bank accounts. The Company's exposure to currency exchange rate changes is managed by maintaining an appropriate mix of cash deposits in the various currencies it utilizes for its operations. The Company does not engage in any active hedging strategies. The U.S. Dollar is the dominant currency of the Company's receivables and payables.

During 2022 and into 2023, the Company experienced vendor shipment delays associated with supply chain constraints within the semiconductor industry. This risk seems to have become lower by the third quarter of 2023. Possible supply chain constraints in the future may affect inventory planning and timing of customer shipments. The current high inventory level may represent a risk of obsolescence.

### 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		Year to date		Full year
	Q3 2023	Q3 2022	2023	2022	2022
EMEA	849	826	2 652	2 774	3 574
Americas	48	3	941	8	252
Asia-Pacific	53	15	61	56	63
<b>Product revenue</b>	<b>950</b>	<b>844</b>	<b>3 654</b>	<b>2 838</b>	<b>3 889</b>
EMEA	-	-	-	3	10
Americas	-	84	-	184	193
Asia-Pacific	-	-	-	-	-
<b>Service revenue</b>	<b>-</b>	<b>84</b>	<b>-</b>	<b>187</b>	<b>203</b>
<b>Total revenue</b>	<b>950</b>	<b>928</b>	<b>3 654</b>	<b>3 025</b>	<b>4 091</b>

## 5 Compensation and benefits

Amounts in USD 1,000	Quarters		YTD		Full year
	Q3 2023	Q3 2022	2023	2022	2022
Salary, payroll tax, benefits, other	3 351	4 710	11 012	13 422	17 389
Share-based compensation	233	371	948	1 413	1 824
<b>Compensation and benefits</b>	<b>3 584</b>	<b>5 081</b>	<b>11 960</b>	<b>14 835</b>	<b>19 213</b>

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	September 30, 2023		September 30, 2022		December 31, 2022	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	54	5	64	6	64	6
Marketing and sales	5	12	5	9	6	9
General and administrative	5	2	7	1	5	2
Supply chain and distribution	7	-	7	-	7	-
<b>Total</b>	<b>71</b>	<b>19</b>	<b>83</b>	<b>16</b>	<b>82</b>	<b>17</b>

IDEX Biometrics presents operating expenses by nature, in contrast to function. Accordingly, Compensation and benefits expenses includes the compensation and benefit costs for all employees. Cost of materials, net of inventory change, Research and development expenses, and Other operating expenses do not include the cost of personnel assigned to those activities.

## 6 Research and development expenses

Research costs are expensed when incurred. Development costs are expensed unless they qualify for capitalization. The Company's patents and other intellectual property rights created are capitalized and recorded on the Statement of financial position only if they satisfy the criteria for capitalization. The Company has not capitalized development costs in any of the periods presented. Development costs related to the creation of intellectual property have been expensed when incurred.

Amounts in USD 1,000	Quarters		YTD	Full Year	
	Q3 2023	Q3 2022	2023	2022	2022
Gross R&D expenses	844	1 033	2 629	3 020	3 959
Government grants credited to cost	-	-	-	-	(709)
<b>Net R&amp;D expenses</b>	<b>844</b>	<b>1 033</b>	<b>2 629</b>	<b>3 020</b>	<b>3 250</b>

Government support is recognized when it is probable the Company will qualify and receive support, and the amount can be measured reliably. Norwegian SkatteFUNN grants are recorded in the fourth quarter each year.

## 7 Related party transactions

The chair of the Board of Directors, Lawrence J. Ciaccia, provides to the Company, pursuant to a written agreement, consulting services for a fixed fee of \$50 thousand per year.

Morten Opstad, a member of the Board, is a partner in the law firm Advokatfirma Ræder AS (Ræder). Ræder has provided legal services to the Company during this year resulting in charges of \$73 thousand. Mr. Opstad's work on behalf of the Company beyond his Director duties is invoiced by Ræder.

## 8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, Plant, and Equipment	Right-of-use assets	Non-current receivables	Total non-current assets
<b>Balance at January 1, 2023</b>	<b>968</b>	<b>1 488</b>	<b>1 107</b>	<b>1 545</b>	<b>73</b>	<b>5 181</b>
Additions	-	-	243	820	16	<b>1 079</b>
Settlements	-	-	-	-	(17)	<b>(17)</b>
Depreciation and amortization	-	(373)	(300)	(458)	-	<b>(1 131)</b>
Effects of changes in foreign currency	-	15	(11)	-	-	<b>4</b>
<b>Balance at September 30, 2023</b>	<b>968</b>	<b>1 130</b>	<b>1 039</b>	<b>1 907</b>	<b>72</b>	<b>5 116</b>
<b>Balance at January 1, 2022</b>	<b>968</b>	<b>1 965</b>	<b>1 301</b>	<b>357</b>	<b>87</b>	<b>4 678</b>
Additions	-	-	214	689	-	<b>903</b>
Settlements	-	-	-	-	(14)	<b>(14)</b>
Depreciation and amortization	-	(358)	(351)	(327)	-	<b>(1 036)</b>
Effects of changes in foreign currency	-	-	(35)	(23)	(7)	<b>(65)</b>
<b>Balance at September 30, 2022</b>	<b>968</b>	<b>1 607</b>	<b>1 129</b>	<b>696</b>	<b>66</b>	<b>4 466</b>
<b>Balance at January 1, 2022</b>	<b>968</b>	<b>1 965</b>	<b>1 301</b>	<b>357</b>	<b>87</b>	<b>4 678</b>
Additions	-	-	267	1 654	-	<b>1 921</b>
Settlements	-	-	-	-	(14)	<b>(14)</b>
Depreciation and amortization	-	(477)	(443)	(431)	-	<b>(1 352)</b>
Effects of changes in foreign currency	-	-	(18)	(35)	-	<b>(52)</b>
<b>Balance at December 31, 2022</b>	<b>968</b>	<b>1 488</b>	<b>1 107</b>	<b>1 545</b>	<b>73</b>	<b>5 181</b>

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		Year to date		Full year
	Q3 2023	Q3 2022	2023	2022	2022
Interest income	63	34	207	57	97
Currency exchange gain	15	-	200	-	-
<b>Total financial income</b>	<b>78</b>	<b>34</b>	<b>406</b>	<b>57</b>	<b>97</b>
Interest expenses on lease liabilities	32	10	101	15	33
Currency exchange loss	313	927	503	2 001	1 392
<b>Total financial expense</b>	<b>345</b>	<b>937</b>	<b>604</b>	<b>2 016</b>	<b>1 425</b>

## 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		Year to date		Full year
	Q3 2023	Q3 2022	2023	2022	2022
Profit (loss) attributable to the shareholders (USD 1,000)	(7 030)	(9 024)	(21 711)	(26 389)	(32 662)
Weighted average basic number of shares	1 332 332 172	867 551 573	1 226 006 065	1 012 059 195	1 026 932 569
Weighted average diluted number of shares	1 341 131 687	873 074 037	1 230 492 658	1 017 630 070	1 031 990 723
<b>Profit (loss) per share, basic and diluted</b>	<b>USD (0.01)</b>	<b>USD (0.01)</b>	<b>USD (0.02)</b>	<b>USD (0.03)</b>	<b>USD (0.03)</b>

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

## 12 Shares and subscription rights

Number of financial instruments	Incentive subscription rights	Shares
<b>Balance at January 1, 2023</b>	<b>81 106 631</b>	<b>1 166 326 584</b>
May 24th: Share issue		116 897 492
Jun 16th: Share issue		30 161 332
Employee Stock Purchase Plan		4 538 974
Granted incentive subscription rights	21 975 200	
Exercised incentive subscription rights		
Expired/forfeited incentive subscription rights	(3 651 980)	
<b>Balance at September 30, 2023</b>	<b>99 429 851</b>	<b>1 317 924 382</b>
<b>Balance at January 1, 2022</b>	<b>71 756 399</b>	<b>1 010 388 454</b>
Mar 9th: Share issue		394 409
May 31st: Share issue		60 400
Aug 19th: Share issue		289 608
Employee Stock Purchase Plan		4 947 546
Granted incentive subscription rights	16 872 900	
Exercised incentive subscription rights	(744 417)	
Expired/forfeited incentive subscription rights	(7 243 433)	
<b>Balance at September 30, 2022</b>	<b>80 641 447</b>	<b>1 016 080 417</b>

Number of financial instruments	Incentive subscription rights	Shares
<b>Balance at January 1, 2022</b>	<b>71 756 399</b>	<b>1 010 388 454</b>
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)	
<b>Balance at December 31, 2022</b>	<b>81 106 631</b>	<b>1 166 326 584</b>

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 September 30, 2023, was NOK 1.44 per share.

The fair value at grant date of a subscription right is expensed over the vesting period of each tranche of the grant. The fair value of each tranche of a subscription right is determined using a Black-Scholes option pricing model, based on Ordinary Share prices quoted on the Oslo Børs and published interest rates. The Company's social security tax obligations related to share-based remuneration are recorded on each balance sheet date, based on the earned value of the subscription rights outstanding, and the adjustment to the accrued balance is recorded as cost.

The Company operates an employee stock purchase plan (ESPP), whereby employees may elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees make payroll contributions to the ESPP over the course of six-month contribution periods, March-August, and September-February. At the end of each period, they purchase shares at a 15% discount to the lesser of the share price at the beginning and ending of the contribution period.

The cost of the ESPP is amortized over each contribution period. The cost is based on the contribution amount, the 15% discount, and a Black-Scholes option pricing model at the beginning of the period.



## 13 Inventory

Amounts in USD 1,000	September 30, 2023			September 30, 2022			December 31, 2022		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	4 181	-	4 181	1 323	-	1 323	2 280	-	2 280
Work in progress	34	-	34	1 287	-	1 287	1 486	-	1 486
Finished Goods	3 229	(101)	3 128	527	(210)	317	812	(130)	681
<b>Total Inventory</b>	<b>7 443</b>	<b>(101)</b>	<b>7 343</b>	<b>3 137</b>	<b>(210)</b>	<b>2 927</b>	<b>4 577</b>	<b>(130)</b>	<b>4 447</b>

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 Events after the balance sheet date

On November 6, 2023, IDEX Biometrics entered into a non-binding term sheet with a new institutional investor to issue a senior convertible bond for up to 100 million NOK. Conversion price is equal to 125% of share price at the time of closing. The interest rate is 6% p.a. The convertible bond will be issued at a price of 92% of the principal amount, and will be amortized over 3.5 years through 21 equal installments. The Company will have the option to make installment payments in the form of cash or shares. The investor is prevented from becoming owner of more than 9.99% of the shares.

The convertible bond structure is subject to approval of the formal agreements and shareholder approval. To approve the convertible bond, IDEX Biometrics will call for an extraordinary meeting (EGM) on or about 30 November 2023, held as an online meeting. The notice of the EGM with attendance forms will be sent to the shareholders soonest. The notice of the EGM will also be disclosed in a notice to the market.

The board of directors resolved on November 8, 2023 to issue 500,000 incentive subscription rights to a new individual contractor of IDEX Biometrics. The grant was made under the Company's 2023 Subscription rights plan. The exercise price of the subscription rights is NOK 0.46 per share, they vest by 25% per year, and will expire on May 23, 2028. Following the grant, there are 99,929,851 incentive subscription rights outstanding.

There have been no other events between September 30, 2023, and the approval of these interim financial statements by the Board of Directors that have had any material impact on the Company's results for the three and nine months ended September 30, 2023, or the value of the Company's assets and liabilities as of September 30, 2023.