



# Quarterly Report

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Fourth quarter and  
preliminary result 2024



# IDEX BIOMETRICS ASA

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## Recent highlights

- Certification of IDEX PAY platform allowing manufacturers to certify and launch Biometric Payment Card programs with both Visa and Mastercard globally.
- Reaching scale manufacturing quality among key partners, enabling them and us to go beyond pilot volumes.
- IDEX Biometrics partner KONA I becomes first manufacturer certified by Mastercard for both PVC and metal biometric cards.
- Access: Received an order from DigAware to deliver a biometric sensor solution to enhance their smart badges. DigAware's new biometric ID badge incorporates RFID radios for emergency situations in environments such as schools, hospitals, and enterprises.
- Payments: First commercial launch in Japan together with Life Card, subsidiary to AIFUL Japan's third largest consumer finance company. Life Card's commercial roll-out is targeted for the first half of 2025.
- Streamlined global operations and progressed on cost efficiencies, aligning resources with key market priorities and further optimized our workforce.
- Completed rights issue in November, allowing retail investors to participate at the same terms as shareholders participating in the September capital raise.

## Financial Results Q4 2024

- No product revenues in the fourth quarter.
- Operating expenses excluding cost of products sold and bad debt provisions amounted to \$2.4 million in the fourth quarter, below target at \$2.5 million.
- An accrual for loss on receivables from Zwipe AS amounting to \$0.6 million has been included in the fourth quarter of 2024.
- Net loss in the fourth quarter of 2024 was \$2.1 million. The result includes net financial gain amounting to \$2.4 million caused by value change of warrants and the derivative related to the convertible debt. Adjusted for these items, the result would have been a net loss of \$4.6 million.
- A non-cash impairment of goodwill amounting to \$968 thousand was recorded in the fourth quarter.
- Cash balance per 31 December 2024 at \$2.0 million
- Kristian Flaten appointed as new CFO from 1 November, based in Norway.

## CEO Comments

Throughout 2024, IDEX Biometrics customers and partners continued to prepare for the commercialization of their solutions using the IDEX patented sensor system, biometric algorithms and card platform.

As cyber threats and identity security breaches escalate globally IDEX continues to address two large and growing markets: payments and access. With an increasing number of government mandates, recommendations and standards to eliminate the reliance on user credentials such as pin-codes and passwords, the IDEX Access platform is increasingly seen as a key solution to meet those growing demands.

The platform's API-based architecture enables effortless integration with other systems, services, and applications, allowing collaboration with many partners, including card manufacturers, system integrators, and value-added resellers. Through our partnerships with now more than 20 card manufacturing partners, we have established a global reach, supporting global financial institutions and enterprises worldwide.

Though multiple of our customers' market introductions have taken longer than they initially planned for, it remains clear that each of their solutions will greatly improve organizations abilities to combat cyber security threats and fraud as well as bring convenience to consumers and employees of such organizations.

Pending those market launches, IDEX Biometrics transformation plan continued throughout 2024, further building on our technology foundation, expanding our network of partners and rightsizing the organization to maximize leverage once our customers are ready to scale.

Our strategy and operations continue to be centered around three core pillars:

### **1. End-to-end biometric card solution driving market adoption**

With IDEX Biometrics card platform, card manufacturers and partners are offered a pre-integrated and certified solution that they can take to market quickly and at global scale for both Access and Payment.

At the end of 2024, IDEX obtained Visa certification of our platform in addition to the certificate from Mastercard. Together with our manufacturing partners and banks, we can now address the vast majority of payment card consumers in our key markets across the world.

Among our 20+ card manufacturing partnership, six have now received their letter of approvals for Mastercard and five are in the process of obtaining the same for Visa. In recent months, Biosmart and KONA I were added to the list Mastercard approved manufacturers of IDEX Pay cards. Those manufacturers have production capacity serving leading banks in Asia, Middle East, Europe and USA with more than hundreds of millions of cards annually.

Biometric payment card programs are in progress in UK, MEA, India and Bangladesh, timelines for launches are determined by the banks. During this quarter, we encounter challenges in select Asian and African markets due to political instabilities, affecting client's innovation programs.

## 2. Effective market and product portfolio management

With our 'one platform' execution strategy we are accelerating in payments and access/ID verification. For IDEX Pay, we focus on specific segments: premium, corporate and visually- or memory impaired groups. In the last quarters, we have expanded our reach to new customers, unlocking new growth opportunities and collaboration possibilities.

We've made significant progress in Asia, with the recent market opening in Japan with LIFE CARD and preparations underway for the biometric smart card market entry in India.

For the Identity Access Management market, IDEX Access platform provides solution providers to benefit of an identity access operating system with built in biometric authentication and that allows our customers to integrate their own applications.

During second half of 2024 and with acceleration in the last quarter, incoming demand for Multifactor Authentication solution upgrading has been noticeable especially in Asia. Working closely with our partners; AuthenTrend has just launched ATKey Card based on IDEX Access, which will be available at scale in Q1, 2025. AuthenTrend's card is providing secure, passwordless login across web services and applications using FIDO2 passkeys and is bringing these solutions to key markets such as Japan, Taiwan and USA through global system integrators.

Another customer, Sentry Enterprises, began commercializing their Sentry Card in Q4, 2024. Sentry Card combines FIDO based biometric login with the most complete support of physical access protocols of any biometric card globally. Sentry Card is for example compatible with NXP MIFARE DESfire. The SentryCard 360 adds additional multimodal biometric authentication using both fingerprint and facial recognition templates stored on the card.

US based DigAware/Emnovate recently passed an order of a customized biometric system solution to upgrade their proprietary smart badge architecture. First production order for new solution amounts to 50.000 sensor systems as part of the agreement. This new Biometric Access Solution is highly relevant for a multitude of use cases, including employee ID and access. By adding RFID and BLE capabilities to their biometric badge, DigAware combines door access, easy "pairing" with mobile and proximity-based services such as emergency alerts.

## 3. Optimized and scalable operating model

In order to scale, IDEX leverages our manufacturing partner's and partners' market proximity, and network of established customers to drive growth.

This go to market model enables us to deliver scalable, innovative and profitable solutions tailored to evolving market needs. IDEX Biometrics transformation is designed to ensure sustained profitable growth.

We continue our operational leverage, optimizing our cost structure and shorten time to break even. By the end of the quarter, we reached quarterly operating expenses of USD 2.4 million, a reduction by 49 % compared to the same quarter last year.

In line with our pursuit of operational excellence, IDEX Biometrics was awarded an 'A' approval within the Mastercard Card Quality Management (CQM) program, for Biometric Sensor Module Manufacture and Testing. The maturity and standard of the processes demonstrated by IDEX Biometrics and our production partner AMKOR were above par, as expressed by the auditors.

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

Catharina Eklof  
Chief Executive Officer



## About IDEX Biometrics

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

The IDEX Biometrics flexible technology platform supports a wide range of applications and use cases. Together with our partners, we provide end-to-end solutions to banks and other organizations seeking to launch their own biometric cards for payment or to support other authentication needs.

## FINANCIAL REVIEW

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### Statements of profit and loss

- There was no product revenue and other revenues in the fourth quarter of 2024 were insignificant compared to \$0.5 million in the fourth quarter of 2023. The lower revenue is related to lower sensor shipments in the biometric pay market.
- Operating expenses excluding Cost of materials and Depreciation were \$3.2 million in the fourth quarter of 2024, compared to \$4.2 million in the fourth quarter of 2023. Of the \$3.2 million in 2024, \$0.6 was loss on receivables from Zwipe AS, and \$0.2 million one-off charge to development.
- The cost of materials in the quarter is negative by \$118k, i.e. a favorable effect on the result. The amount is an adjustment related to prior periods. The gross margin on products in 2024 was 46%.
- The company continued reducing expenses and during the fourth quarter reduced its full-time equivalent staff to 40 at the end of December 2024, down from 50 at the end of the third quarter of 2024, and 87 at the beginning of the year.
- The cost reduction entailed closing virtually all activities in IDEX's subsidiaries in China and the US, which was substantially completed by the end of the year. The one-off expenses related to the closing were insignificant.
- An assessment at year-end concluded that the goodwill was impaired and led to an impairment charge amounting to \$1.0 million. The current product portfolio has been created from development work conducted in more recent years.
- Net Loss in the fourth quarter of 2024 was \$2.1 million. The result includes net financial gain amounting to \$2.4 million caused by value change of warrants and the derivative related to the convertible debt. Adjusted for these items, the result would have been a Net Loss of \$4.6 million.

### Statements of Financial Position

The largest assets held on the company's balance sheet as of December 31, 2024, were inventory of \$6.9 million representing and cash of \$2.0 million, representing 58% and 17% of assets, respectively.

Total intangible assets, acquired intellectual property, amounted to \$0.6 million. There was no goodwill as of 31 December 2024, following an impairment charge of \$1.0 million in the fourth quarter of 2024. The goodwill originated from a business combination in 2013. An assessment at year-end concluded that the goodwill was impaired. The current product portfolio has been created from development work conducted in more recent years. The company holds fixed assets amounting to \$0.6 million. Right to use/leasehold assets in America amounted to \$0.8 million were discontinued in 2024.

Customer accounts receivable amounted to \$0.2 million as of December 31, 2024. The amounts are net of reserves for bad debt. In an arbitration ruling on January 27, 2025, at Oslo Chamber of Commerce in favor of IDEX Biometrics, IDEX was awarded \$0.7 million from Zwipe AS, plus late payment interest and compensation for IDEX' legal costs. On February 17, 2025, Zwipe disclosed its decision to file for bankruptcy. IDEX continues to pursue any recoverable value, but the receivable has been written down. The accrual for loss on receivables amounted to \$0.6 million.

Total long-term liabilities amounted to \$2.1 million as of December 31, 2024, compared to \$1.2 million as of December 31, 2023. Long-term liabilities mainly consist of the convertible bond which under the amended terms on September 17, 2024, is payable in installments starting in June 2026.

Total short-term liabilities amounted to \$3.5 million as of December 31, 2024, compared to \$12.4 million as of December 31, 2023. The decrease is mainly due to the amended terms of the convertible debt noted above. Net working capital (i.e., current assets, excluding cash, less short-term liabilities, excluding convertible loan) amounted to \$5.9 million as of December 31, 2024, and \$5.2 million as of December 31, 2023.

Equity amounted to \$6.3 million as of December 31, 2024, compared to \$11.3 million as of December 31, 2023. The reduction is caused by the net loss in the year amounting to \$12.8 million, offset by net equity inflow amounting to \$7.8 million.

### **Cash flow and liquidity**

The company incurred an operating cash outflow of \$3.4 million in the fourth quarter of 2024, compared to an operating cash outflow of \$3.7 million in the fourth quarter of 2023. The primary operating cash items are the operating losses in each period, adjusted for non-cash expenses and gains such as share-based compensation, depreciation and amortization and changes in financial liabilities. The reduction in operating cash outflow is mainly due to lower operating expenses and favorable working capital movement. The company has outsourced the manufacturing activities and as such the company has minimal capital expenditures. There were no significant capital expenditures in 2024.

Total cash flow from financing activities amounted to a net inflow of \$4.4 million in the fourth quarter of 2024. The primary activity was cash received from the private placement of NOK 70 million (USD 6.6 million), of which NOK 21 million was received in September and the remaining balance received in October 2024. The extraordinary general meeting on October 9, 2024, authorized the board to conduct a subsequent offering to all shareholders and resolved to issue warrants to the investors taking part in the private placement and the subsequent issue. The subsequent offering resulted in net proceeds of \$0.3 million.

The cash balance amounted to \$2.0 million as of December 31, 2024, compared to \$11.4 million as of December 31, 2023. The company's balance sheet solvency, defined as the value of cash plus accounts receivable, less short-term liabilities, was negative \$0.4 million as of December 31, 2024, compared to \$0.9 million as of December 31, 2023.

### **Going concern**

The Company's liquidity is constrained and as of December 31, 2024, more than half of IDEX's share capital was lost. The company is in active discussions with key shareholders and the financial lender to enable and arrange funding for continuing operations. At the date of the report, the discussions are not conclusive, and the outcome remains open. Any conclusions will be disclosed in due course. Acknowledging the present critical situation and significant doubt, the board considers that it would be premature to assume that the Company will cease operation. The board has therefore applied the going concern assumption in the preparation of this interim report.

February 26, 2025

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

## CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

### CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		Full year	Full year
		Q4 2024	Q4 2023	2024	2023
<b>Operating revenue</b>					
Product revenue	4		477	701	4,131
Service and other revenue	4	24	8	140	8
<b>Total revenue</b>		<b>24</b>	<b>484</b>	<b>841</b>	<b>4,138</b>
<b>Operating expenses</b>					
Cost of materials, net of inventory change		(118)	1,116	379	3,908
Compensation and benefits	5	1,260	2,345	8,797	14,305
Research and development	6	(223)	(236)	2,399	2,393
Other operating expenses	7	2,170	2,058	7,207	8,743
Amortization, depreciation and impairment	8	1,252	504	2,362	1,635
<b>Total operating expenses</b>		<b>4,340</b>	<b>5,788</b>	<b>21,144</b>	<b>30,986</b>
<b>Loss from operations</b>		<b>(4,316)</b>	<b>(5,304)</b>	<b>(20,303)</b>	<b>(26,847)</b>
Financial income	9	2,769	436	7,905	842
Gain (loss) on modification of financial liabilities, net	9			1,841	
Financial cost	9	695	34	2,411	639
<b>Profit (loss) before tax</b>		<b>(2,242)</b>	<b>(4,903)</b>	<b>(12,968)</b>	<b>(26,644)</b>
<b>Income tax benefit (expense)</b>	10	<b>122</b>	<b>(15)</b>	<b>120</b>	<b>16</b>
<b>Net loss for the period</b>		<b>(2,119)</b>	<b>(4,918)</b>	<b>(12,848)</b>	<b>(26,629)</b>
<b>Profit (loss) per share, basic and diluted</b>	11	<b>0.00</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.11)</b>

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		Full year	Full year
	Q4 2024	Q4 2023	2024	2023
<b>Net loss for the period</b>	<b>(2,119)</b>	<b>(4,918)</b>	<b>(12,848)</b>	<b>(26,629)</b>
<b>Foreign currency translation adjustment</b>	<b>623</b>	<b>(313)</b>	<b>108</b>	<b>(436)</b>
<b>Total comprehensive income (loss) for the period, net of tax</b>	<b>(1,497)</b>	<b>(5,231)</b>	<b>(12,740)</b>	<b>(27,065)</b>



## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	December 31, 2024	December 31, 2023
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill		-	968
Intangible assets		569	1,011
<b>Total intangible assets</b>		<b>569</b>	<b>1,979</b>
Property, plant and equipment		278	812
Right-of-use assets		293	1,779
Non-current receivables		57	81
<b>Total non-current assets</b>	8	<b>1,198</b>	<b>4,651</b>
<b>Current assets</b>			
Prepaid expenses		764	648
Inventory	13	6,853	6,384
Accounts receivable, trade		188	979
Accounts receivable, other	6	902	949
Cash and cash equivalents		2,010	11,352
<b>Total current assets</b>		<b>10,718</b>	<b>20,312</b>
<b>Total assets</b>		<b>11,916</b>	<b>24,962</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		17,866	25,955
Share premium		1,735	2,118
Share-based payment		25,210	24,858
Foreign currency translation effects		(11,959)	(12,068)
Capital reduction reserves		316,341	300,500
Accumulated loss		(342,878)	(330,030)
<b>Total equity</b>	12	<b>6,314</b>	<b>11,334</b>
<b>Non-current liabilities</b>			
Non-current non-interest-bearing loans	14	1,983	-
Other non-current financial liabilities	14	139	-
Non-current lease liabilities		(29)	1,238
<b>Total non-current liabilities</b>		<b>2,093</b>	<b>1,238</b>
<b>Current liabilities</b>			
Accounts payable		934	688
Current lease liabilities		425	624
Public duties payable		185	283
Interest-bearing loans		-	5,076
Other current financial liabilities	14	652	3,545
Other current liabilities		1,312	2,174
<b>Total current liabilities</b>		<b>3,508</b>	<b>12,390</b>
<b>Total liabilities</b>		<b>5,602</b>	<b>13,628</b>
<b>Total equity and liabilities</b>		<b>11,915</b>	<b>24,962</b>

## 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, 2024</b>		<b>25,955</b>	<b>2,118</b>	<b>24,858</b>	<b>(12,068)</b>	<b>300,500</b>	<b>(330,030)</b>	<b>11,334</b>
Share capital reduction	5,7,12	(15,841)	-	-	-	15,841	-	-
Share issuance	12	7,616	(774)	-	-	-	-	<b>6,842</b>
Convertible bond settlement in shares		130	391	-	-	-	-	<b>521</b>
Share-based compensation	5,7,12	5	-	351	-	-	-	<b>356</b>
Loss for the period		-	-	-	-	-	(12,848)	<b>(12,848)</b>
Other comprehensive income		-	-	-	108	-	-	<b>108</b>
<b>Balance at December 31, 2024</b>		<b>17,866</b>	<b>1,735</b>	<b>25,210</b>	<b>(11,959)</b>	<b>316,341</b>	<b>(342,878)</b>	<b>6,314</b>
<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	3,128	11,009	-	-	-	-	<b>14,137</b>
Share-based compensation	5,7,12	65	73	1,283	-	-	-	<b>1,421</b>
Loss for the period		-	-	-	-	-	(26,629)	<b>(26,629)</b>
Transfer of share premium		-	(13,000)	-	-	13,000	-	-
Other comprehensive income		-	-	-	(436)	-	-	<b>(436)</b>
<b>Balance at December 31, 2023</b>		<b>25,955</b>	<b>2,118</b>	<b>24,858</b>	<b>(12,068)</b>	<b>300,500</b>	<b>(330,030)</b>	<b>11,334</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		Full year	Full year
		Q4 2024	Q4 2023	2024	2023
<b>Operating activities</b>					
Profit (loss) before tax		(2,242)	(4,903)	(12,968)	(26,644)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>					
Amortization, depreciation and impairment expense	8	1,255	504	2,362	1,635
Share-based compensation expense	5	101	323	351	1,283
Gain (loss) on modification of financial liabilities, net		-	-	(1,841)	-
Value change convertible loan and warrants		(2,638)	-	(6,837)	-
Other financial items		(1,043)	(191)	(281)	(434)
<i>Other operating cash flows:</i>					
(Increase) decrease in inventories		(449)	958	(469)	(1,937)
(Increase) decrease in accounts receivables		783	685	880	370
Increase (decrease) in accounts payable		(1,358)	96	250	(852)
(Increase) decrease in other working capital items		2,323	(1,255)	1,354	(466)
Interest paid	9	-	96	(254)	(5)
Change in income taxes		(127)	2	(129)	46
<b>Net cash flow used in operating activities</b>		<b>(3,393)</b>	<b>(3,685)</b>	<b>(17,581)</b>	<b>(27,005)</b>
<b>Investing activities</b>					
(Purchases) sales of property, plant and equipment	8	(78)	-	114	(243)
Change in non-current receivables		24	(7)	23	(6)
Interest received	9	57	47	136	254
<b>Net cash flow used in investing activities</b>		<b>3</b>	<b>40</b>	<b>272</b>	<b>4</b>
<b>Financing activities</b>					
Net proceeds from issuance of shares		4,387	3,076	11,176	14,275
Proceeds from borrowings	14	-	8,621	-	8,621
Repayments of borrowings	14	-	-	(2,657)	-
Payments on lease liabilities	8	(104)	(372)	(596)	(671)
Change in non-current payables		47	-	47	-
<b>Net cash flow from financing activities</b>		<b>4,330</b>	<b>11,326</b>	<b>7,969</b>	<b>22,225</b>
<b>Net change in cash and cash equivalents</b>		<b>939</b>	<b>7,680</b>	<b>(9,339)</b>	<b>(4,776)</b>
Effect of foreign exchange rate changes		(9)	10	(2)	3
Opening cash and cash equivalents balance		1,081	3,661	11,352	16,124
<b>Cash and cash equivalents at period end</b>		<b>2,010</b>	<b>11,352</b>	<b>2,010</b>	<b>11,352</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 1 The Company and its business

IDEX Biometrics specializes in the design, development, and sale of fingerprint authentication solutions. The Company's fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies. The Company is a public limited liability company incorporated and domiciled in Norway. The address of the head office is Dronning Eufemias gate 16 at NO-0191 Oslo, Norway. There is one class of ordinary (i.e., common) shares, and all shares have equal rights. The Company's Ordinary Shares are listed on Euronext Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX. The Company's warrants A and B are also listed on Euronext Oslo Børs, under tickers IDEXJ and IDEXS, respectively. See note 12.

IDEX Biometrics has wholly owned subsidiaries in the United States, the United Kingdom, and China. The subsidiaries in the United States and China substantially closed down their activities by the end of 2024. The subsidiaries provide technical development services, sales facilitation, marketing assistance, and/or logistics processing for the parent company.

## 2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the quarter ended December 31, 2024, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. These interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2023, which were prepared in accordance with IFRS Accounting Standards as adopted by the EU. The accounting policies applied herein are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2023. Amounts presented may not sum accurately 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 the operational mode.

The going concern assumption has been applied in the preparation of the consolidated financial statements. Going concern assumes the realization of assets and liquidation of liabilities in the normal course of business. IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. Net equity amounted to \$6.3 million, less than half the share capital, and the balance sheet solvency was negative as of December 31, 2024. During 2024, the Company implemented measures to significantly reduce staff and operating expenses, mainly in the technical functions in the US and China, while maintaining the customer support functions and supply chain capabilities. The existing cash does not fund the Company's operating expenses and capital expenditures requirements for the next twelve months.

While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics will be successful in raising capital in the future.

The Company is in active discussions with key shareholders and the financial lender to enable and arrange funding for continuing operations. At the date of the report, the discussions are not conclusive, and the outcome remains open. Any conclusions will be disclosed in due course. Acknowledging the present critical situation and significant doubt, the board considers that it would be premature to assume that the Company will cease operation. The board has therefore applied the going concern assumption in the preparation of this interim report.

### 3 Risks

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

See note 2 regarding the going concern risk.

The Company's assets primarily consist of cash, working capital, and intangible assets. The Company maintains liquidity by investing available funds in readily accessible, floating-interest rate bank accounts. The Company's exposure to currency exchange rate changes is managed by maintaining an appropriate mix of cash deposits in the various currencies it utilizes for its operations. The Company does not engage in any active hedging strategies. The US dollar is the dominant currency of the Company's receivables and payables.

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

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

As of December 31, 2024, the Company had a convertible debt recognized at \$2.1 million, as presented in note 14. The original loan amount was NOK 100 million, and the loan is denominated in NOK. The loan agreement was amended as of September 17, 2024. Following the amendment, the convertible debt is interest free, and the term payments will be semi-annual starting from June 28, 2026. As of December 31, 2024, the nominal debt outstanding amounted to NOK 66.6 million or USD 5.9 million. The debt represents a NOK/USD currency exchange rate risk, and a cash flow risk. The currency risk is not hedged. The Company may elect to make any and all term payments in shares versus cash, reducing the liquidity risk.

The conversion option of the convertible debt is accounted for as an embedded derivative recognized separately from the host contract as a financial liability at fair value through profit or loss. The derivative liability will eventually amount to nil after the final term payment on the loan. The change in fair value of the derivative, which is a non-cash liability, is recognized as financial income or cost. The fair value is measured at each balance sheet date, and the value of the derivative, as estimated by option calculation, will increase or decrease with share price, share volatility and risk-free interest rate, as well as the NOK/USD exchange rate. Consequently, the non-cash financial effect may vary considerably between periods. This risk has not been hedged.

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

## 4 Revenue from contracts with customers

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 ex-works basis. Service revenue is recognized on customer acceptance of delivery.

There were no contract asset or contract liability balances on December 31, 2024, or December 31, 2023.

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

Amounts in USD 1,000	Quarters		Full year	
	Q4 2024	Q4 2023	2024	2023
EMEA	-	378	106	3,029
Americas	-	34	248	975
Asia-Pacific	-	65	347	126
<b>Product revenue</b>	-	<b>477</b>	<b>701</b>	<b>4,131</b>
EMEA	-	2	-	2
Americas	24	-	72	-
Asia-Pacific	-	6	69	6
<b>Service and other revenue</b>	<b>24</b>	<b>8</b>	<b>140</b>	<b>8</b>
<b>Total revenue</b>	<b>24</b>	<b>484</b>	<b>841</b>	<b>4,138</b>

## 5 Compensation and benefits

Amounts in USD 1,000	Quarters		Full year	
	Q4 2024	Q4 2023	2024	2023
Salary, payroll tax, benefits, other	1,159	2,014	8,464	13,026
Capitalised cost of development work				
Payable payroll tax on realized share-based ben				
Share-based compensation	101	331	333	1,280
Net employer's tax on subscr.rights				
<b>Compensation and benefits</b>	<b>1,260</b>	<b>2,345</b>	<b>8,797</b>	<b>14,305</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 work in countries in which the Company does not have a business presence.

Full-time equivalents (FTEs) by function	December 31, 2024		December 31, 2023	
	Employees	Contractors	Employees	Contractors
Research and development	16	4	53	5
Marketing and sales	3	4	4	11
General and administrative	5	1	5	2
Supply chain and distribution	6	-	7	-
<b>Total</b>	<b>30</b>	<b>10</b>	<b>69</b>	<b>18</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 compensation to 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 2024	Q4 2023	2024	2023
Gross R&D expenses	193	865	2,815	3,495
Government grants credited to cost	(416)	(1,102)	(416)	(1,102)
<b>Net R&amp;D expenses</b>	<b>(223)</b>	<b>(236)</b>	<b>2,399</b>	<b>2,393</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 and the UK SME R&D tax relief is normally recorded at year end.

## 7 Related party transactions

Chair of the board, formerly board member, Morten Opstad, is a partner in the law firm Ræder Bing advokatfirma AS. Ræder Bing has provided legal services to the Company resulting in charges of \$331 thousand during 2024. Mr. Opstad's work on behalf of the Company beyond his board duties is invoiced by Ræder Bing.

The former chair of the Board of Directors, Lawrence J. Ciaccia, provided consulting services to the Company for a fixed fee of \$50 thousand per year. The service agreement was ended April 30, 2024.

In connection with the private placement on May 15, 2024, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placement. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum on the subscription price multiplied by the number of borrowed shares lent by the respective lender. The fees paid amounted to \$5.5 thousand to Mr. Robert Keith and \$2.6 thousand to Sundt AS.

Following approval by the annual general meeting (AGM) on May 16, 2024, IDEX has paid the board and committee remuneration for the period from the 2023 AGM to the 2024 AGM.

## 8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, plant and equipment	Right-of-use assets	Non-current receivables	Total non-current assets
<b>Balance at January 1, 2024</b>	<b>968</b>	<b>1,011</b>	<b>812</b>	<b>1,779</b>	<b>81</b>	<b>4,651</b>
Additions	-	-	-	-	-	-
Settlements	-	-	-	-	(23)	(23)
Depreciation, amortization and impairment	(968)	(441)	(417)	(535)	-	(2,362)
Net book value of disposed and retired assets	-	-	(114)	(948)	-	(1,062)
Effects of changes in foreign currency	-	(0)	(3)	(3)	-	(6)
<b>Balance at December 31, 2024</b>	<b>-</b>	<b>569</b>	<b>278</b>	<b>293</b>	<b>57</b>	<b>1,198</b>
<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	844	25	1,112
Settlements	-	-	-	-	(17)	(17)
Depreciation and amortization	-	(477)	(548)	(610)	-	(1,635)
Effects of changes in foreign currency	-	-	10	-	-	10
<b>Balance at December 31, 2023</b>	<b>968</b>	<b>1,011</b>	<b>812</b>	<b>1,779</b>	<b>81</b>	<b>4,651</b>

An assessment at year-end concluded that the goodwill was impaired. Acquired intangible assets and intellectual property rights have been capitalized at the time of acquisition. These assets are depreciated over their respective economic lives. The major items depreciate over 9.5 years and 17 years from acquisition, through July 2024, and to the end of 2030, respectively. Internal development costs have not been capitalized.

Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years. In connection with the closing of the activities in IDEX America and IDEX China, right-to-use/leasehold assets were discontinued.

## 9 Financial items

Amounts in USD 1,000	Quarters		Full year	
	Q4 2024	Q4 2023	2024	2023
Interest income	57	47	136	254
Currency exchange gain	74	389	933	588
Gain on modification of financial instruments	-	-	1,841	-
Change in fair value of financial instruments	2,638	87	6,837	-
<b>Total financial income</b>	<b>2,769</b>	<b>523</b>	<b>9,745</b>	<b>842</b>
Interest expenses on lease liabilities	6	30	82	130
Interest expenses	243	5	1,924	5
Currency exchange loss	446	-	406	503
<b>Total financial expense</b>	<b>695</b>	<b>35</b>	<b>2,411</b>	<b>639</b>

See note 14 regarding the gain on financial instruments.

## 10 Income tax expense

The Company has significant accumulated tax losses. No deferred tax asset associated with these accumulated tax losses has been recorded on the Statement of financial position, as there is not sufficient



evidence that taxable profit will be generated, against which the unused tax losses could be applied. There are no restrictions as to how long tax losses may be carried forward in Norway.

IDEX America's amended 2016 tax return was approved by the IRS in the fourth quarter of 2024 and IDEX received a payback of tax amounting to \$122 thousand.

## 11 Loss per share

	Quarters		Full year	Full year
	Q4 2024	Q4 2023	2024	2023
Profit (loss) attributable to the shareholders (USD 1,000)	(2,119)	(4,918)	(12,848)	(26,629)
Weighted average basic number of shares	527,909,725	266,466,434	414,656,727	253,042,411
Weighted average diluted number of shares	528,408,729	268,226,337	415,376,744	254,080,521
<b>Profit (loss) per share, basic and diluted (USD)</b>	<b>0.00</b>	<b>(0.02)</b>	<b>(0.03)</b>	<b>(0.11)</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 or warrants).

## 12 Shares, warrants and incentive subscription rights

On 10 January 2024, a 5:1 share consolidation (reverse split) took effect. This is reflected in the table below. The subscription rights scheme has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

Number of financial instruments	Incentive subscription rights	Warrants	Shares
<b>Balance at January 1, 2024</b>	<b>94,834,662</b>		<b>1,397,010,650</b>
<b>Jan 10: After 5:1 share consolidation</b>	<b>18,966,932</b>		<b>279,402,130</b>
May 15: Share issue		27,940,213	27,940,213
Jun 19: Share issue		5,393,120	5,393,120
Aug 20: Share issue			16,166,667
Aug 29: Share issue - Convertible loan term payment settled in shares			9,123,333
Sep 16: Share issue		101,624,966	101,624,966
Oct 14: Share issue		365,041,700	365,041,700
Dec 2: Share issue		26,160,420	26,160,420
Employee Stock Purchase Plan			358,525
Granted incentive subscription rights	15,383,130		
Mar 20: Exercised incentive subscription rights	(532,572)		365,900
Expired/forfeited incentive subscription rights	(11,247,625)		
<b>Balance at December 31, 2024</b>	<b>22,569,865</b>	<b>526,160,419</b>	<b>831,576,974</b>
<b>Balance at January 1, 2023</b>	<b>81,106,631</b>		<b>1,166,326,584</b>
May 24: Share issue			116,897,492
Jun 16: Share issue			30,161,332
Nov 20: Share issue			78,651,685
Employee Stock Purchase Plan			4,583,949
Granted incentive subscription rights	22,475,200		
Exercised incentive subscription rights	(389,608)		389,608
Expired/forfeited incentive subscription rights	(8,357,561)		
<b>Balance at December 31, 2023</b>	<b>94,834,662</b>		<b>1,397,010,650</b>

On May 15, 2024, IDEX conducted a private placement of 33,333,333 shares at NOK 1.65 per share, raising gross proceeds of NOK 55 million or \$5.1 million. In addition, the subscribers received one warrant at NOK 1.65

per share subscribed to. The May warrants are exercisable in quarterly windows after issue of interim reports and expire fourteen days after the interim report for the first quarter of 2025 has been issued.

On August 23, 2024, IDEX conducted a private placement of 16,166,667 shares at NOK 0.60 per share, raising gross proceeds of NOK 9.7 million or \$0.9 million.

On August 29, 2024, IDEX settled a term payment on the convertible bond in shares. The Company issued 9,123,333 shares at NOK 0.60 for a total amount of NOK 5.5 million or \$0.5 million.

On September 16, 2024, IDEX conducted a private placement of 466,666,666 shares at NOK 0.15 per share, raising gross proceeds of NOK 70.0 million or \$6.6 million. For each two shares subscribed to, the subscriber received two warrants: One warrant A exercisable within the first 14 days following the disclosure this interim report, and one warrant B which is exercisable from March 31, 2025, to April 11, 2025. The warrants will lapse unless exercised within the respective periods. The private placement was divided into two tranches, with 101,624,966 shares in Tranche 1 and 365,041,700 shares in Tranche 2, subject to approval by extraordinary general meetings held on September 23, 2024, and October 9, 2024, respectively. The warrants were subject to approval by the extraordinary general meeting held on October 9, 2024. Following the private placement on September 16, 2024, the company conducted a subsequent offering placing 26,160,420 shares at NOK 0.15 per share, raising NOK 3.9 million. The subsequent offering was at the same terms (price, warrants) as the private placement on September 16, 2024. The warrants A and B were admitted to listing on Euronext Oslo Børs December 12, 2024.

From time to time, on a discretionary basis, IDEX Biometrics awards subscription rights for the purchase of shares to employees and individual contractors, pursuant to the terms of an annual subscription rights program approved by shareholders at the annual general meeting (AGM). Such subscription rights are denominated in NOK. Unless specifically resolved otherwise by the Board of Directors, 25% of each grant of subscription rights vests per year, and the grant expires on the fifth anniversary of the AGM at which the program was approved. Unvested subscription rights terminate on the holder's last day of employment or termination of contract. Vested subscription rights may be exercised up to 90 days after such termination date. The weighted average exercise price of outstanding incentive subscription rights on December 31, 2024, was NOK 3.41 per share.

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

Until February 28, 2024, the Company operated an employee stock purchase plan (ESPP), whereby employees could elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees could 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, employees purchased 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 was amortized over each contribution period. The cost was 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, 2024			December 31, 2023		
	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	3,876	-	3,876	3,795	-	3,795
Work in progress	36	-	36	102	-	102
Finished Goods	3,107	(165)	2,942	3,356	(869)	2,487
<b>Total Inventory</b>	<b>7,019</b>	<b>(165)</b>	<b>6,853</b>	<b>7,254</b>	<b>(869)</b>	<b>6,384</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 until physical disposal.

The finished goods inventory is comprised of current products for sale, and the raw materials at hand are meant for use in the current products offered. The items held in inventory are substantially designed by and bespoke to IDEX. Shelf life is practically unlimited. Due to long cycle times of components and at the manufacturing service providers in 2023, IDEX chose to obtain and hold components and finished products in order to enable delivery according to customer requirements.

## 14 Financial instruments

### Convertible Bond

Amounts in USD 1,000	Interest rate	Maturity	Recognized value on the balance sheet	
			December 31, 2024	December 31, 2023
<b>Convertible bond</b>	0%	Semi-annual Amortization from June 28, 2026 to December 28, 2028		
Convertible debt			1,983	5,076
Embedded derivative			139	3,545
<b>Total</b>			<b>2,123</b>	<b>8,621</b>

In December 2023, IDEX Biometrics entered into a convertible debt financing agreement. The Company issued NOK 100 million, or \$9.9 million in convertible bonds at 6.0% interest p.a. The loan is denominated in NOK. The Company received NOK 92 million after deduction of the issue discount. As of December 31, 2024, the notional value of the convertible bonds was NOK 66.6 million or \$5.9 million. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The conversion option is 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 and the embedded derivative are classified as current or non-current liabilities based on the time until the lender may exercise the conversion option. The host contract is recognized at amortized cost. The value change of the derivative is recognized as a financial item. The derivative liability will eventually be nil, when the debt has been settled, but will vary between periods. The key drivers of the fair value of the derivative are the remaining debt, the share price and the remaining duration.

On September 17, 2024, IDEX entered into a commitment letter for to amend the terms of the convertible bond. Per the agreement entered into on November 6, 2024, the coupon interest rate on the bond was reduced to 0%, the term payments will be semi-annual starting from June 28, 2026, extending the term of the loan until December 28, 2027. The conversion rate on the loan was reduced to NOK 0.85 per share. Conversion can, at the earliest, be done on February 28, 2026, unless the share price exceeds NOK 1.25 after June 28, 2025. The

Company may elect to settle the principal payments with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares.

In the fourth quarter of 2024, IDEX recognized a financial gain on the embedded derivative amounting to \$0.2 million, and a financial gain amounting to \$0.2 million currency effect on the host contract.

## Warrants

Amounts in USD 1,000	Exercise price	Expiry	Recognized value on the balance sheet	
			December 31, 2024	December 31, 2023
<b>Warrants</b>				
Warrants May-Jun	NOK 1.65	May 29, 2025	1	
Warrants A	NOK 0.15	March 13, 2025	326	
Warrants B	NOK 0.15	April 11, 2025	326	
<b>Total</b>			<b>652</b>	<b>-</b>

See note 12 regarding issue of May warrants on May 15, 2024, and June 19, 2024, as part of the private placement on May 15, 2024, and issue of warrants A and B on September 25, 2024, and October 9, 2024, as part of the private placement on September 16, 2024, and the subsequent offering. The warrants were recognized on the respective dates as a financial liability denominated in NOK, at fair value through profit and loss. The valuation at initial recognition was based on option calculations. The original recognized value of the May warrants amounted to NOK 19.7 million or \$1.9 million, and the warrants A and B combined NOK 34.7 million or \$ 3.2 million. The financial liability represented by the warrants will eventually be nil, when the warrants have been exercised or expire, but will vary between periods. The warrants are valued at fair value at each balance sheet date. In the fourth quarter of 2024, IDEX recognized net \$2.4 million in financial gain related to the warrants.

## 15 Events after the balance sheet date

In an arbitration ruling on January 27, 2025, at Oslo Chamber of Commerce in favor of IDEX Biometrics, IDEX was awarded \$0.7 million from Zwipe AS, plus late payment interest and compensation for IDEX' legal costs. On February 17, 2025, Zwipe disclosed its decision to file for bankruptcy. IDEX continues to pursue any recoverable value, but the receivable has been written off. The accrual for loss on receivables amounted to \$0.6 million.

There have been no other events between December 31, 2024, and the approval of these interim financial statements by the Board of Directors that have had any material impact on the Company's results for the year ended December 31, 2024, or the value of the Company's assets and liabilities as of December 31, 2024.