



# Interim Report

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First Quarter 2024



## CEO'S COMMENTS

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*Dear Shareholders,*

Last year we focused on laying the foundation for biometric smart cards at scale, advancing our position as a full solution company with the introduction of IDEX Pay and IDEX Access, based on our scalable biometric platform.

IDEX has achieved unprecedented market recognition and uptake in a trust centric, highly regulated, and institutional ecosystem with a continuously expanding customer base.

This quarter, while we continue to engage with new potential customers, our primary focus has been to support our pipeline of committed customers worldwide as they complete their certifications and prepare for biometric card launches on the IDEX Pay solution. As a result, we saw our first IDEX Pay card launches coming to market, providing customers with highly secure and frictionless payment experiences.

KONAI and IDEX Biometrics partnered last year to bring state-of-the-art secure ID and biometric payment card solutions to market. IDEX is entering new geographies as KONAI expands into new countries such as Japan. KONAI and IDEX Biometrics smart card platform provides the cybersecurity market with an end-to-end authentication platform focused on digital security, and compatible with standard protocols such as FIDO2, as well as biometric payments cards.

We continued our strategic focus on growth markets, and experience strong interest in our biometric payment card solution in Asia and eastern Europe. The first commercial launch was announced with Bangladeshi Eastern Bank Ltd (EBL) in December 2023. In March 2024 we announced that DenizBank in Turkey will be the first issuer to launch biometric payment cards in collaboration with Mastercard in this market, leveraging the sensor and biometric technology via our IDEX Pay solution.

Mutual Trust Bank Limited (MTB), followed in April 2024 in Bangladesh launching biometric payment cards based on IDEX Pay, adding to our growing customer base. This bank ranks among the top ten banks in Bangladesh and in September 2023 they were named 'Best Innovative Bank in Bangladesh' under the category "Fintech Innovation of the Year – Banks" at the Annual Bangladesh Fintech Awards Ceremony.

In collaboration with Accomplish Financial, a UK fintech company, IDEX brings to market a biometric payment program for the visually impaired and other customer groups with special needs. This program will first launch in the UK and make it easier and more secure to pay for the visually and memory impaired, removing the obstacles of remembering PINs and avoiding the issue of “tap code to glass terminals”. Digital inclusion is critical for economic growth and this launch comes as a direct response to the European Accessibility Act 2025, the call to action for businesses to be more inclusive, with an imperative to introduce accessible payment solutions.

Several of our card manufacturers and partners across the globe are currently in the process of commercializing their biometric solutions.

We received an initial IDEX Access biometric sensor system order from US-based Sentry Enterprises this quarter, to support the production ramp up of Sentry’s industry leading biometric card product line, including solutions for digital and physical access as well as the crypto cold storage. Sentry’s solution changes the paradigm of multi factor authentication and introduces seamless decentralized authentication with mobile and card. Biometric identity solutions ensure enterprise compliance with reinforced cybersecurity and data privacy regulations<sup>1</sup>. These solutions are becoming a critical part of enterprise security strategies for protecting digital assets and access for enterprises, governments, and individuals.

With IDEX Pay and IDEX Access, we have strong competitive platforms in the market. The increasing need for better security solutions is expected to drive the opportunity for biometric smart cards at scale. IDEX is committed to propelling this market together with our strong card manufacturing partners and by leveraging our implementation programs, reaching various segments of these massive populations in our target markets.

### Financial comment

Revenue in the first quarter of 2024 was \$0.4 million, compared to \$0.5 million in the fourth quarter of 2023. The revenues in the first quarter continued to reflect the transition from our legacy components business to the deployment of our full IDEX biometric card solution. We expect the revenues to begin improving from the second quarter, as several of our card manufacturing partners are expected to complete full qualifications during the quarter enabling them to promote cards based on IDEX Pay to banks and issuers.

Gross profit margin on products was 36% for the first quarter of 2024, compared to 44% in the previous quarter when adjusted to exclude a charge for excess and obsolete

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<sup>1</sup> GDPR, CCPA, BIPA, NIS2 and DORA

inventory. We continue working with our suppliers to reduce costs for the complete IDEX Pay and IDEX Access solutions with margins varying quarter-to-quarter based on product mix. We expect margins to trend higher when we reach scale.

Operating expenses excluding the cost of materials, were \$5,7 million, compared to \$4,2 million in the fourth quarter of 2024, and compared to \$6.6 million in the third quarter of 2023. The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 combined employees and contractors. The Company is also consolidating its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below \$4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect to incur significant restructuring costs at this time.

Today, after market close, IDEX successfully conducted a private placement of 33.3 million shares at NOK 1.65 per share, compared to the closing price NOK 1.75 per share. The placement raised gross proceeds of NOK 55 million or USD 5.1 million. The subscribers will in addition receive one warrant at NOK 1.65 per share subscribed to. The board will also propose a subsequent rights offering (repair issue) of up to 8.0 million shares on the same terms as in the private placement.

*Vince Graziani*  
Chief Executive Officer

# IDEX BIOMETRICS

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## About IDEX Biometrics

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

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

## Business model and Strategy

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

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

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

IDEX Biometrics has evolved from a component company to an end-to-end solution company. With our own card operating system capabilities, the product offering supports additional market verticals, broadening the target markets and creating new market opportunities.

### **Global Market Trends and Regulatory Environment**

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

Credentials are increasingly stored online, together with other user information. This exposes people, enterprises and society to new types of threats. The costs for cybercrimes are accelerating, especially considering the emerging capabilities of AI and deep fake technologies. We believe this is an alarming global trend representing an opportunity at scale for IDEX to address, as protection of individual identity and integrity is a rising concern in today's society, manifested by increasing focus from regulators, governments and corporations.

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

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

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

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

## Market Opportunity and Target Markets

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

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

### I - Payments

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

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

### II - Access Control

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

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

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

### **Supply Chain and Operations**

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

The IDEX Biometrics operational strategy is to maximize efficiency and cost competitiveness by using industry standard design processes, incorporating verified high-volume components and materials, and outsourcing manufacturing to partners using established production processes.

### **Go-to-market Model**

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

### **Product Development and Innovation**

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

Our vertical approach to product development covers the entire biometric smartcard technology stack from high level solution and system architectures, through secure biometric algorithms and software, down to the lowest level sensor and silicon hardware. Thanks to the combination of our large area sensor and its highly efficient, on-board image, biometric and security processor, we are able to achieve industry leading user experience and security.



Our biometric algorithms and software integrate a wide range of both proprietary and industry-standard cryptographic security functions for privacy and tamper protection, as well as implementing critical biometric enrollment, liveness detection and authentication features.

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

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

The Mastercard certification of the IDEX Pay solution marked a major milestone in the development of our Biometric Software Platform for cards.

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

Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are committed to investing in patents and other intellectual property protection measures that ensure our products are, and remain, the leading solution in our target markets.

## **Sustainability**

Providing secure authentication to the world through sustainable technology solutions, IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model. IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model. IDEX Biometrics company strategy for sustainability reporting is based on the United Nations Sustainable Development Goals (SDGs). This framework is part of our business and operating models, aimed at contributing to secure value, trust and predictability for our operations.

## FINANCIAL REVIEW

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### Statements of profit and loss

IDEX Biometrics revenue amounted to \$0.4 million in the first quarter. Sequentially, revenue decreased 23% from the fourth quarter of 2023. Year-over-year revenue in the first quarter 2024 was down 70% when compared to \$1.2 million for the same period in 2023. In the first quarter of 2023 revenue largely originated from the two component customers at the time, while revenue in the first quarter of 2024 reflects initial volume sales to solution customers who are completing their certifications and preparing for biometric card launches on the IDEX Pay and IDEX Access solution platforms. This change reflects IDEX's strategy to transition from a component supplier to a full solutions provider.

Gross profit margin was 36% of revenue<sup>2</sup> in the first quarter of 2024, compared to 26% in the corresponding period of 2023. Improved gross margin reflects the shift in product mix toward our complete payment card solution in 2024.

Compensation and benefits expenses amounted to \$3.1 million in the first quarter of 2024 compared to \$4.4 in the first quarter of 2023. The decrease is due to staff reductions implemented in both 2023 and 2024. Further reductions of staff are being implemented during the first half of 2024.

Share-based compensation expense, which is non-cash, totaled \$0.3 million in the first quarter of 2024, compared to \$0.4 million recorded for the first quarter of 2023 and \$0.2 million recorded for the fourth quarter of 2023. Quarterly variances in share-based compensation are attributable to the number of subscription rights vesting in the period, and changes in the share price which influences the accrual of estimated employer's tax that will be due when a subscription right is exercised.

The staff is made up of employees and individual contractors. On a full-time equivalent (FTE) basis, the staff totaled 80 on March 31, 2024, down from 98 on March 31, 2023, and 87 at the beginning of 2024.

The company continues to focus on reducing expenses and in March 2024 served notice to about 25 staff members. IDEX is also consolidating the majority of its engineering

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<sup>2</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.

functions to Europe and closing two facilities in the US. These actions are part of the plan to reduce operating expense level below \$3 million per quarter. All current actions are expected to be completed by the end of the third quarter of 2024. The company does not expect to incur significant restructuring costs in the period.

Research and development (R&D) expenses include the external costs of product development, prototype manufacturing, and pre-release product testing. The cost of employees engaged in R&D is included in Compensation and benefits. R&D expenses are reported net of earned government grants in support of R&D activities. Net R&D expenses amounted to \$0.6 million in the first three months of 2024, in contrast to \$0.9 million in the first three months of 2023.

Other operating expenses, primarily expenses associated with marketing, sales, and administrative activities, amounted to \$2.0 million for the first quarter of 2024, in line with \$2.1 million in the first quarter of 2023.

Amortization and depreciation charges<sup>3</sup> amounted to \$0.4 million in the first quarter of 2024, up from \$0.3 million for the first quarter of 2023. The increased level of depreciation is primarily associated with depreciation of right-of-use assets.

Net financial items, amounted to income of \$0.5 million in the first quarter of 2024, in contrast to income of \$0.2 million recorded in the first quarter of 2023. In the first quarter of 2024 the convertible debt, which was taken up in December 2023, caused the change in amount, because of two effects: The interest expense on the convertible loan amounted to \$0.6 million, but was more than offset by a gain on the embedded derivative amounting to \$0.9 million. Other interest income and forex effects were insignificant.

IDEX Biometrics operates at a loss and has a substantial tax loss carryforward position in Norway. The company has not recognized any deferred tax assets in the Statements of Financial Position.

Net loss in the first quarter of 2024 amounted to \$5.4 million, representing a loss per share of \$0.02. The net loss in the first quarter of 2023 was \$7.2 million, representing a loss per share of \$0.03.

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<sup>3</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 is depreciated over the lease period. The notional interest on the liability is reported as financial cost.

## Statements of Cash Flows

The company incurred an operating cash outflow of \$6.9 million in the first quarter of 2024, in contrast to an operating cash outflow of \$9.0 million in the first quarter of 2023. The decreased year-over-year cash outflow in the first quarter resulted from a lower net loss between the periods and reduced working capital requirements.

Investing activities (i.e., capital expenditure) were insignificant for the period.

Total cash flow from financing activities, amounted to a net outflow of \$1.5 million, in the first quarter of 2024, in contrast to an inflow of \$0.1 million in the first quarter of 2023. The main outflow in the first quarter of 2024 were repayments on the convertible loan.

The cash balance amounted to \$3.0 million as of March 31, 2024, in contrast to \$7.4 million as of March 31, 2023, and \$11.4 million as of December 31, 2023.

## Statements of Financial Position

Other than the fixed assets, the largest assets held on the company's Statements of financial position as of March 31, 2024, were inventory of \$6.4 million, and cash of \$3.0 million, representing 37% and 18% of total assets, respectively. Total intangible assets are acquired IP and goodwill, amounting to \$1.9 million.

IDEX Biometrics develops intellectual property and has incurred product development costs. The value of self-developed IP is not recorded on the Statements of financial position, because the IP does not satisfy accounting criteria for capitalization.

Tangible fixed assets, including the right-of-use value of leased assets, net of accumulated depreciation, amounted to \$2.3 million as of March 31, 2024, compared to \$2.5 million as of March 31, 2023, and \$2.6 million at December 31, 2023. 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 amounted to \$6.4 million as of March 31, 2024, compared to \$5.3 million as of March 31, 2023, and \$6.4 million as of December 31, 2023. IDEX Biometrics is a fabless developer of semiconductor-based products, and the manufacturing operations are outsourced. Inventory consists of raw materials (primarily semiconductor components and substrates), work-in-progress (primarily incomplete assemblies), and finished goods (completed fingerprint sensing devices available for sale). A large share of the inventories is physically located at the contract manufacturing partners' sites.

Customer accounts receivable amounted to \$1.4 million as of March 31, 2024, compared to \$1.2 million as of March 31, 2023, and \$1.0 million as of December 31, 2023. The increase in accounts receivable was the result of sales during the first quarter of 2024 and a deferred collection from a sensor component customer. The amounts are net of reserves for bad debt.

Total short-term liabilities amounted to \$10.0 million as of March 31, 2024, compared to \$4.5 million as of March 31, 2023, and \$12.4 million as of December 31, 2023. The year-over-year increase is due to the convertible debt taken up in December 2023. In the first quarter of 2024, the company has paid down accounts payable and made three payments on the principal of the convertible loan.

Net working capital (i.e., short-term assets, excluding cash, less short-term liabilities, excluding convertible loan) amounted to \$6.6 million as of March 31, 2024, \$5.0 million as of March 31, 2023, and \$5.2 million as of December 31, 2023.

Equity amounted to \$6.2 million as of March 31, 2024, in contrast to \$16.0 million as of March 31, 2023, and \$11.3 million as of December 31, 2023. The changes are primarily the result of the net loss, net of private placements in the second quarter and fourth quarter of 2023 amounting to net \$14.3 million combined.

### Liquidity

IDEX Biometrics incurred an operating cash outflow of \$6.9 million in the first quarter of 2024, compared to operating cash outflow of \$9.0 million in the first quarter of 2023.

The primary operating cash items are the operating losses in each period, less non-cash expenses, including share-based compensation, depreciation and amortization. Net working capital varies between quarters, mainly due to the timing of shipments, collections from customers, receipt of inventoried materials, and disbursements to vendors.

Capital expenditures amounted to \$15 thousand in the first quarter of 2024, in contrast to capital expenditures of \$18 thousand for the first quarter of 2023, and no capital expenditures in the fourth quarter of 2024.

The Company's balance sheet solvency, defined as the value of cash plus accounts receivable, less short-term liabilities, was negative \$4.6 million as of March 31, 2024. The amount now includes the convertible bond liability. The bond has a term greater than 12 months but is classified as short-term because it may be converted to equity at any time. The balance sheet solvency amounted to \$5.1 million as of March 31, 2023, and \$0.9 million as of December 31, 2023.

## Going concern

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

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. On May 15, 2024, after market close, IDEX successfully conducted a private placement of 33,333,333 shares at NOK 1.65 per share, compared to the day's closing price NOK 1.75 per share. The placement raised gross proceeds of NOK 55 million or USD 5.1 million. The subscribers will in addition receive one warrant at NOK 1.65 per share subscribed to. The board will also propose a subsequent rights offering (repair issue) of up to 8.0 million shares on the same terms as in the private placement. Following the placement, the Company forecasts that it will be able to fund its operating expenses and capital expenditures for the next twelve months. The board is prepared to take appropriate measures if and when required. Acknowledging the uncertainty, the board has concluded that the conditions for the going concern assumption are met.

May 15, 2024

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

## CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

### CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		Full year
		Q1 2024	Q1 2023	2023
<b>Operating revenue</b>				
Product revenue	4	372	1,242	4,131
Service revenue	4			8
<b>Total revenue</b>		<b>372</b>	<b>1,242</b>	<b>4,138</b>
<b>Operating expenses</b>				
Cost of materials, net of inventory change		237	913	3,908
Compensation and benefits	5	3,149	4,408	14,305
Research and development	6	596	933	2,393
Other operating expenses	7	1,970	2,055	8,743
Amortization and depreciation	8	382	340	1,635
<b>Total operating expenses</b>		<b>6,334</b>	<b>8,648</b>	<b>30,986</b>
<b>Loss from operations</b>		<b>(5,962)</b>	<b>(7,407)</b>	<b>(26,847)</b>
Financial income	9	1,306	198	842
Financial cost	9	763	24	639
<b>Loss before tax</b>		<b>(5,420)</b>	<b>(7,233)</b>	<b>(26,644)</b>
<b>Income tax benefit (expense)</b>	10		(5)	16
<b>Net loss for the period</b>		<b>(5,420)</b>	<b>(7,238)</b>	<b>(26,629)</b>
<b>Loss per share, basic and diluted</b>	11	<b>(0.02)</b>	<b>(0.01)</b>	<b>(0.11)</b>

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		Full year
	Q1 2024	Q1 2023	2023
<b>Net loss for the period</b>	<b>(5,420)</b>	<b>(7,238)</b>	<b>(26,629)</b>
<b>Foreign currency translation adjustment</b>	<b>68</b>	<b>(207)</b>	<b>(436)</b>
<b>Total comprehensive income (loss) for the period, net of tax</b>	<b>(5,352)</b>	<b>(7,445)</b>	<b>(27,065)</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	March 31, 2024	March 31, 2023	December 31, 2023
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		968	968	968
Intangible assets		891	1,369	1,011
<b>Total intangible assets</b>		<b>1,859</b>	<b>2,337</b>	<b>1,979</b>
Property, plant and equipment		716	995	812
Right-of-use assets		1,620	1,506	1,779
Non-current receivables		80	60	81
<b>Total non-current assets</b>	8	<b>4,275</b>	<b>4,897</b>	<b>4,651</b>
<b>Current assets</b>				
Prepaid expenses		1,251	1,962	648
Inventory	13	6,428	5,320	6,384
Accounts receivable, trade		1,374	1,241	979
Accounts receivable, other		981	894	949
Cash and cash equivalents		3,040	7,381	11,352
<b>Total current assets</b>		<b>13,075</b>	<b>16,798</b>	<b>20,312</b>
<b>Total assets</b>		<b>17,350</b>	<b>21,695</b>	<b>24,962</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		10,119	22,800	25,955
Share premium		2,118	4,180	2,118
Share-based payment		25,119	23,978	24,858
Foreign currency translation effects		(12,000)	(11,839)	(12,068)
Capital reduction reserves		316,341	287,500	300,500
Accumulated loss		(335,449)	(310,639)	(330,030)
<b>Total equity</b>	12	<b>6,247</b>	<b>15,980</b>	<b>11,334</b>
<b>Non-current liabilities</b>				
Non-current lease liabilities		1,115	1,254	1,238
<b>Total non-current liabilities</b>		<b>1,115</b>	<b>1,254</b>	<b>1,238</b>
<b>Current liabilities</b>				
Accounts payable		740	1,047	688
Current lease liabilities		594	280	624
Public duties payable		237	27	283
Interest-bearing loans	14	3,929	-	5,076
Other current financial liabilities	14	2,627	-	3,545
Other current liabilities		1,861	3,106	2,174
<b>Total current liabilities</b>		<b>9,988</b>	<b>4,461</b>	<b>12,390</b>
<b>Total liabilities</b>		<b>11,103</b>	<b>5,715</b>	<b>13,628</b>
<b>Total equity and liabilities</b>		<b>17,350</b>	<b>21,695</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 issuance	12	-	-	-	-	-	-	-
Share capital reduction	5,7,12	(15,841)	-	-	-	15,841	-	-
Share-based compensation	5,7,12	5	-	260	-	-	-	265
Loss for the period		-	-	-	-	-	(5,420)	(5,420)
Other comprehensive income		-	-	-	68	-	-	68
<b>Balance at March 31, 2024</b>		<b>10,119</b>	<b>2,118</b>	<b>25,119</b>	<b>(12,000)</b>	<b>316,341</b>	<b>(335,449)</b>	<b>6,247</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-based compensation	5,7,12	38	144	402	-	-	-	584
Loss for the period		-	-	-	-	-	(7,238)	(7,238)
Other comprehensive income		-	-	-	(207)	-	-	(207)
<b>Balance at March 31, 2023</b>		<b>22,800</b>	<b>4,180</b>	<b>23,978</b>	<b>(11,839)</b>	<b>287,500</b>	<b>(310,639)</b>	<b>15,980</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	-	-	-	-	14,137
Share-based compensation	5,7,12	65	73	1,283	-	-	-	1,421
Loss for the period		-	-	-	-	-	(26,629)	(26,629)
Transfer of share premium		-	(13,000)	-	-	13,000	-	-
Other comprehensive income		-	-	-	(436)	-	-	(436)
<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
		Q1 2024	Q1 2023	2023
<b>Operating activities</b>				
Loss before tax		(5,420)	(7,233)	(26,644)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>				
Amortization and depreciation expense	8	382	340	1,635
Share-based compensation expense	5	260	402	1,283
Change in value of derivate		(918)	-	-
Financial expenses (income)		332	(168)	(434)
<i>Other operating cash flows:</i>				
(Increase) decrease in inventories		(44)	(873)	(1,937)
(Increase) decrease in accounts receivables		(306)	109	370
Increase (decrease) in accounts payable		51	(492)	(852)
(Increase) decrease in other working capital items		(1,109)	(1,025)	(466)
Interest paid	9	(99)	(24)	(5)
Change in income taxes		-	(5)	46
<b>Net cash flow used in operating activities</b>		<b>(6,869)</b>	<b>(8,970)</b>	<b>(27,005)</b>
<b>Investing activities</b>				
(Purchases) sales of property, plant and equipment	8	(15)	18	(243)
Change in non-current receivables		-	14	(6)
Interest received	9	61	91	254
<b>Net cash flow used in investing activities</b>		<b>46</b>	<b>122</b>	<b>4</b>
<b>Financing activities</b>				
Net proceeds from issuance of shares		5	181	14,275
Proceeds from borrowings	14	-	-	8,621
Repayments of borrowings	14	(1,338)	-	-
Paid, not registered capital		26	-	-
Payments on lease liabilities	8	(175)	(82)	(671)
<b>Net cash flow from financing activities</b>		<b>(1,482)</b>	<b>99</b>	<b>22,225</b>
<b>Net change in cash and cash equivalents</b>		<b>(8,305)</b>	<b>(8,748)</b>	<b>(4,776)</b>
Effect of foreign exchange rate changes		(6)	6	3
Opening cash and cash equivalents balance		11,352	16,124	16,124
<b>Cash and cash equivalents at period end</b>		<b>3,040</b>	<b>7,381</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.

IDEX Biometrics has wholly owned subsidiaries in the United States, the United Kingdom, and China. The subsidiaries provide technical development services, sales facilitation, marketing assistance, and/or logistics processing for the parent company.

## 2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the quarter ended March 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 precisely due to rounding.

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

The going concern assumption has been applied in the preparation of the consolidated financial statements. The going concern assumes the realization of assets and liquidation of liabilities in the normal course of business. IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. On May 15, 2024, after market close, IDEX successfully conducted a private placement of 33,333,333 shares at NOK 1.65 per share, compared to the day's closing price NOK 1.75 per share. The placement raised gross proceeds of NOK 55 million or USD 5.1 million. The subscribers will in addition receive one warrant at NOK 1.65 per share subscribed to. The board will also propose a subsequent rights offering (repair issue) of up to 8.0 million shares on the same terms as in the private placement. Following the placement, the Company forecasts that it will be able to fund its operating expenses and capital expenditures for the next twelve months. The board is prepared to take appropriate measures if and when required. Acknowledging the uncertainty, the board has concluded that the conditions for the going concern assumption are met.

These interim financial statements were approved by the Board of Directors on May 15, 2024.

### 3 Risks

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

See note 2 regarding the going concern risk.

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

As of March 31, 2024, the Company had a convertible debt recognized at \$8.6 million, ref note 14. The original loan amount was NOK 100 million, and the loan is denominated in NOK. The repayment schedule of the convertible debt and accrued interest is 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. The debt thus represents a NOK/USD currency exchange rate risk, and a cash flow risk. The currency risk is not hedged. The Company may elect to make any and all term payments in shares, reducing the liquidity risk.

The conversion option is accounted for as an embedded derivative recognized separately from the host contract as a financial liability at fair value through profit or loss. The liability will eventually amount to nil after the final term payment on the loan. The depreciation of the value of the derivative, which is a non-cash item, is recognized as a financial income. Each period amount may be very volatile, because at the interim balance sheet dates, the value of the derivative will depreciate or appreciate with share price, share volatility and risk-free interest rate, as well as the NOK/USD exchange rate. This risk has not been hedged.

#### 4 Revenue from contracts with customers

The Company records revenue from the sale of biometric fingerprint sensor products and the delivery of technical development and other engineering services to its customers. Product-related revenue is recognized upon shipment, primarily on Incoterms EXW (i.e., ex-works) basis.

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

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

Amounts in USD 1,000	Quarters		Full year
	Q1 2024	Q1 2023	2023
EMEA	93	820	3,029
Americas	117	419	975
Asia-Pacific	162	2	126
<b>Product revenue</b>	<b>372</b>	<b>1,242</b>	<b>4,131</b>
EMEA	-	-	2
Americas	-	-	-
Asia-Pacific	-	-	6
<b>Service revenue</b>	<b>-</b>	<b>-</b>	<b>8</b>
<b>Total revenue</b>	<b>372</b>	<b>1,242</b>	<b>4,138</b>

#### 5 Compensation and benefits

Amounts in USD 1,000	Quarters		Full year
	Q1 2024	Q1 2023	2023
Salary, payroll tax, benefits, other	2,889	4,006	13,026
Share-based compensation	260	402	1,280
<b>Compensation and benefits</b>	<b>3,149</b>	<b>4,408</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 live in countries in which the Company does not have a business presence.

Full-time equivalents (FTEs) by function	March 31, 2024		March 31, 2023		December 31, 2023	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	48	5	62	6	53	5
Marketing and sales	3	11	5	12	4	11
General and administrative	5	2	6	2	5	2
Supply chain and distribution	7	-	7	-	7	-
<b>Total</b>	<b>63</b>	<b>18</b>	<b>79</b>	<b>19</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 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
	Q1 2024	Q1 2023	2023
Gross R&D expenses	596	933	3,495
Government grants credited to cost	-	-	(1,102)
<b>Net R&amp;D expenses</b>	<b>596</b>	<b>933</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 each year.

## 7 Related party transactions

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

Morten Opstad, a member of the Board, is a partner in the law firm Ræder Bing advokatfirma AS. Ræder Bing has provided legal services to the Company resulting in charges of \$32 thousand during the quarter. Mr. Opstad's work on behalf of the Company beyond his board duties is invoiced by Ræder Bing.

## 8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, Plant, and Equipment	Right-of-use assets	Non-current receivables	Total non- current assets
<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	-	-	15	-	-	15
Settlements	-	-	-	-	-	-
Depreciation and amortization	-	(119)	(109)	(154)	-	(382)
Effects of changes in foreign currency	-	-	(2)	(5)	(1)	(8)
<b>Balance at March 31, 2024</b>	<b>968</b>	<b>891</b>	<b>716</b>	<b>1,620</b>	<b>80</b>	<b>4,275</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	-	-	84	59	4	147
Settlements	-	-	(102)	-	(17)	(119)
Depreciation and amortization	-	(119)	(99)	(121)	-	(340)
Effects of changes in foreign currency	-	-	5	24	-	28
<b>Balance at March 31, 2023</b>	<b>968</b>	<b>1,369</b>	<b>995</b>	<b>1,506</b>	<b>60</b>	<b>4,898</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	-	-	11
<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>

Acquired intangible assets and intellectual property rights have been capitalized at the time of acquisition. These assets are depreciated over their respective economic lives. The major items depreciate over 9.5 years and 17 years from acquisition, through July 2024 and to the end of 2030, respectively. Goodwill is not amortized but is tested for impairment at least annually or more frequently, if circumstances merit. The Company is one cash generating unit for purposes of impairment testing. Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years.

## 9 Financial items

Amounts in USD 1,000	Quarters		Full year
	Q1 2024	Q1 2023	2023
Interest income	61	91	254
Currency exchange gain	546	107	588
Gain on embedded derivative	699	-	-
<b>Total financial income</b>	<b>1,306</b>	<b>198</b>	<b>842</b>
Interest expenses on lease liabilities	28	24	130
Interest expenses	590	-	5
Currency exchange loss	146	-	503
<b>Total financial expense</b>	<b>763</b>	<b>24</b>	<b>639</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		Full year
	Q1 2024	Q1 2023	2023
Profit (loss) attributable to the shareholders (USD 1,000)	(5,420)	(7,238)	(26,629)
Weighted average basic number of shares	279,570,343	233,449,808	253,042,411
Weighted average diluted number of shares	285,988,615	234,088,607	254,080,521
<b>Profit (loss) per share, basic and diluted (USD)</b>	<b>(0.02)</b>	<b>(0.03)</b>	<b>(0.11)</b>

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

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

## 12 Shares and subscription rights

This note reports the number of shares as of the respective registration dates, i.e., share numbers before 10 January 2024 are before the 5:1 share consolidation (reverse split) took effect. The subscription rights scheme has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

	Number of financial instruments	Incentive subscription rights	Shares
<b>Balance at January 1, 2024</b>		94,834,662	1,397,010,650
<b>Jan 10: After 5:1 share consolidation</b>		18,966,932	279,402,130
Employee Stock Purchase Plan			358,525
Mar 20: Exercised incentive subscription rights		(365,900)	365,900
Expired/forfeited incentive subscription rights		(1,127,307)	
<b>Balance at March 31, 2024</b>		17,473,725	280,126,555
<b>Balance at January 1, 2023</b>		81,106,631	1,166,326,584
Employee Stock Purchase Plan			2,648,336
Granted incentive subscription rights		1,423,800	
<b>Balance at March 31, 2023</b>		82,530,431	1,168,974,920
<b>Balance at January 1, 2023</b>		81,106,631	1,166,326,584
May 24: Share issue			116,897,492
Jun 16: Share issue			30,161,332
Nov 20: Share issue			78,651,685
Employee Stock Purchase Plan			4,583,949
Granted incentive subscription rights		22,475,200	
Exercised incentive subscription rights		(389,608)	389,608
Expired/forfeited incentive subscription rights		(8,357,561)	
<b>Balance at December 31, 2023</b>		94,834,662	1,397,010,650



From time to time, on a discretionary basis, IDEX Biometrics awards subscription rights for the purchase of shares to employees and individual contractors, pursuant to the terms of an annual subscription rights program approved by shareholders at the annual general meeting (AGM). Such subscription rights are denominated in NOK. Unless specifically resolved otherwise by the Board of Directors, 25% of each grant of subscription rights vests per year, and the grant expires on the fifth anniversary of the AGM at which the program was approved. Unvested subscription rights terminate on the holder's last day of employment or termination of contract. Vested subscription rights may be exercised up to 90 days after such termination date. The weighted average exercise price of outstanding incentive subscription rights on March 31, 2024, was NOK 7.24 per share.

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

The Company operates an employee stock purchase plan (ESPP), whereby employees may elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees make payroll contributions of up to 20% of gross salary to the ESPP over the course of six-month contribution periods, March-August, and September-February. At the end of each period, they purchase shares at a 15% discount to the lesser of the share price at the beginning and ending of the contribution period. The cost of the ESPP is amortized over each contribution period. The cost is based on the contribution amount, the 15% discount, and a Black-Scholes option pricing model at the beginning of the period. The Company suspended the ESPP effective March 1, 2024.

### 13 Inventory

Amounts in USD 1,000	March 31, 2024			March 31, 2023			December 31, 2023		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	3,796	-	3,796	3,067	-	3,067	3,795	-	3,795
Work in progress	53	-	53	845	-	845	102	-	102
Finished Goods	2,619	(40)	2,579	1,543	(135)	1,407	3,356	(869)	2,487
<b>Total Inventory</b>	<b>6,468</b>	<b>(40)</b>	<b>6,428</b>	<b>5,456</b>	<b>(135)</b>	<b>5,320</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 and the physical disposal.

### 14 Convertible bond

Amounts in USD 1,000	Interest rate	Maturity	March 31, 2024	March 31, 2023	December 31, 2023
<b>Convertible bond</b>	6 %	Bimonthly Amortization until June 28, 2027			
Convertible debt			3,929	-	5,076
Embedded derivative			2,627	-	3,545
<b>Total:</b>			<b>6,556</b>	<b>-</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. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

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

The Company does not have an unconditional right to defer payment beyond twelve months, as such both the host contract and the embedded derivative are classified as current liabilities. The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the Company determined the value of the conversion option to be NOK 36.8 million, or \$3.6 million and the residual value of the host contract to be NOK 51.2 million, or \$5.1 million, including NOK 4.0 million, or \$0.4 million transaction costs. In the first quarter of 2024, the Company recognized a gain on revaluation of the embedded derivative of about \$0.9 million that was recorded in financial income, and recorded interest expense of \$0.6 million.

In the first quarter of 2024, IDEX made one scheduled term payment and the lender made two requests for advanced payments. All three terms were settled in cash for a total combined amount of NOK 15.4 million or \$1.4 million including accrued interest.

## 15 Events after the balance sheet date

The board of directors resolved on May 15, 2024 to issue 40,900 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 1.80 per share, they vest by 25% per year, and will expire on May 23, 2028. Following the grant, there are 17,514,625 incentive subscription rights outstanding.

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. On May 15, 2024, after market close, IDEX successfully conducted a private placement of 33,333,333 shares at NOK 1.65 per share, compared to the day's closing price NOK 1.75 per share. The placement raised gross proceeds of NOK 55 million or USD 5.1 million. The subscribers will in addition receive one warrant at NOK 1.65 per share subscribed to. The warrants will have a duration of twelve months, and be exercisable quarterly after issue of interim reports. The board will also propose a subsequent rights offering (repair issue) of up to 8.0 million shares on the same terms as in the private placement.

The private placement is divided into two tranches. Tranche 1 consists of 28,012,655 shares or 10% of the outstanding shares in the Company, and Tranche 2 consists of 5,320,678 shares or 2% of the outstanding shares in the Company. Completion of Tranche 2, issue of warrants and the repair issue will be subject to approval by an extraordinary general meeting of the Company expected to be held on or about June 13, 2024.

There have been no events between March 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 three months ended March 31, 2024, or the value of the Company's assets and liabilities as of March 31, 2024.