



IDEX Biometrics ASA

(A public limited liability company organized under the laws of the Kingdom of Norway)

Organization number: 976 846 923

This Prospectus (the “**Prospectus**”) relates to and has been prepared in connection with the listing on Oslo Stock Exchange of 64,574,593 new shares (“**Tranche Two Shares**”), each with a par value of NOK 0.15, in IDEX.

The Private Placement included and was divided into;

- i. a first tranche consisting of 55,425,407 new Shares (“**Tranche One Shares**”), representing approximately 9% of the outstanding capital (“**Tranche One**”); and
- ii. a second tranche consisting of 64,574,593 **Tranche Two Shares** (together with the Tranche One Shares, the “**New Shares**”), representing approximately 11% of the outstanding capital (“**Tranche Two**”).

The Tranche One Shares were issued by a resolution by the Company’s Board of Directors (the “**Board**”) on 17 November 2019, pursuant to an authorization from the Annual General Meeting dated 9 May 2019, and was completed on 2 December 2019. The Tranche One Shares were thus tradeable immediately upon registration of the associated share capital increase in the Company Registry.

The Tranche Two Shares are issued by a resolution of the Extraordinary General Meeting on 12 December 2019. The Tranche Two Shares will be delivered to the subscribers following registration of the associated share capital increase in the Company Registry. The Tranche Two Shares will be transferred to IDEX’s ordinary ISIN and be tradable on the Oslo Stock Exchange under the ticker code “IDEX” upon approval and publication of this Prospectus.

Investing in the Company and the Shares involves material risks and uncertainties. See Section 2 “Risk Factors” and Section 4.2 “Cautionary note regarding Forward-looking Statements”.

This Prospectus relates solely to the listing of the Tranche Two Shares and no offer is being made to purchase or subscribe for any Shares or other securities of the Company.

DATE: 19 December 2019

IMPORTANT INFORMATION

For the definition of terms used throughout this Prospectus, please see Section 15 “*Definitions and Glossary of Terms*” of this Prospectus.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the “**Norwegian Securities Trading Act**”) and related legislation and regulations, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as incorporated in Norway (the “**EU Prospectus Regulation**”) by Section 7-1 of the Norwegian Securities Trading Act. This Prospectus has been prepared solely in the English language.

This Prospectus has been approved by the Financial Supervisory Authority of Norway (Nw. *Finanstilsynet*) (the “**Financial Supervisory Authority**”), as a competent authority under the EU Prospectus Regulation. Such approval was granted on 19 December 2019. The Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval shall not be considered as an endorsement of the issuer that is the subject of this Prospectus. Any investor should make their own assessment as to the suitability of investing in the securities.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

This Prospectus relates solely to the listing of the Tranche Two Shares and no offer is being made to purchase or subscribe for any Shares or other securities of the Company.

All inquiries relating to this Prospectus should be directed to the Company. No other person has been authorized to give any information about, or make any representation on behalf of, the Company in connection with the Private Placement and, if given or made, such other information or representation must not be relied upon as having been authorized by the Company.

The information contained herein is current as of the date hereof and subject to change, completion and amendment without notice. There may have been changes affecting the Company or the Group subsequent to the date of this Prospectus. In accordance with Article 23 of the EU Prospectus Regulation, every significant new factor, material mistake or inaccuracy relating to the information included in this Prospectus, which is capable of affecting the assessment of the Shares and which arises or is noted between the time when this Prospectus is approved and the date of listing of the Tranche Two Shares at Oslo Stock Exchange, will be included in a supplement to the Prospectus. Neither the publication nor distribution of this Prospectus shall under any circumstances create any implication that there has been no change in the Company’s affairs or that the information herein is correct as of any date subsequent to the date of this Prospectus.

Readers are expressly advised that the Shares are exposed to financial and legal risk and they should therefore read this Prospectus in its entirety, in particular Section 2 “*Risk Factors*”. An investment in the Company is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each reader of this Prospectus should consult his, her or its own legal adviser, independent financial advisor or tax adviser for legal, financial or tax advice. If you are in any doubt about the contents of this

Prospectus, you should consult your stockbroker, bank manager, lawyer, accountant, or other professional adviser.

The distribution of this Prospectus may be restricted by law in certain jurisdictions. Accordingly, this Prospectus may not be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. The Company requires persons in possession of this Prospectus, to inform themselves about, and to observe, any such Prospectus distribution restrictions.

For further information on the sale and transfer restrictions of the Shares, see Section 5.9 “*Restrictions on sale and transfer*”.

The Prospectus is subject to Norwegian law. Any dispute arising in respect of or in connection with this Prospectus is subject to the exclusive jurisdiction of Norwegian courts with Oslo District Court as legal venue in the first instance.

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1 EXECUTIVE SUMMARY

1.1 SECTION A – INTRODUCTION AND WARNINGS

Warnings	<p>This summary contains all sections required to be included in a summary for this type of securities and issuer. This summary should be read as an introduction to the Prospectus.</p> <p>Any decision to invest should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the applicable national legislation in its Member State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated.</p> <p>Civil liability attaches only to those persons who have tabled the Summary including any transactions thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
The securities	<p>The Company’s shares are subject to trading on the Oslo Stock Exchange under ticker code “IDEX”.</p> <p>International securities identification number (ISIN): NO 000 307 0609</p>
The issuer	<p>Name of the issuer: IDEX Biometrics ASA Business registration number: 976 846 923 Legal entity identifier (LEI): 5967007LIEEXZXHECW11 Address: Dronning Eufemias gate 16, 0191 Oslo, Norway Tel: +47 6783 9119 Website: www.idexbiometrics.com</p>
Approval of the Prospectus	<p>The Prospectus was approved by the Financial Supervisory Authority of Norway on 19 December 2019.</p> <p>Contact information: Financial Supervisory Authority of Norway Address: Revierstredet 3, Postboks 1187 Sentrum, 0107 Oslo, Norway Tel: +47 22 93 98 00 E-mail: post@finanstilsynet.no</p>

1.2 SECTION B – KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?																
Corporate information	<p>IDEX Biometrics ASA (“IDEX” or the “Company”). IDEX is a Norwegian public limited liability company incorporated under the laws of Norway and subject to the Norwegian Public Limited Liability Companies Act of 13 June 1997 no. 45 (Nw.: “<i>allmennaksjeloven</i>”) (the “Norwegian Public Limited Companies Act”). The Company was incorporated on 24 July 1996.</p>															
Principal activities	<p>IDEX develops fingerprint sensors and related system solutions for a range of biometrically-enabled applications, providing both hardware and software fingerprint solutions suitable to being embedded into products in order to improve security, user interface and convenience. IDEX’s product portfolio includes full-featured, biometric authentication solutions, which enable on-device fingerprint enrolment, template storage and verification. IDEX is growing and broadening its product portfolio of fingerprint sensors by developing next-generation products for its target markets.</p>															
Major shareholders	<p>As of the date of the Prospectus, the following registered shareholders have holdings in excess of the statutory thresholds for disclosure requirements¹. Note: The list may include nominee shareholders, which holding may belong to one or several beneficial owners. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares.</p> <table border="1"> <thead> <tr> <th>Name of registered shareholder</th> <th>Number of Shares</th> <th>%</th> </tr> </thead> <tbody> <tr> <td>Sundvall Holding AS</td> <td>57,661,021</td> <td>8.82%</td> </tr> <tr> <td>UBS Switzerland AG</td> <td>55,799,466</td> <td>8.54%</td> </tr> <tr> <td>The Northern Trust Comp, London Br</td> <td>50,030,909</td> <td>7.66%</td> </tr> <tr> <td>Goldman Sachs International</td> <td>45,351,611</td> <td>6.94%</td> </tr> </tbody> </table> <p>UBS Switzerland AG, the Northern Trust Comp., London Br. and Goldman Sachs International are nominee shareholders. The Company is not aware of the number or identity of any beneficial owners of shares held by said nominees. To the best of the Company’s knowledge and belief, no shareholder, or group of shareholders, controls the Company, directly or indirectly.</p>	Name of registered shareholder	Number of Shares	%	Sundvall Holding AS	57,661,021	8.82%	UBS Switzerland AG	55,799,466	8.54%	The Northern Trust Comp, London Br	50,030,909	7.66%	Goldman Sachs International	45,351,611	6.94%
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Key management	<p>The Company’s key management comprise of the following members:</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Position</th> </tr> </thead> <tbody> <tr> <td>Stan Swearingen</td> <td>Chief Executive Officer</td> </tr> <tr> <td>Derek D’Antilio</td> <td>Chief Financial Officer</td> </tr> <tr> <td>Fred Benkley</td> <td>Chief Innovation Officer</td> </tr> <tr> <td>Anthony Eaton</td> <td>Chief Technology Officer</td> </tr> </tbody> </table>	Name	Position	Stan Swearingen	Chief Executive Officer	Derek D’Antilio	Chief Financial Officer	Fred Benkley	Chief Innovation Officer	Anthony Eaton	Chief Technology Officer					
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Fred Benkley	Chief Innovation Officer															
Anthony Eaton	Chief Technology Officer															

¹ The overview does not include the Tranche Two Shares. The overview is based on data from the VPS as of 18 December 2019.

Statutory auditor	The Company's statutory auditor is Ernst & Young AS with registered address at Dronning Eufemias gate 6, 0191 Oslo, Norway.
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What key financial information regarding the issuer?

Selected historical key financial information

Financial statements

The tables below set out selected historical information for the Group derived from the Group's audited consolidated financial statements as of and for the year ended 31 December 2018, and the unaudited consolidated interim financial statements as of and for the nine months' period ended 30 September 2019 and 30 September 2018 and the six months' periods ended 30 June 2019 and 30 June 2018.

Profit and Loss	First nine months		First six months		Full year
Amounts in NOK 1,000	2019	2018	2019	2018	2018
Total revenue	1 324	1 082	1 740	1 130	3 585
Gross margin	1 134	252	1 523	592	2 082
Loss before interest, tax, depreciation and amortization (EBITDA)	(61 060)	(57 882)	(123 186)	(117 482)	(236 658)
Net loss for the period	(66 673)	744	887)	003)	097)
Loss per share, basic and diluted (NOK)	(0.11)	(0.11)	(0.23)	(0.22)	(0.45)

Financial position	At 30 September 2019	At 30 June 2019	At 31 December 2018
Total assets	180 522	239 366	156 312
Total equity	149 223	208 679	123 239
Net financial debt	(65 640)	(124 400)	(50 641)

Cash flow	First nine months	First six months	Full year
Amounts in NOK 1,000	2019	2019	2018
Net cash flows from operating activities	(186 196)	(130 504)	(214 735)
Net cash flows used in investing activities	(3 568)	(1 769)	(7 899)
Net cash flows from financing activities	202 466	203 923	3 886

Investments

There are no significant fixed assets ordered at the date of this Prospectus. The Group does not have any firm plans or obligations to make significant future investments in tangible or intangible assets, or financial assets.

Selected key pro forma financial information	Not applicable. There is no pro forma financial information.
Qualifications in audit report	Not applicable. The audit reports do not include any qualifications.
What are the key risks that are specific to the issuer?	
Key risks specific to the issuer	<p>Risks related to the Group and the industry it operates in:</p> <ul style="list-style-type: none"> • IDEX has a history of losses and expects additional losses in the future • IDEX may need additional capital, which, if obtainable, could dilute the ownership interest of investors • IDEX's business depends heavily on revenues from new technology, the commercial success of which is unproven • IDEX may not be able to effectively manage growth • IDEX is highly dependent on IP and the Company's methods of protecting its IP, or IP shared with third parties, may not be adequate • IDEX faces risks of claims for IP infringement • IDEX's markets are immature

1.3 SECTION C – KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?	
Type of class of securities being offered	<p>The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence, of the Norwegian Public Limited Companies Act. The Shares are registered in the VPS and carry the securities identification code ISIN NO 000 307 0609.</p> <p>The New Shares are in all respects equal to the existing Shares of the Company.</p>
Currency	The Shares are issued in NOK and are quoted and traded in NOK at Oslo Stock Exchange.
Number of shares and par value	<p>For the avoidance of doubt, the Tranche One Shares have been subscribed for, paid, registered and delivered and admitted to trading at the Oslo Stock Exchange at the date of this Prospectus.</p> <p>Following the Private Placement of the Tranche Two Shares, IDEX's share capital will be NOK 107,698,309.80, divided into 717,988,732 ordinary Shares, each Share fully paid and having a par value of NOK 0.15.</p> <p>The Company's Extraordinary General Meeting resolved on 12 December 2019 to issue 64,574,593 Tranche Two Shares in the Company in connection with the Private Placement of New Shares. Upon expiry of the subscription period, all such New Shares had been subscribed for. The associated share capital increase has not been registered in the Company Registry as of the date of this Prospectus.</p>

Rights attached	The New Shares are ordinary Shares in the Company, i.e., the same class as the Shares already in issue and listed on Oslo Stock Exchange. The New Shares will obtain rights to receive dividends from the time of registration of the share capital increase in the Company Registry. The Company's shares have equal rights to the Company's profits, in the event of liquidation and to receive dividends unless all the shareholders approve otherwise. Each Share in the Company gives the holder the right to cast one vote at the general meetings of shareholders of the Company.
Restrictions on free transferability	The Company's Shares are freely transferable according to Norwegian law and the Company's Articles of Association.
Dividend policy	IDEX does not have any established dividend policy in place except to say that the Company's aim and focus is to enhance shareholder value and provide an active market in its Shares. IDEX has historically never declared or paid any dividends on its Shares and does not anticipate paying any cash dividends for 2019 or the next few years. IDEX intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operation and capital requirements.
Where will the securities be traded?	
Listing and admission to trading	<p>The Company's Shares have been listed on Oslo Stock Exchange since 11 May 2015 under the ticker symbol "IDEX".</p> <p>The listing on Oslo Stock Exchange of the Tranche Two Shares is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 19 December 2019.</p> <p>The first day of trading of the Tranche One Shares was on 3 December 2019. The first day of trading of the Tranche Two Shares is expected to be on or about 30 December 2019. IDEX's shares are not listed on any other regulated market place and IDEX does not intend to seek such listing.</p> <p>As of 11 November 2019, IDEX shares are traded on the OTCQB Venture Market exchange under the ticker symbol IDXAF.</p>
What are the key risks that are specific to the securities?	
Key risks specific to securities	Future issuances of Shares or other securities could dilute the holdings of shareholder and could materially affect the price of the Shares.

1.4 SECTION D – KEY INFORMATION ON THE PRIVATE PLACEMENT

Under which conditions and timetable can I invest in this security?																							
Terms and conditions of the offer	<p>On 17 November 2019, IDEX raised approximately NOK 41.57 million in gross proceeds through the issuance of 55,425,407 Tranche One Shares, each with a par value of NOK 0.15 and a Subscription Price of NOK 0.75 per Tranche One Share.</p> <p>Further, on 12 December 2019, the Company raised approximately NOK 48.43 million in gross proceeds through the issuance of 64,574,593 Tranche Two Shares, each with a par value of NOK 0.15 and a Subscription Price of NOK 0.75 per Tranche Two Share.</p> <p>Below is an overview of the terms and timetable for Tranche Two:</p> <table border="1"> <tbody> <tr> <td>Number of Tranche Two Shares:</td> <td>64,574,593</td> </tr> <tr> <td>Subscription Price per Tranche Two Share:</td> <td>NOK 0.75</td> </tr> <tr> <td>Payment date:</td> <td>On or about 20 December 2019</td> </tr> <tr> <td>Registration of share capital increase:</td> <td>On or about 23 December 2019</td> </tr> <tr> <td>Delivery of Tranche Two Shares:</td> <td>On or about 27 December 2019</td> </tr> <tr> <td>Trading of the Tranche Two Shares:</td> <td>Expected first day of trading of the Tranche Two Shares on Oslo Stock Exchange is on or about 30 December 2020</td> </tr> <tr> <td>Number of Shares pre Private Placement</td> <td>597,988,732 Shares, each with a par value of NOK 0.15.</td> </tr> <tr> <td>Number of Shares post Tranche One</td> <td>653,414,139 Shares, each with a par value of NOK 0.15.</td> </tr> <tr> <td>Number of Shares post Tranche Two</td> <td>717,988,732 Shares, each with a par value of NOK 0.15.</td> </tr> <tr> <td>Rights of the Tranche Two Shares</td> <td>The Tranche Two shares are in all respects equal to the ordinary Shares of the Company.</td> </tr> <tr> <td>Dilution:</td> <td>The percentage of immediate dilution resulting from the Private Placement for the Company's existing shareholders who did not participate in the Private Placement, is approximately 17%.</td> </tr> </tbody> </table>	Number of Tranche Two Shares:	64,574,593	Subscription Price per Tranche Two Share:	NOK 0.75	Payment date:	On or about 20 December 2019	Registration of share capital increase:	On or about 23 December 2019	Delivery of Tranche Two Shares:	On or about 27 December 2019	Trading of the Tranche Two Shares:	Expected first day of trading of the Tranche Two Shares on Oslo Stock Exchange is on or about 30 December 2020	Number of Shares pre Private Placement	597,988,732 Shares, each with a par value of NOK 0.15.	Number of Shares post Tranche One	653,414,139 Shares, each with a par value of NOK 0.15.	Number of Shares post Tranche Two	717,988,732 Shares, each with a par value of NOK 0.15.	Rights of the Tranche Two Shares	The Tranche Two shares are in all respects equal to the ordinary Shares of the Company.	Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's existing shareholders who did not participate in the Private Placement, is approximately 17%.
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Estimated expenses	The total estimated expenses relating to the Private Placement will be NOK 0.6 million including Prospectus costs. No expenses will be charged to the investors by the Company.
Why is this prospectus being produced?	
Reasons for the offer/Use of proceeds	The capital raised through the Private Placement will be used to strengthen the Company's equity and financial position. The proceeds are expected to be used for the following principal purposes: <ul style="list-style-type: none"> • 60% of the net proceeds will be used for securing working capital for the expected increase in customer shipments • 40% of the net proceeds will be used for supporting development of the Company's technology roadmap
Estimated net proceeds	The subscription price per New Share was NOK 0.75, amounting to an aggregate subscription price and gross proceeds in the Private Placement of NOK 90 million. Taking into account the transaction costs related to the New Shares and all other directly attributable costs in connection with the Private Placement, the net proceeds are expected to be approximately NOK 89.4 million.
Underwriting agreements	No underwriting agreements have been concluded in connection with issuance of the New Shares.
Material conflicts	There is no interest of any natural and legal persons involved in the Private Placement, including any conflict of interest, that is material to the Private Placement.

2 RISK FACTORS

Investment in the Company involves a high degree of risk. An investor considering an investment in the Shares should carefully consider the following risk factors and all other information set forth in this Prospectus, including information incorporated hereto by reference, see Section 14.5 “Incorporation by reference”, as well as other publicly available information regarding the Company that the Company displays on its website or makes available through Oslo Stock Exchange’s information system, www.newsweb.no, before deciding to invest in the Shares. Should any of the following risks and uncertainties develop into actual events, it could have a material adverse effect on the Company’s business, prospects, results of operations, cash flows and financial position, and the price of the shares may decline, causing investors to lose all or part of their investment. The risk factors identified below are the material risk factors known to the Company as of the date of the Prospectus.

The risk factors presented in this Section 2 are not exhaustive with respect to all risks relating to the Company and the Shares, but are limited risk factors that are considered specific to the Company and the Shares. The risk factors are presented in a limited number of categories, where each risk factor is sought placed in the most appropriate category based on the nature of the risk it represents. Within each category the risk factors deemed most material for the Company and the Shares, taking into account their potential negative effect for the Company and its subsidiaries and the profitability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, nor based on a probability of their occurrence.

Before making any decision to invest in the Company’s shares, an investor must take into account that a number of general risk factors that are not included in this Section 2 still applies to the Company and the Shares.

An investment in the Shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of their investment.

2.1 RISKS RELATED TO THE COMPANY’S FINANCIAL CONDITION

2.1.1 IDEX has a history of losses and expects additional losses in the future

To date, IDEX has not achieved significant revenues or profitability. IDEX will need to increase its revenues significantly in order to achieve profitability. If IDEX does achieve profitability, the Company cannot assure that it can sustain or increase profitability on a quarterly or annual basis in the future. Revenues from the Company’s business depend among other things on market factors, which are beyond IDEX’s control, see Section 2.3 below.

2.1.2 IDEX may need additional capital, which, if obtainable, could dilute the ownership interest of investors

The Company has raised approximately NOK 90,000,000 in gross proceeds from the Private Placement. Since IDEX was founded in 1996, the Company has experienced negative cash flow from operations and investments and expects to experience significant negative cash flow from operations in the future. To the extent that cash from operations and the cash proceeds from the Private Placement are insufficient to fund the Company’s operations, IDEX may need to raise additional funds through the issuance of equity, equity-related or convertible debt securities. IDEX cannot be certain that additional financing will be available to the Company on acceptable terms when required, or at all.

2.2 RISKS RELATED TO THE COMPANY’S BUSINESS

2.2.1 IDEX’s business depends heavily on revenues from new technology, the commercial success of which is unproven

IDEX’s future growth depends on the commercial success of its technology. It is not certain that IDEX’s target customers will choose the Company’s technology for technical, cost, support or commercial reasons. Many of IDEX’s target customers may have established successful businesses using other technologies and may find it difficult or unattractive to switch to IDEX’s technology. If IDEX’s target customers do not adopt and purchase the Company’s technology, the future growth will be limited.

2.2.2 IDEX may not be able to effectively manage growth

IDEX will not be successful unless the Company manages to generate recurring revenue and grow its business, IDEX might need to hire additional employees and expand both its research and development and sales and marketing functions in order to achieve the Company’s business plan. Future growth may place a significant strain on IDEX’s management systems and resources. IDEX will need to continuously improve its financial and managerial controls and reporting systems and procedures, and expand, train and manage its work force worldwide. The Company may not be successful if it fails to manage any of these aspects of its growth.

2.2.3 IDEX is highly dependent on IP and the Company’s methods of protecting its IP, or IP shared with it by third parties, may not be adequate

IDEX’s business and business strategy are tied to the Company’s technology. IDEX relies on a combination of patent and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect the Company’s IPR. IDEX cannot be certain that the Company will be able to obtain patent protection on the key components of its technology or that the Company will be able to obtain and maintain patents in key jurisdictions such as the United States, China or EU. IDEX cannot give assurances that the Company will develop new products or technologies that are patentable, that any issued patent will provide the Company with any competitive advantages or will not be challenged by third parties, or that the patents of others will not impair the Company’s ability to do business. Despite IDEX’s efforts to protect the Company’s IPR, trade secrets and confidential information, unauthorized parties may attempt to copy or obtain and use the Company’s technology. Policing unauthorized use of IDEX’s technology is difficult and there can be no assurance that the steps taken by the Company will prevent misappropriation of its technology.

2.2.4 IDEX faces risks of claims for IP infringement

Substantial litigation exists in the industry. If IDEX is sued for IPR infringement, the Company may be forced to incur substantial costs in defending itself. If litigation were to result in a judgment that IDEX infringed a valid and enforceable patent, a court may order the Company to pay substantial damages to the owner of the patent and to stop selling any infringing technology or products. This could cause a significant disruption in IDEX’s business and force the Company to incur substantial costs to develop and implement alternative, non-infringing technology or products, or to obtain a license from the patent owner. This could also lead IDEX’s licensees and customers to bring warranty claims against the Company.

2.3 RISKS RELATED TO THE COMPANY’S MARKET

2.3.1 IDEX’s markets are immature

IDEX’s largest potential market is the biometric payment card market. IDEX also offers its products and solutions in other vertical markets including, Identification, Access control, Healthcare, and the

Internet of Things (“IOT”), all of which are expected to be competitive. The Company expects to experience increased competition from current and potential competitors, some of which may be better established and have significantly greater resources. The Company’s international competitors include, among others, companies such as Fingerprint Cards AB and NEXT Biometrics ASA. In the future, IDEX may encounter competition from other larger, well-established and well-financed entities that may continue to acquire, invest in or form joint ventures with providers of fingerprint recognition technology, and existing providers may elect to consolidate. IDEX’s competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than the Company is able to. IDEX’s position in the existing markets could be eroded rapidly by product or technology enhancements or the development of new, superior products and technology by competitors. Also, current and potential competitors may have greater name recognition and more extensive customer bases. Increased competition could result in price reductions, fewer customer orders, reduced gross margins and lower market prices of IDEX’s Shares.

2.4 RISKS RELATED TO THE COMPANY’S SHARES

2.4.1 Future issuances of Shares or other securities could dilute the holdings of shareholder and could materially affect the price of the Shares

Any issuance of new Shares upon the conversion of Subscription Rights will result in the dilution of the ownership interests of the Company’s existing shareholders. As of the date of this Prospectus, a total of 52,923,268 Subscription Rights are outstanding under the Company incentive subscription rights plans. In addition, the Company may in the future decide to offer additional Shares or other securities in order to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes. There is no assurance that the Company will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If the Company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted.

3 STATEMENTS


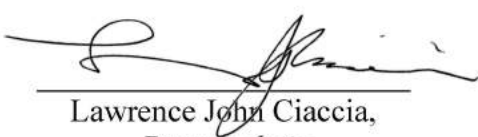

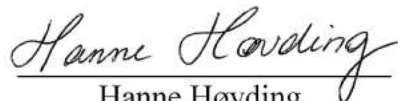

3.1 Statement of Responsibility for the Prospectus

The Prospectus has been prepared by the Board of Directors of IDEX Biometrics ASA (the “**Board**” or the “**Board of Directors**”) to provide information in connection with the listing of the Tranche Two Shares issued in the Private Placement, as described herein.

The Board of Directors accepts responsibility for the information contained in this Prospectus. The Board of Directors hereby declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Board of Directors of IDEX Biometrics ASA

19 December 2019


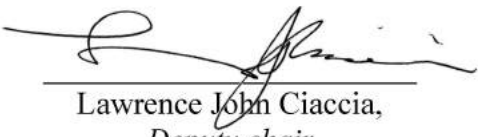

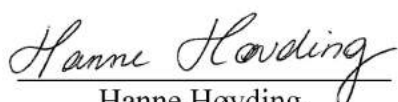

 _____ Morten Opstad, <i>Chair</i>	 _____ Lawrence John Ciaccia, <i>Deputy chair</i>	 _____ Deborah Lee Davis, <i>Board member</i>
 _____ Hanne Høvding, <i>Board member</i>	 _____ Stephen Andrew Skaggs, <i>Board member</i>	

3.2 Statement regarding third party information

The information in this Prospectus that has been sourced from third parties has been accurately reproduced and as far as the Company is aware and able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

The Board of Directors of IDEX Biometrics ASA

19 December 2019

 _____ Morten Opstad, <i>Chair</i>	 _____ Lawrence John Ciaccia, <i>Deputy chair</i>	 _____ Deborah Lee Davis, <i>Board member</i>
 _____ Hanne Høvding, <i>Board member</i>	 _____ Stephen Andrew Skaggs, <i>Board member</i>	

4 GENERAL INFORMATION

4.1 Approval of the Prospectus

This Prospectus has been approved by the Financial Supervisory Authority, as a competent authority under the EU Prospectus Regulation. The Financial Supervisory Authority only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation. Such approval shall not be considered as an endorsement of the issuer that is the subject of this Prospectus. Any investor should make their own assessment as to the suitability of investing in the securities.

This Prospectus has been drawn up as part of the simplified prospectus regime in accordance with Article 14 of the EU Prospectus Regulation.

4.2 Cautionary note regarding Forward-looking Statements

This Prospectus includes “forward-looking” statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy, plans and objectives. All Forward-looking Statements included in the Prospectus are based on information available to the Company, and views and assessments of the Company, as of the date of this Prospectus. Except as required by the applicable stock exchange rules or applicable law, the Company does not intend, and expressly disclaims any obligation or undertaking, to publicly update, correct or revise any of the information included in this Prospectus, including forward-looking information and statements, whether to reflect changes in the Company’s expectations with regard thereto or as a result of new information, future events, changes in conditions or circumstances or otherwise on which any statement in this Prospectus is based.

When used in this document, the words “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intends”, “may”, “might”, “plans”, “seek to”, “should”, “will”, “would”, or similar expressions, as they relate to the Group or its management, are intended to identify forward-looking statements. The Company can make no assurance as to the correctness of such Forward-looking Statements and investors are cautioned that any Forward-looking Statements are not guarantees of future performance. By their nature, Forward-looking Statements involve and are subject to known and unknown risks, uncertainties and/or assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties, assumptions and other factors, the actual results, performance or achievements of the Company and its Subsidiaries, or, as the case may be, the industry, may materially differ from any future results, performance or achievements expressed or implied by forward-looking statements in this Prospectus. Furthermore, Forward-looking Statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Company and its Subsidiaries operate.

Prospective investors in the Shares are cautioned that Forward-looking Statements are not guarantees of future performance and that the Group’s actual financial position, operating results and liquidity, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the Forward-looking Statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its Forward-looking Statements are based will occur. Given the aforementioned uncertainties, prospective investors are cautioned not to place undue reliance on any of these Forward-looking Statements.

In particular, Sections 2, 5.1 and 6 of this Prospectus contain statements regarding the Group’s strategy going forward.

5 INFORMATION CONCERNING THE SECURITIES BEING ADMITTED TO TRADING

The Tranche One Shares in the Private Placement have been issued and have been admitted to trading on Oslo Stock Exchange. The listing of the Tranche Two Shares in the Private Placement is subject to the approval and publication of this Prospectus. Notwithstanding the foregoing, for the sake of completeness, this Section 5 provides information on the Private Placement as a whole.

5.1 The background for, the purpose and the use of proceeds

The net proceeds raised through the Private Placement of approximately NOK 89.4 million will be used to strengthen the Company's equity and financial position. The proceeds will be used for the following principal purposes, presented in order of priority:

- 60% of the net proceeds will be used for securing working capital for the expected increase in customer shipments
- 40% of the net proceeds will be used for supporting development of the Company's technology roadmap

5.2 The Private Placement

5.2.1 Overview

The full terms and conditions of the Private Placement are set out in Section 5.2.6. The main terms and timetable are set out in the table below.

Number of Tranche Two Shares:	64,574,593
Subscription Price per Tranche Two Share:	NOK 0.75
Payment date:	On or about 20 December 2019
Registration of share capital increase:	On or about 23 December 2019
Delivery of Tranche Two Shares:	On or about 27 December 2019
Trading of the Tranche Two Shares:	Expected first day of trading of the Tranche Two Shares on Oslo Stock Exchange is on or about 30 December 2019
Number of Shares pre Private Placement	597,988,732 Shares, each with a par value of NOK 0.15.
Number of Shares post Tranche One	653,414,139 Shares, each with a par value of NOK 0.15.
Number of Shares post Tranche Two	717,988,732 Shares, each with a par value of NOK 0.15.
Rights of the Tranche Two Shares	The Tranche Two shares are in all respects equal to the ordinary Shares of the Company.
Dilution:	The percentage of immediate dilution resulting from the Private Placement for the Company's existing shareholders who did not participate in the Private Placement, is approximately 17%.

The Company received offers pursuant to which investors were willing to subscribe for a total of 120,000,000 Shares in the Company at a subscription price of NOK 0.75 per Share.

The Private Placement, which represented approximately 20% of the Company's outstanding share capital, was directed towards certain existing registered shareholders and certain new investors. The Private Placement structure of the transaction inherently requires a waiver of existing shareholders' preferential rights to subscribe for New Shares. The Board considered such structure and waiver necessary and appropriate in the interest of time and successful completion. Moreover, the Subscription Price in the Private Placement was set at NOK 0.75 per New Share, being substantially at market price. It was possible for interested investors, including existing shareholders, to acquire a substantial volume of Shares at or around this trading price both before and after the Private Placement. By reason of the foregoing, the Board has concluded that there was a sound and just basis for the deviation from shareholders' preferential rights to subscribe for New Shares.

The Board had in place an authorization from the 9 May 2019 Annual General Meeting to issue shares in connection with private placements. Under this authorization, the Board could issue a maximum of 59,775,203 new Shares. The Board authorization had not been used until the Private Placement.

The Private Placement would involve a number of new Shares exceeding the limitation of the Board authorization. Listing on the Oslo Stock Exchange of new shares representing 20% or more of the share capital, calculated over a period of 12 months, requires the issuance of a listing prospectus. Moreover, the Company issued 53,437,500 shares in connection with a private placement in February 2019. For the foregoing reasons, the Board resolved that the Private Placement would be divided into two tranches, Tranche One and Tranche Two. Tranche One was resolved on 17 November 2019 through use of the existing Board authorization. Tranche One Shares are within the 20% threshold for a listing prospectus. Tranche Two was made subject to approval at an Extraordinary General Meeting. The admission of the Tranche Two Shares to trading on Oslo Stock Exchange would also be subject to approval and publication of a listing prospectus in accordance with Article 3 of the EU Prospectus Regulation.

The Board therefore resolved to structure the Private Placement as follows:

1. The Board uses its authorisation from the 2019 Annual General Meeting to issue 55,425,407 Tranche One Shares to the investors at a Subscription Price of NOK 0.75 per Tranche One Share.
2. The Board convened an Extraordinary General Meeting on 12 December 2019 to approve the issuance of 64,574,593 Tranche Two Shares at a Subscription Price of NOK 0.75 per Tranche Two Share.

The Tranche One Shares have been issued and were admitted to trading on Oslo Stock Exchange on 3 December 2019.

At the Extraordinary General Meeting of the Company held on 12 December 2019 it was resolved to increase the share capital of the Company with NOK 9,686,188.95 through the issue of 64,574,593 Tranche Two Shares, at a Subscription Price of NOK 0.75 per Tranche Two Share.

The total gross proceeds from the Private Placement amounted to NOK 90 000 000.

Prior to the Private Placement, the Company's share capital was NOK 89,698,309.80 divided into 597,988,732 Shares, each with a par value of NOK 0.15. Following registration of the share capital increase in connection with the Tranche One Shares with the Company Registry, the Company has

an issued share capital of NOK 98,012,120.85 divided into 653,414,139 Shares, each with a par value of NOK 0.15. Upon registration of the share capital increase in connection with the Tranche Two Shares with the Company Registry, the Company's share capital will be NOK 107,698,309.80 divided into 717,988,732 Shares, each with a par value of NOK 0.15.

5.2.2 Subscription Price

The Subscription Price per New Share in the Private Placement was NOK 0.75. The Subscription Price was announced on 18 November 2019 through Oslo Stock Exchange's electronic information system.

The Subscription Price was equivalent to a 1.3% discount to the closing price on the Company's Shares on the Oslo Stock Exchange on 15 November 2019 (being the trading date immediately preceding the Board's resolution to carry out the Private Placement). The Subscription Price is wholly settled in cash.

No expenses or taxes were specifically charged to the subscribers in the Private Placement.

5.2.3 Subscription

The Tranche One Shares were timely subscribed for on a separate subscription form within the deadline for subscription on 18 November 2019. The Tranche Two Shares shall be subscribed for by the subscribers on a separate subscription form by 20 December 2019.

5.2.4 Allocation, payment for and delivery of the New Shares

The Private Placement and the allocation were approved by the Board on 17 November 2019; provided, however, that the issuance and allocation of the Tranche Two Shares remained subject to approval by the Extraordinary General Meeting, which was granted on 12 December 2019.

Notifications of allotment and payment instructions for Tranche One and conditional allotment in Tranche Two were sent to the applicants on 17 November 2019.

The total subscription amount for the Tranche One Shares was timely paid in full to the designated share issue account within the payment deadline. The share capital increase associated with the Tranche One Shares was registered in the Company Registry on 2 December 2019, with a subsequent announcement on the same day regarding the registration of the share capital increase in the Company Registry. The Tranche One Shares were delivered to the subscribers in the form of newly issued ordinary Shares.

The total subscription amount associated with the Tranche Two Shares shall be paid in full to the designated share issue account within 20 December 2019 (or such later date as approved by the Board, but not later than 31 January 2020). The share capital increase associated with the Tranche Two Shares is expected to be registered in the Company Registry on or about 23 December 2019 with a subsequent announcement on the same day regarding the registration of the share capital increase in the Company Registry. The Tranche Two Shares will be registered on the Company's ordinary ISIN NO 000 307 0609.

The following investors were allocated more than 5% of New Shares the Private Placement:

Name of investor	Number of allocated New Shares	% of the Private Placement
Robert N. Keith	60,000,000	50%
Sundt AS	15,000,000	12.5%
Alden AS	10,000,000	8.33%
Middelborg Invest AS	10,000,000	8.33%
Tigerstaden AS	10,000,000	8.33%
F2 Funds AS	8,750,000	7.29%

Sundt AS, Alden AS, Middelborg Invest AS and Tigerstaden AS are existing registered shareholders in the Company prior to the Private Placement. Robert N. Keith and close associates (spouse) were registered shareholders through nominee accounts prior to the Private Placement.

Other than the above-mentioned shareholders, no existing shareholders or members of the Company's management, supervisory or administrative bodies were allocated or subscribed for New Shares in the Private Placement.

5.2.5 Admission to trading and dealing arrangements

The Company's Shares are listed on Oslo Stock Exchange under the ticker-code "IDEX".

The listing on Oslo Stock Exchange of the Tranche Two Shares is subject to the approval of the Prospectus by the Financial Supervisory Authority under the rules of the Norwegian Securities Trading Act. Such approval was granted on 19 December 2019.

The first day of trading of the Tranche One Shares was 3 December 2019. The first day of trading of the Tranche Two Shares on Oslo Stock Exchange, under Oslo Stock Exchange's ticker symbol "IDEX", will be on or about 30 December 2019. None of the Company's Shares (including the New Shares) are offered or admitted to trading at any other regulated market than Oslo Stock Exchange.

The registrar for the Shares is DNB Bank ASA, Verdipapirservice, Dronning Eufemias gate 30, NO-0191 Oslo, Norway.

The Company has not entered into any underwriting agreement, stabilisation agreements, market making agreements or similar agreements for trading of its Shares on Oslo Stock Exchange.

5.2.6 Resolutions to issue the New Shares

The issuance of the Tranche One Shares was approved by the Company's Board on 17 November 2019 through the following resolution:

"The Board resolved that the Company's share capital is increased with NOK 8,313,811.05 from NOK 89,698,309.80 to NOK 98,012,120.85 by issuance of 55,425,407 new shares, each having a par value of NOK 0.15, for a subscription price per share of NOK 0.75. The total par value of NOK 8,313,811.05 shall be added to the share capital of the Company, while the remaining NOK 33,255,244.20 is share premium. The new shares may be subscribed for by the subscribers set out in Attachment 1. The existing shareholders' preferential right is deviated from. Subscription for the new shares shall be made on a separate subscription form. The subscription shall be made no later than 18 November 2019 (or such later date as determined by the Board, but no later than 25 November 2019). The subscription price shall be

paid within 25 November 2019 to the bank account specified by the Company in writing. The new shares shall carry shareholder rights, including right to dividends or other distributions that are declared, from registration of the share capital increase in the Norwegian Register of Business Enterprises. The estimated costs related to the private placement, both Tranche One and Tranche Two, are approximately NOK 0.3 million, which includes fees to the legal advisors assisting on the placement.”

By reason of the above share capital increase, Section 5 of the Company’s Articles of Association was amended to read:

“The Company's share capital is 98,012,120.85 NOK divided into 653,414,139 shares, each with a nominal value of 0.15 NOK per share and issued in name.”

The issuance of the Tranche Two Shares was approved by the Company’s Extraordinary General Meeting on 12 December 2019 through the following resolution:

“It is resolved that the Company's share capital is increased with NOK 9,686,188.95 from NOK 98,012,120.85 to NOK 107,698,309.80 by issuance of 64,574,593 new shares, each having a par value of NOK 0.15, for a subscription price per share of NOK 0.75. The total par value of NOK 9,686,188.95 shall be added to the share capital of the Company, while the remaining NOK 38,744,755.80 is share premium. The new shares may be subscribed for by the investors who subscribe for Tranche 1 Shares. The existing shareholders' preferential right is deviated from. Subscription for the new shares shall be made on a separate subscription form. The subscription shall be made no later than 20 December 2019 (or such later date as determined by the Board, but no later than 31 January 2020). The subscription price shall be paid within 20 December 2019 to a bank account specified by the Company in writing (or such later date as agreed by the Board of Directors, but no later than 31 January 2020). The new shares shall carry shareholder rights, including right to dividends or other distributions that are declared, from registration of the share capital increase in the Norwegian Register of Business Enterprises. The estimated costs related to the private placement, both Tranche One and Tranche Two, are approximately NOK 0.3 million, which includes fees to the legal advisors assisting on the placement.”

By reason of the above share capital increase, Section 5 of the Company’s Articles of Association was amended to read:

“The Company's share capital is 107,698,309.80 NOK divided into 717,988,732 shares, each with a nominal value of 0.15 NOK per share and issued in name.”

5.3 Shareholders’ rights relating to the New Shares

The Company has one class of Shares, and all Shares carry equal rights as set out in Section 4-1 (1), first sentence, of the Norwegian Public Limited Companies Act. The Shares are registered in the VPS and carry the securities identification code ISIN NO 000 307 0609.

The New Shares are in all respects equal to the existing Shares of the Company.

The Shares are issued in NOK and are quoted and traded in NOK at Oslo Stock Exchange.

The rights attached to the New Shares, will be the same as those attached to the Company’s existing Shares. The New Shares will be issued electronically and will rank pari passu with existing Shares in all respects from such time as the share capital increase in connection with the issuances of the New

Shares are registered in the Company Registry. The holders of the New Shares will be entitled to dividend from the date of registration of the respective share capital increases in the Company Registry. There are no particular restrictions or procedures in relation to the distribution of dividends to shareholders who are resident outside Norway, other than an obligation on part of the Company to deduct withholding tax as further described in Section 13.

Pursuant to the Norwegian Public Limited Companies Act, all shareholders have equal rights to the Company's profits, in the event of liquidation and to receive dividend, unless all the shareholders approve otherwise. Please see Section 11 on more details concerning the rights attached to the Shares and issues regarding shareholding in a Norwegian Public Limited Company.

The New Shares will have the same VPS registrar and the same ISIN number as the Company's other Shares.

5.4 Dilution

The dilutive effect following the issuance of the New Shares represents an immediate dilution of approximately 17% for existing shareholders who did not participate in the Private Placement.

The net asset value in the Financial Statements on 30 September 2019 was NOK 149,223,000, which translates to NOK 0.25 per basic share outstanding. The Subscription Price in the Private Placement was NOK 0.75.

5.5 Lock-up

No lock-up agreements have been entered into in connection with the Private Placement.

5.6 Expenses

Costs attributable to the Private Placement will be borne by the Company. The costs related to the Private Placement will amount to approximately NOK 0.6 million including Prospectus costs. Thus, the net proceeds to the Company from the Private Placement will be approximately NOK 89.4 million.

5.7 Advisors

Advokatfirmaet Ræder AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway serves as the Company's Norwegian legal adviser in connection with the Private Placement.

5.8 Jurisdiction and choice of law

The New Shares have been issued in accordance with the rules of the Norwegian Public Limited Companies Act.

This Prospectus shall be governed by and construed in accordance with Norwegian law. Any dispute arising out of, or in connection with, this Prospectus shall be subject to the exclusive jurisdiction of Oslo District Court.

5.9 Restrictions on sale and transfer

No action has been taken or will be taken in any jurisdiction by the Company that would permit the possession or distribution of any documents relating to the New Shares, including but not limited to this Prospectus, in any country or jurisdiction where specific action for that purpose is required. In particular, the New Shares and this Prospectus neither have nor will be registered under the U.S. Securities Act of 1933, as amended, or under any other state securities laws. As such, the New Shares may not be offered or sold except pursuant to an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act and otherwise in compliance with any applicable securities laws of any states or other jurisdiction of the United States.

5.10 Interest of natural and legal persons involved in the Private Placement

There is no interest of any natural and legal persons involved in the Private Placement, including any conflict of interest, that is material to the Private Placement.

6 THE COMPANY AND ITS BUSINESS

6.1 Principal Activities

6.1.1 Fingerprint sensor technology

IDEX Biometrics specializes in fingerprint imaging and recognition technology. The Company develops fingerprint sensors and system solutions for a range of biometrically-enabled applications. IDEX provides both hardware and software components suitable to being embedded into host products, typically smart cards, mobile phones and electronic keyfobs², in order to improve security, user interface and convenience. The Company’s strategy to deliver fingerprint solutions to mass markets is based on, in IDEX’s opinion, a unique flexible and cost efficient off-chip technology and overall full system approach. A fingerprint sensor is mounted in a host device, and communicates with the device in order to confirm or reject the user’s access. The interaction between the sensor and the host device is complex, particularly when there are limitations on power, processing capacity, and physical space, while having to satisfy stringent requirements for response time and biometric reliability. The full system approach therefore includes the system-level reference design³ and the software in addition to the sensors.

IDEX’s key products are fingerprint sensors and fingerprint modules with software and algorithms and a remote enrollment device for cards that are equipped with a fingerprint sensor. A fingerprint module consists of a fingerprint sensor and ancillary components mounted on a substrate. The software and algorithms are required to make the sensor or module to operate and communicate with its host device. The remote enrollment device is what the card holder will use to enroll his/her fingerprints on the card.

IDEX uses capacitive sensing to capture the fingerprint image, which means measuring the electrical conductivity of the fingertip skin. The key physical components of the fingerprint sensor are the substrate (sensor array) where the finger will touch, and a silicon chip. The silicon chip is the application specific integrated circuit (the “ASIC”), which processes the electrical signals and constructs an image of the fingerprint. The image is compared against a stored template image in order to authenticate the user. The electrical power to operate the sensor can be supplied by the host device – like smartcards being powered when inserted into a payment terminal - or the power can be harvested from a magnetic field – like smart cards being powered when tapped on a payment terminal.

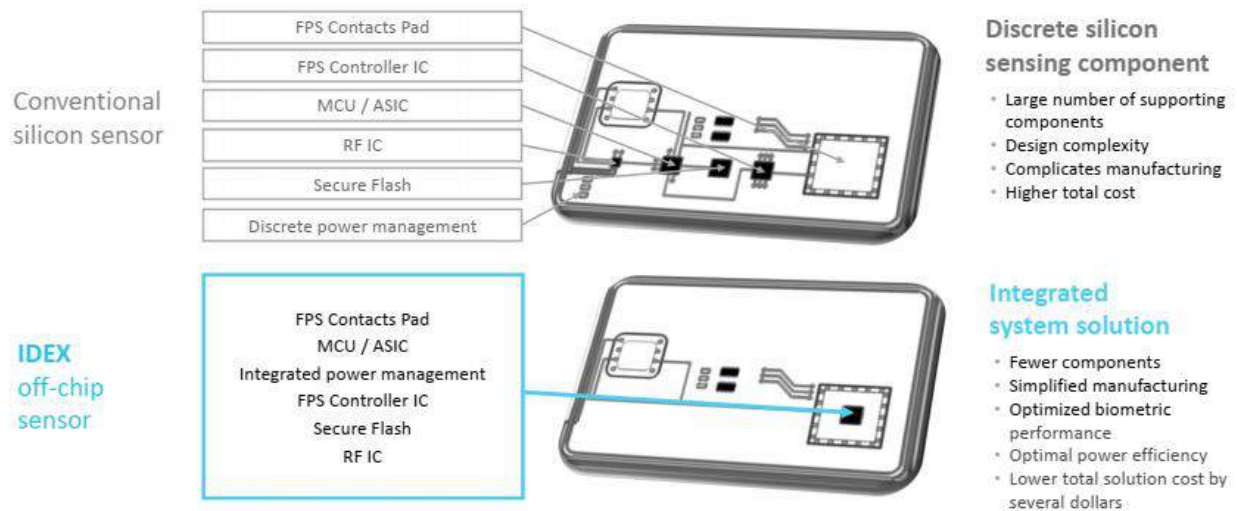
6.1.1.1 Off-chip design

IDEX uses a polymer (plastic) substrate which is connected to the ASIC. This separation is called off-chip design. The off-chip design is patented and differs from conventional silicon sensors where both the sensor array and the signal processing are implemented in a single ASIC. By separating the ASIC, which has to be made of silicon, from the sensor array, which can be made of polymer, the total silicon content is reduced. Since polymer is less expensive than silicon, the sensor cost is reduced compared to all-silicon sensors of the same size. This offers the possibility of enlarging the sensing area, whereby the sensor captures a larger portion of the fingerprint during imaging, thus improving matching reliability – at, in IDEX’s view, a competitive price.

² A small security hardware device with built-in authentication used to control and secure access to devices, systems, network services and data.

³ A reference design is a technical blueprint of a system that customers can copy and use as is or in modified form. This serves firstly as proof of concept and secondly enables the device manufacturers a faster path to implement the fingerprint sensor in their products. The IDEX reference design comprises power supply, antenna, microcontroller, communications software and the biometric matching software.

Since the sensor array is made of bendable polymer rather than stiff, brittle silicon, the sensor is inherently flexible yet robust. IDEX believes that its fingerprint sensors are particularly suited to smart cards which have to satisfy stringent bending and twisting requirements in order to achieve ISO-compliance. Furthermore, the off-chip architecture enables the Company to incorporate additional elements of the biometric card into the sensor, such as the biometric MCU, power management and the Secure Element. This facilitates reducing costs and complexity of the total biometric card, as illustrated below.



The off-chip technology also allows IDEX to develop sensors of different form factors without developing new ASICs as the same ASIC can be used for different sensor arrays.

The disadvantage of off-chip design is that it is more complex to manufacture since it requires integration of the sensor array and the ASIC. Although this integration process adds cost, IDEX considers that this is more than compensated by reduced silicon consumption.

IDEX considers itself to be the only vendor capable of supplying off-chip sensor designs and embedded biometric algorithms suited to capacitive fingerprint sensors. IDEX considers that the full system approach, coupled with the off-chip sensor design, gives the Company a fundamental cost advantage.

6.1.1.2 Matching and enrollment

When a host device such as a smart card or mobile phone has been equipped with a fingerprint sensor, the crux is that the fingerprint image that is captured when the user wants to unlock the device, is compared to the stored image(s) of fingerprint(s) that are authorised for access.

The image comparison, called matching, leads to access being granted or rejected. The matching is done by complex mathematical computations, using algorithms. The algorithms must enable the computations to be performed very fast for user convenience, highly securely to avoid false access, and very reliably to avoid false rejection. Depending on the host device, the computing power and speed as well as the electrical power to carry out the process, may be strictly limited. A typical example would be a contactless smart card. IDEX considers it has leading algorithm design, which is patented, and efficient software programs.

Obtaining and storing the template image(s) is called enrollment. The enrollment is a crucial step. The host device must be protected by other means until the enrollment has taken place. After enrollment, the stored template must be stored securely and tamper-proof. IDEX uses a method of collecting a fixed number of sample fingerprints to construct the template. In IDEX’s view, this inherently gives a higher degree of security than some other vendors’ method of constantly updating and widening the template during use of the device, which can lead to the template being blurred and “trained” to accept a false fingerprint. Such updating and widening is needed on small sensors to avoid rejection of an enrolled user because he/she on access does not touch the substrate perfectly. The IDEX sensors are sufficiently large to enable the limited sampling to form a template that does not reject an enrolled user.

6.1.2 Current Product Overview

The Company offers a portfolio of capacitive fingerprint sensors and solutions.

6.1.2.1 *Fingerprint sensors*

IDEX’s patented fingerprint sensors are the SmartFinger® fingerprint sensors.

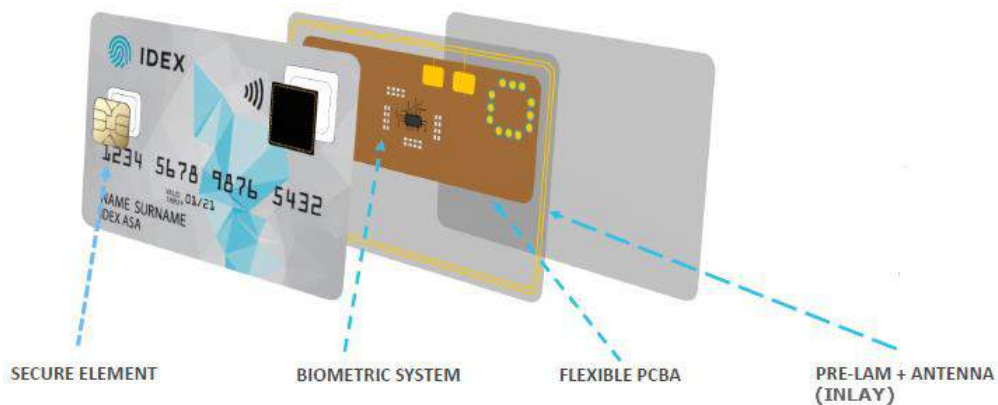
IDEX’s fingerprint sensors can be used in dual-interface, contactless-only and contact-only smart cards. IDEX believes it is one of only two suppliers to offer off-chip capacitive fingerprint sensors, and the only supplier using this technology with the ridge-matching biometric algorithm, which IDEX considers is the preferred algorithm type.

In 2017, IDEX launched its new ASIC platform for off-chip sensors. The new platform delivers both enhanced performance and reduced power consumption at a lower price compared to the previous IDEX ASIC. The ASIC was designed to be used across multiple product applications in IDEX’s target markets. The chip’s low power consumption makes it, in the Company’s opinion, ideally suited for contactless card applications. Additionally, the ASIC features an on-board microcontroller with the purpose to achieve increased processing power and enhanced security features, such as encryption.

In 2018 and 2019 IDEX launched a fingerprint sensors for contactless cards built on the new ASIC platform. The sensor supports both contact and contactless biometric card operation without an internal power source. Trials with this technology began in 2018 and continued into 2019. The trials were technically satisfactory, and the sensor as such (including algorithm and software) has been approved for use in cards. The card manufacturers are currently certifying the cards for use in the payment industry.

6.1.2.2 *Fingerprint Modules*

IDEX’s fingerprint modules are a complete biometric solution, for use in smart cards. In addition to the SmartFinger® fingerprint sensor which comes with the image-capturing ASIC, it includes power harvesting from the card terminal and power management circuitry, microcontroller with software for image processing and matching, and communications software to the card’s secure element.



Smart card exploded view, showing inlay with components.

The modules offer a turn-key solution for customers to develop, prototype and manufacture their own product's biometric interface.

6.1.2.3 *Software and algorithms*

IDEX's software components range from elements such as on-sensor firmware to enrollment software as well as extracting and matching algorithms.

In 2017, IDEX developed its third generation of software optimized for dual-interface biometric cards. The system software is designed to be power and memory efficient.

IDEX's proprietary matcher algorithm for biometric cards was introduced in 2017. The patented algorithm is suited for biometric cards and designed for use also in both card and IoT applications. The algorithm is rotation insensitive and accepts partial touches.

In 2018 and 2019 IDEX released security-enhanced versions of its matcher. This matcher architecture was, to IDEX's knowledge, the first to pass a preliminary CAST⁴ security review with Mastercard.

6.1.2.4 *On-card enrollment solutions*

A low-cost, simple, convenient and secure end-user registration process is key to accelerate adoption of biometric cards by issuers and consumers alike.

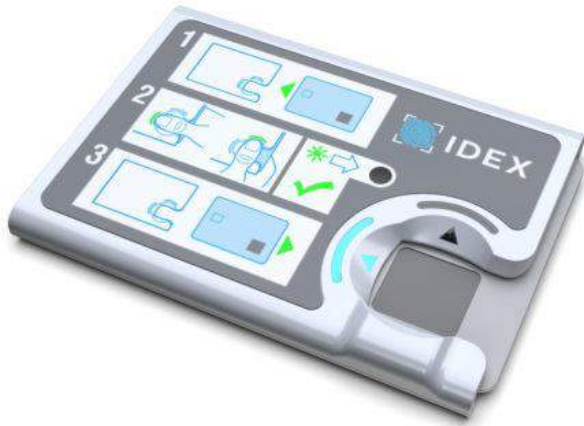
IDEX's on-card enrollment solution enables remote in-person enrollment. The seamless end-to-end solution allows card users to securely enroll themselves without visiting a bank branch.

Enrollment takes place entirely inside the smart card using its standard secure EMV chip. There is no need to connect the enrollment device or smart card to a computer, smartphone or any other connected device. Thus, there is no possibility of any tampering or external interference during the enrollment process. Card suppliers/issuers need not provide and support mobile phone or desktop apps to enroll card users.

IDEX's enrollment device is mailed to the user. Enrollment takes less than a minute. Once enrollment is complete the device can be discarded or recycled.

⁴ Card Application Security Test

IDEX’s on-card enrollment solutions can be used for contactless only, contact-based and dual-interface smart card applications.



Enrollment device for smart cards.

6.2 Principal Markets

The payment card market represents the largest addressable market for IDEX with 5 billion smart cards shipped annually, and industry analysts project that biometrics on cards could grow to more than 500 million units.⁵ In addition, IDEX offers its products and solutions to a number of other adjacent markets, including, Identification, Access Control, Healthcare, and the Internet of Things (IoT).

The Company’s main markets and customer base are in Europe, USA, and Asia. The potential is world-wide.

There have not been any material changes to the Company’s regulatory environment since 31 December 2018.

6.2.1 Business progress and outlook

IDEX has in prior years sold about 3.7 million sensors for use in mobile phones and various other electronic devices. These sensors have been sold on commercial terms and normal gross margins. In 2018 and through September 2019 the Company has sold about 60 thousand sensors for use in smart card pilots and trials. The sensors have been sold at normal or higher-than-normal prices, but due to small volumes, the manufacturing costs have been higher than projected in high-volume stage. Potential customers have also been offered a development kit with a small quantity of sensors, at a favorable price compared to cost.

Quarterly sales and inventory in 2019

Amounts in NOK 1,000

	First quarter	Second quarter	Third quarter
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⁵ Good Intelligence 2018, *Biometrics for Banking; Market & Technology Analysis, Adoption Strategies & Forecasts 2018-2023*, viewed on 12 December 2019: <https://www.goodeintelligence.com/report/biometrics-for-banking-market-technology-analysis-adoption-strategies-forecasts-2018-2023/>

Product sales in the quarter	85	363	473
Inventory at the end of the quarter	11 795	14 490	14 623

Product sales in the table above is mainly to the smart card market. The market for fingerprint sensors in smart cards is still in its pre-growth phase, therefore sales price and production cost trends are not meaningful at this stage.

In addition to the product revenue, IDEX has earned NOK 2,145,000 engineering revenue in the first nine months of 2019.

The inventory consists mainly of components and fingerprint sensors for cards. Because of significant lead times for certain components, IDEX holds inventory to be able to satisfy expected demand for deliveries with short notice.

IDEX does not expect significant product revenue in the remainder of 2019. IDEX expects to begin volume shipments to the access control market in the first quarter of 2020 and achieve additional design-in wins. The Company believes 2020 will be the year where the biometric smart card market moves from one defined by pilots, towards mass commercial deployments. IDEX considers it has a strong product offering at a competitive price, and expects to achieve a meaningful market share in the smart card market. However, since the market is in its pre-growth phase, it is inherently uncertain how large that market will be. Furthermore, the industry practice is dual-sourcing of components, so it is uncertain how successful the card manufacturers that IDEX serves will be with the card issuers, and how successful IDEX will be with those card manufacturers.

6.2.1.1 Any significant new products and services that have been introduced

IDEX continues to innovate on its biometric sensors, biometric algorithms, on card enrollment sleeves, and full system on card reference designs. In 2019, IDEX completed the development of its second-generation smart card platform comprising a range of dual-interface sensors, biometric algorithms and turnkey reference designs. The Company continued to innovate on its SmartFinger® IDX3200 sensor. This is a fingerprint sensor that can be used in dual interface, contactless only and contact only smart cards for payments. The Company also updated its SmartFinger® IDX3400, a complete biometric solution which includes the SmartFinger® fingerprint sensors, which already come with an image capture ASIC, and combines them with an MCU⁶ for post-processing and power management circuitry.

6.2.1.2 Status on development of new products or services to the extent that they have been publicly disclosed

The Company's technology and development roadmap is focused on:

- **Enabling significant reductions in system cost** through optimized packaging and integration architectures
- **Driving improvements in usability, convenience and performance** through next generation silicon, sensor and algorithm design

⁶ Microcontroller unit, a processing chip

- **Enhancing security** through secure end-to-end architectures, and advanced match-on-secure element algorithms

6.2.1.3 Further information on the Company's business progress

IDEX has hired a sales team with many years of experience in biometric technology applications as well as from the payment markets.

IDEX's sensor and solution were selected by a customer, who, in IDEX's opinion, is a leading global provider of financial news and IT services and early adopters in deploying fingerprint authentication for over a decade. IDEX has received its first purchase order from this customer and following the qualification of the manufacturing process, the Company expects a regular flow of further purchase orders.

Throughout 2019, the Company shipped thousands of sensors amounting to NOK 920 000 in revenue through the first nine months of 2019 into the payment card market to support pilots, testing, and certification. In addition, the Company entered into two license agreements to license its patented remote enroll technology.

The Company expects to increase revenue generation through sales of its products and monetization of its intellectual property. The biometric payment card market is still an emerging growth market, and, as is common in most emerging growth markets, the timing of revenue is difficult to predict with precision.

6.2.2 Biometric Payment Card Market

The payment card market represents the largest addressable market for IDEX with 5 billion smart cards shipped annually, and industry analysts project that biometrics on cards could grow to more than 500 million units.⁷

The market for biometric payment cards has had tangible progress in 2019, as several companies across the payment card ecosystem, such as card integrators, payment providers and secure element vendors, have expanded development efforts, customer engagements and commercial deployments. Also, IDEX experiences that consumer awareness and card issuer interest are consistently becoming stronger, resulting in adoption of biometrics as a preferred method of identification on payment cards.

6.2.2.1 Mass production of biometric payment cards

Payment card manufacturers have in 2019 worked to overcome the complexities associated with the introduction of a biometric sensor into the payment card. Several of IDEX's customers are now ready and capable of mass production using both hot and cold lamination process for embedding the sensor and electronics within the card.⁸ In July 2019 one of IDEX's Asian customers achieved mass production standards for biometric payment cards. This card integrator successfully made a cost-effective biometric card on a production line that has the capacity to increase production to millions of units while maintaining high yields.

IDEX is also working with other companies within the card ecosystem to accelerate the high-volume manufacture of biometric cards. IDEX has established partnerships with Sian and Silone Cardtech,

⁷ *Ibid.*

⁸ A smart card consists of a central layer, the inlay, which holds the secure element, the antenna and the biometric module, which is laminated between protective plastic layers on both sides. The lamination or bonding of the three layers entails using cold or hot glue and applying pressure.

Chinese smart card manufacturers, specializing in the development, design, manufacturing and sale of dual-interface cards. The strategic rationale is to ensure that crucial components within the biometric payment card are compatible and ready for mass production.

A key development in the third quarter was the multi-year partnership agreement between IDEX and Feitian. Feitian is a manufacturer of smart card pre-lam,⁹ a major component within the smart card that contains the sensor and the other critical components within the card that can then be fully integrated into the card itself. By partnering with Feitian, IDEX has sought to differentiate itself from its competitors by including its sensors as part of a mass-produced, low-cost, end-to-end solution for card manufacturers.

6.2.2.2 Dual-interface biometric smart card certification

Payment cards are certified by the major global payment schemes such as Mastercard, Visa, and China UnionPay. Such certifications are administered by third party testing houses and includes testing of the critical biometric components as well as the card’s structural integrity and robustness. The certification process of dual-interface biometric payment card is well underway, and the Company expects to see certifications for multiple card integrators during the first quarter of 2020.

In July 2019, IDEX’s dual-interface sensor technology met the key requirements for compliance, security and biometric performance by multiple global payment schemes.

6.2.2.3 Enabling biometric smart card mass adoption with on-card remote enrollment solution

The Company believes that secure remote enrollment of the fingerprint on the card will be a key enabler of the mass adoption of biometric payment cards. With remote enrollment, the user’s fingerprint image goes directly into and never leaves the card and the enrollment can take place anywhere.

In IDEX 2019, was granted patents for remote enrollment into biometric smart cards. These patents cover devices and methods to enable a user to enroll his/her fingerprint on a biometric card without being connected to an external power supply.

In August 2019, IDEX’s remote enroll solution was used by an independent third-party testing house to gather real-world fingerprint images as part of its certification process for a global payment scheme. The results of the image-capture data from the tests exceeded the False Rejection Rate (“FRR”) and False Acceptance Rate (“FAR”) benchmarks required for certification. This is a validation that IDEX’s remote enroll solution delivers the industry required performance.

In October 2019, IDEX entered into a worldwide license agreement with IDEMIA, allowing them the use of IDEX’s on-card biometric enrollment intellectual property, and a second license agreement for the on-card enrollment IP was announced days later, with Chutian Dragon Co., Ltd, an Asian smart card manufacturer.

6.2.3 Access Control Market

The Access Control Market includes both logical or information access and physical access control. Access control contains multiple form factors, such as smart cards, keyboards and tokens. The adoption of biometrics in access control is being driven by the need for additional security and data privacy, in part driven by global regulation such as GDPR, being enacted to ensure security and

⁹ Illustration in Section 6.1.2.2.

personal data privacy. IDEX's technology is, in the Company's view, particularly well-suited to this market due to the high importance of security, costs and ease of use. The access control market is a large and growing market; industry participants and analysts estimate that the size of the access control market is 250 million units and growing at more than 5% annually.¹⁰

In April 2019, IDEX entered into a supply agreement with a customer, who, IDEX views as a leading global provider of financial news and IT services. IDEX has received its first purchase order and begun the production ramp preparations by supplying sensors to the provider's electronics manufacturing partner. Following the qualification of the manufacturing process, IDEX expects a regular flow of further purchase orders.

IDEX was recently chosen by two customers in Asia for inclusion into a secure access control smart card. Both card integrators have customers looking to incorporate a biometric smart card as part of an access control solution. Furthermore, these card integrators have multiple financial institutions as customers and IDEX is actively pursuing opportunities to leverage its knowledge and solutions in access control, into their payment cards given the systems synergy between the access control and biometric card markets both using a similar form factor.

6.2.4 IOT market

The IoT market consists of a growing number of connected devices¹¹ including wearables, many of them with applications that the Company believes can benefit from integrated identification and security features. The market opportunity for biometric sensors in IoT devices is broad, however the associated customer base and supply chains are typically highly fragmented. IDEX's strategy in this market is to offer its off-chip technology and existing sensor solutions for biometric cards in select IoT vertical markets.

6.2.5 Sales, Operations and Administrative Support Organizations

IDEX continues to develop its organization to drive commercial progress and to deliver on its strategy and target to be a leading fingerprint biometric solutions company.

The Company strengthened its sales and marketing team in recent years and has built a sales team with many years of experience in biometric technology applications, as well as experience from the payment market. The Company now has sales teams in all regions where its major customers are located: Europe, Asia, and the Americas.

The Company believes it has an adequate internal infrastructure and supply-chain staff to support commercial growth.

¹⁰ ABI Research 2018, *Biometric payment cards, the next step in the evolution of the payment card*, viewed on 12 December 2019: https://www.idexbiometrics.com/wp-content/uploads/2019/01/IDEX_Biometrics_Evolution-of-Payment-Cards_012019.pdf

¹¹ Fortune Business Insights 2019, *Internet of Things (IoT) Market Size, Share and Industry Analysis By Platform (Device Management, Application Management, Network Management), By Software & Services (Software Solution, Services), By End-Use Industry (BFSI, Retail, Governments, Healthcare, Others) And Regional Forecast, 2019 – 2026*, viewed on 12 December 2019: <https://www.fortunebusinessinsights.com/industry-reports/internet-of-things-iot-market-100307> (payment required)

6.3 Industrialization and development

The IDEX Group performs technical development activities primarily in the United States and in the United Kingdom.

The development activities involve (i) ASIC design and development work, (ii) system engineering to create a full biometric system, (iii) activities to extend the existing products and create new IP and know-how related to fingerprint sensors, (iv) productization and industrialization activities, and (v) enhancing IDEX's biometric algorithms for improved matching and enrollment, particularly in power-constrained environments.

The main components of IDEX's SmartFinger polymer sensors include a multi-layer polymer sensor substrate (the sensor array), and an ASIC.

Techniques developed by IDEX include anti-spoof measures, dealing with a wide range of angles and speeds, dealing with interference from external noise sources, and also providing robust coatings with matching aesthetics and color while ensuring biometric performance. These demands for customization while achieving low cost and mass manufacturing ability provide, in the Company's view, a high barrier to entry for potential new competitors.

All vital hardware components and processes have at present been realized in industrial production, and a complete supply chain has been established, using suppliers in several countries.

The Group does not own or operate industrial manufacturing facilities. IDEX's philosophy is to design its products based on proven standard manufacturing techniques. The different components and processing work are sourced from established industry vendors in various countries.

Examples include Amkor Technology and SPIL, who are semiconductor packaging companies. TSCM, one of the largest foundries in the world, manufactures ASICs for IDEX. The manufacturing partners source standard components and materials. IDEX endeavors to have a multi-source supply chain to the extent possible. The suppliers have been evaluated and selected through a systematic approach that considers capability, capacity, delivery precision, quality system and cost.

6.4 Material contracts outside the ordinary course of business

During the last two years and up until the date of this Prospectus, neither IDEX nor any Group company, has entered into any material contracts outside of the ordinary course of business. The Company or any Group company has not entered into any other contract which contains a provision under which any member of the Group has any obligation or entitlement which is material to the Group as of the date of the Prospectus.

6.5 Regulatory disclosures

In addition to annual and interim reports, and associated announcements, the Company has made the following public disclosures pursuant to the requirements of the Norwegian Securities Trading Act.

Announcements on behalf of primary insiders and shareholders of the Company:

- In the period from 30 January 2019 to the date of the Prospectus, IDEX has issued 16 announcements on behalf of primary insiders of the Company, and 10 disclosures on behalf

of shareholders of large shareholdings in respect of acquisitions, disposals or other circumstances causing a statutory disclosure threshold to be reached or passed by such shareholders. The large shareholders include Sundvall Holding AS, Charles Street International Holdings Limited, Woodford Investment management Ltd., Link Solutions Limited and Robert N. Keith.

Announcements on capitalization issues and other corporate actions:

- During the last 12 months, the Company has made announcements upon grants of Subscription Rights under the Company’s incentive Subscription Rights plans, as described in Section 10.4.1.
- 30 January 2019: Completion of a private placement of shares amounting to NOK 214 million. The Company subsequently announced the associated share capital increase on 27 February 2019 having been registered in the Company Registry.
- 9 May 2019, following the Annual General Meeting: Stephen Skaggs had been elected to the Board of Directors, and that the Company had changed its name from “IDEX ASA” to “IDEX Biometrics ASA”.
- 31 May 2019: Appointment of a new CFO, Derek D’Antilio, with effect from 8 July 2019.
- 13 June 2019, following an announcement that three Board members elected to receive their board remuneration in full or in part in shares on 10 May 2019: The associated share capital increase had been registered in the Company Registry.
- 18 November 2019: Private Placement of shares amounting to NOK 90 million.
- 21 November 2019: An Extraordinary General Meeting will be held in the Company on 12 December 2019 to, inter alia, approve the issuance of the Tranche Two Shares.
- 2 December 2019: The share capital increase associated with the issuance of the Tranche One Shares had been registered in the Company Registry.

Announcements under Section 5-2 of the Norwegian Securities Trading Act (inside information):

- 31 January 2019: Partnership with Goldpac Group Ltd., a secure payment solution provider, with the objective to launch dual-interface biometric smart cards to customers in China and possibly other geographies.
- 29 April 2019: Collaboration with Chutian Dragon Co., Ltd. and PAX Technology Limited to accelerate the adoption of biometric payment cards in Asia.
- 30 April 2019: Agreement with a customer, who, in IDEX’s opinion, is a leading provider of global financial news and IT services, to upgrade such customer’s existing biometric security solutions.

- 7 May 2019: The Company had been granted two patents for unconnected on-card enrollment on biometric smart cards by the United States Patent and Trademark Office.
- 22 May 2019: Partnership with Sian Intelligent Technology Co., Ltd., a smart card manufacturer, on integration of biometric components into smart cards.
- 5 June 2019: Collaboration with Tongxin Microelectronics Co., Ltd. (“TMC”), a Chinese secure element vendor, regarding integration of TMC’s secure element with IDEX’s sensor for dual-interface solutions.
- 3 July 2019: IDEX had been granted a foundational patent for unconnected on-card enrollment on biometric smart cards by IP Australia, the Australian patent and trademark office.
- 1 August 2019: Partnership with Silone Cardteck, a smart card integrator, to deliver mass volume, dual-interface, biometric payment cards in Asia.
- 7 August 2019: Agreement with Feitan Technologies Co. Ltd. (“Feitan”), a Chinese smart card integrator, to supply smart card manufacturers with a complete pre-lam inlay solution based on IDEX’s interface technology and Feitan’s fingerprint card pre-lam technology.
- 3 October 2019: Patent license agreement with Idemia, for Idemia’s use of certain IDEX patents in order to develop, manufacture and sell on-card enrollment devices.
- 8 October 2019: Patent license agreement with Chutian Dragon Co., Ltd., to use certain IDEX patents in order to develop, manufacture and sell on-card enrollment devices.
- 9 October 2019: IDEX had been granted a patent for on-card remote enrollment on biometric smart cards by the UK Intellectual Property Office.
- 6 November 2019: IDEX had commenced a restructuring program to right-size its organization for the current operational environment.
- 11 November 2019: IDEX had been approved to trade on the OTCQB Venture Market.
- 13 November 2019: Collaboration with DongWoon Anatech, to supply IDEX SmartFinger IDX3200 sensor for use in secure access biometric ID cards.
- 14 November 2019: Agreement with Quest Payment Systems to supply IDEX’s inlay design and dual-interface biometric sensor.

7 BOARD OF DIRECTORS AND MANAGEMENT

7.1 Board of Directors, management, and other corporate committees

7.1.1 Board of Directors

The Company's Articles of Association provide that the number of directors shall be between three and seven members, as decided by the general meeting of shareholders in the Company.

At the general meeting of shareholders, the Board members are elected to serve for a term of two years from the time of election. There are presently five Board members including the Chair. Morten Opstad (Chair), Lawrence John Ciaccia (Deputy chair), Deborah Lee Davis and Hanne Høvdning were re-elected for a term of two years at the Annual General Meeting on 9 May 2019, at which time Stephen Andrew Skaggs was elected for a term of two years.

Morten Opstad, Chair

Mr. Opstad has served as chair of the Board in IDEX since March 1997. He is a partner in Advokatfirmaet Ræder AS in Oslo, Norway. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies within this line of business. He is also Chair of the board of directors in Thin Film Electronics ASA, a publicly listed technology company. His directorships over the last five years include current Board positions in Nikki AS (Chair), Marc O Polo Norge AS (Chair), Dobber Corporation AS (Chair), K-Konsult AS (Chair), Forenede Industrier Finans AS (Board member), Solli Consultants I AS (Board member), Hammerfestgaten 1 AS (deputy), and Chaos Capital AS (deputy). He previously served as Chair of the Board of Directors in Cxense ASA and Advokatfirmaet Ræder AS. Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953, is a Norwegian citizen and maintains a business address at Dronning Eufemias gate 11, NO-0191 Oslo, Norway.

Lawrence John Ciaccia, Deputy chair

Mr. Ciaccia has served on the Board of IDEX since May 2015. He has broad expertise from the semiconductor industry. Mr. Ciaccia played a pivotal role in transforming AuthenTec from a start-up into the world's leading fingerprint sensor supplier, serving as CEO from September 2010 and instrumental in the acquisition of AuthenTec by Apple in October 2012. He remained with Apple through February 2013 to assist in the acquisition integration and transition. Mr. Ciaccia was born in 1958, is a United States citizen and maintains a business address at 187 Ballardvale Street, Suite B211, Wilmington, Massachusetts, 01887, USA.

Deborah Lee Davis, Board member

Ms. Davis has served on the Board of IDEX since May 2015. She has wide ranging non-executive director experience in fintech, consumer and technology businesses and currently serves on the Boards of International Personal Finance Plc, The Institute of Directors and Which? in the UK and is a trustee of Southern African Conservation Trust in South Africa. Prior to building her portfolio career, Deborah spent 25 years in European and global leadership roles in technology and internet companies including PayPal, eBay, Symantec and Verizon. Ms. Davis is a Fellow of the Institute of Directors UK, and holds a Bachelor of Applied Science (Electronics) degree from the University of Melbourne and a Sloan Masters in Science (Management) from London Business School. Ms. Davis was born in 1963, is a dual citizen of the United Kingdom and Australia, and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

Hanne Høvdning, Board member

Ms. Høvdning has served on the Board of IDEX since December 2007. She has a Bachelor's Degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration. In her professional career, Ms. Høvdning has held several management positions within personnel administration, finance, credit card administration and debt collection. She has served as managing director and chair of the board of Cama Invest AS since 2005. Ms. Høvdning was born in 1954, is a Norwegian citizen and maintains a business address at Grimelundsveien 3D, NO-0775 Oslo, Norway.

Stephen Andrew Skaggs, Board member

Mr. Skaggs has served on the Board of IDEX since May 2019. He has more than 25 years of experience in the semiconductor industry, including serving as President, CEO and CFO of Lattice Semiconductor, a supplier of programmable logic devices and related software. Most recently, Mr. Skaggs served as Senior Vice President and CFO of Atmel Corporation, a leading supplier of microcontrollers, prior to its acquisition by Microchip Technology Incorporated. Early in his career, he worked for Bain & Company, a global management consulting firm. Stephen holds an MBA degree from the Harvard Business School and a B.S. degree in Chemical Engineering from the University of California, Berkeley. Mr. Skaggs was born in 1962, is a United States citizen and maintains a business address at 187 Ballardvale Street, Suite B211, Wilmington, Massachusetts, 01887, USA.

The composition of the Board complies with Oslo Stock Exchange's terms of listing and the applicable independency requirements. The Board also meets the statutory gender requirements.

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the Board or management was selected as a member of the administrative, management or supervisory bodies or member of senior management.

7.1.2 Management

Stanley Alvin Swearingen Jr., Managing Director/CEO

Mr. Swearingen has served as the Managing Director/CEO of IDEX since 1 April 2018. He joined the Strategy Advisory Council of IDEX in May 2016 and was appointed Chief Products Officer in October 2016. He also serves as Chair of the board of directors of Rohinni LLC, a privately held technology company. Before joining IDEX, Mr. Swearingen served as Senior Vice President & General Manager MaxTouch Business Unit and Chief Technology Officer of Atmel Corporation. Previously, Mr. Swearingen served as CTO and Senior Vice President of Advanced Development for Synaptics Inc. Prior to Synaptics, he held senior positions at semiconductor companies, such as MiniCircuits, Skyworks Solutions, Agere Systems and Quantex Microsystems. Mr. Swearingen holds a Certificate of Proficiency with honors in Computer Service Technology from the Benjamin Franklin Institute of Technology in Boston. Mr. Swearingen was born in 1959, is a United States citizen and maintains a business address at 187 Ballardvale Street, Suite B211, Wilmington, Massachusetts, 01887, USA.

Derek D'Antilio, Chief Financial Officer

Mr. D'Antilio joined IDEX as Chief Financial Officer (CFO) in July 2019. He has over twenty years of financial experience with some of the most recognizable companies, including PwC and Hewlett-Packard. He has held senior finance positions at high-growth US-listed technology companies with responsibility for global accounting and reporting, financial planning, treasury, tax, operations and investor relations. Prior to joining IDEX, Mr. D'Antilio served for 8 years as VP of Finance and

Corporate Controller of MKS Instruments, Inc., a global, US publically traded semiconductor equipment supplier. Mr. D’Antilio has an MBA from Babson College with Honors and is a Certified Public Accountant and Certified Management Accountant. Mr. D’Antilio was born in 1972, is a United States citizen and maintains a business address at 187 Ballardvale Street, Wilmington, Massachusetts 01887, USA.

Fred Benkley, Chief Innovation Officer

Mr. Benkley has served as Chief Innovation Officer in IDEX since 1 April 2019. Prior to this, he served as Chief Technology Officer (CTO) in the Company since September 2013. He has over thirty years of experience in the semiconductor technology and biometrics industries. Mr. Benkley founded PicoField Technologies in 2010 where he developed a touch fingerprint sensor technology, which company’s technology was acquired by IDEX in 2013. Mr. Benkley founded Validity Sensors in 2002 where he developed and patented the world’s first off-chip flex fingerprint sensor. Prior to Validity, Mr. Benkley founded Metro Engineering, which developed a variety of industrial and consumer products under OEM contract. From 1978 to 1991, Mr. Benkley worked for Analog Devices developing products for the semiconductor industry. Mr. Benkley has filed more than 25 patents, 14 of which have been granted. He currently serves on the Board of Directors of Covenant Christian Academy Peabody, Massachusetts, North Shore United Pentecostal Church Danvers, Massachusetts and PicoField Technologies, Inc. He holds a B.S. in Electrical Engineering from Northeastern University. Mr. Benkley was born in 1957, is a United States citizen and maintains a business address at 187 Ballardvale Street, Suite B211, Wilmington, Massachusetts, 01887, USA.

Guido Bertocci, VP, Software Engineering

Mr. Bertocci joined IDEX as Vice President, Software Engineering, in September 2016. His previous role was as Vice President Software Engineering in the Smart Display Division, the largest division in Synaptics Inc. Prior to Synaptics, he worked for LSI, Agere Systems, Lucent Technologies, and Bell Labs. Mr. Bertocci holds a Master’s in Electrical Engineering and Computer Science from the University of California, Berkeley and a Bachelor’s with University Honors in Electrical Engineering from Carnegie Mellon University. Mr. Bertocci was born in 1957, is a United States citizen and maintains a business address at 187 Ballardvale Street, Suite B211, Wilmington, Massachusetts, 01887, USA.

Anthony Eaton, Chief Technology Officer

Mr. Eaton joined IDEX in August 2016 and has served as Vice President, Systems Engineering, since February 2017. Prior to joining IDEX, Mr. Eaton served as Director of System Engineering at Atmel, where he was responsible for building and running the System Engineering function for the MaxTouch Business Unit. Prior to Atmel, Mr. Eaton held senior engineering roles at NVIDIA, Mirics Semiconductor and Sony Semiconductor. He holds a First Class Bachelors and Master’s degree in Engineering from Cambridge University, England. Mr. Eaton was born in 1972, is a British citizen and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

Hunter Hu, VP, Sales, Asia Pacific

Mr. Hu joined IDEX in in April 2018 as Director of Sales, China. He has held key sales, account management, and new market development positions with prior companies. His experience in biometrics spans many years, firstly with AuthenTec and then NEXT Biometrics, where he was leading the sales activities for China, India, Japan and Korea. Hunter graduated from Hohai University in Telecommunications Engineering and also holds an MBA degree from The University of Hong Kong. Mr. Hu was born in 1981, is a Chinese citizen and maintains a business address at 399 Shengxia Road, Zhangjiang, Pudong, Shanghai 201210, China.

Chris Ludden, SVP, Silicon and Sensor Technologies

Mr. Ludden joined IDEX in June 2016 as Vice President, Silicon Engineering and was promoted to his current position in March 2019. Mr. Ludden has over 25 years' experience in active-matrix display and capacitive sensing technologies. Prior to joining IDEX, Mr. Ludden worked as Senior Director, Touch-Display Integration for Atmel Corporation's CTO organization supporting capacitive touch and display integration projects. Prior to Atmel, he worked for Synaptics, Inc. as Senior Director, Display Integration Architecture where he was responsible for developing Synaptics' Touch-Display Driver Integration (TDDI) architecture and advance in-cell capacitive sensing schemes. Previously, Mr. Ludden held various mixed-signal management and technical positions with National Semiconductor, Vivid Semiconductor, Crystal Semiconductor and Eastman Kodak. Mr. Ludden holds a MSEE from the Rochester Institute of Technology. Mr. Ludden was born in 1960, is a United States citizen and maintains a business address 100 Meridian Centre Blvd., Suite 230, Rochester, New York 14618, USA.

Sarah Mathews, VP, HR

Ms. Mathews joined IDEX as Director of Group HR in 2016. She has over 20 years of experience of HR within the technology sector. Prior to joining IDEX, Ms. Mathews held various HR roles at Hitachi Europe Ltd, Renesas Technology Europe Ltd, and most latterly, McAfee Inc. and Intel Security. Ms. Mathews is a Member of the Chartered Institute of Personnel & Development in the United Kingdom. She holds a BA Honours in Business Studies, and a Master degree in Employee Relations & Law. Ms. Mathews was born in 1972, is a British citizen and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

David Orme, SVP, Sales & Marketing

Mr. Orme joined IDEX as Senior Vice President of Sales and Marketing in June 2018. He has a strong track record in supporting key sales, marketing and business development activity, in particular from Bell ID, where he was the CEO for nine years. He has also been the COO of Quadnetics Group plc and Bell Group plc, both major electronic security companies. Mr. Orme is a Fellow at the United Kingdom Institute of Directors, and holds a BA Honours in Management Studies from Leeds University. Mr. Orme was born in 1963, is a British citizen and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

Brian Roberts, VP, Product Management & Business Development

Mr. Roberts joined IDEX as Vice President of Business Development and Product Management in 2017. He has over 20 years of experience in the semiconductor technology, human interface and biometric industries. Prior to joining IDEX, Mr. Roberts held various senior level roles at Synaptics Inc., the most recent of which was Senior Director of Strategic Marketing in the Biometrics Products Division. At Synaptics, he also held the role of Senior Director for the Large Touchscreen and Display Product Line. Prior to Synaptics, Brian was Vice President of Marketing and Business Development at Amalfi Semiconductor (acquired by QORVO). Mr. Roberts holds a Master's Degree in Electrical Engineering from the University of Massachusetts and a Master of Business Administration from Henley Business School. Mr. Roberts was born in 1968, is a United States citizen and maintains a business address at 187 Ballardvale Street, Wilmington, Massachusetts 01887, USA.

Erling Svela, VP, Finance

Mr. Svela joined IDEX in 2008. He served as CFO until 2014, when he transferred to VP of Finance. Mr. Svela has been CFO of Thin Film Electronics ASA, CFO and corporate vice president in Kitron ASA. Previously, he has held various senior finance management positions. Mr. Svela holds an MSc. in Forest Economy and Management from the Norwegian University of Life Sciences, an MBA from

Henley Business School and he is a certified European financial analyst from the Norwegian School of Economics and Business Administration. Mr. Svela was born in 1958, is a Norwegian citizen and maintains a business address at Dronning Eufemias gate 16, NO-0191 Oslo, Norway.

Paul Taylor, VP, Operations & Program Management

Mr. Taylor joined IDEX in July 2017 to establish and lead the program management organization, and in January 2018 he also assumed responsibility for Operations. Prior to joining IDEX, he served as SVP, Mobile Transaction Solutions with Mastercard where he was responsible for development and delivery of custom digital mobile wallet applications for Mastercard issuers. Mr. Taylor joined Mastercard in 2014 as part of the acquisition of the C-SAM business where he held position of Chief Operating Officer. Previously, Mr. Taylor had a long career at Nokia working on both technology and handset development programs. Mr. Taylor holds a BEng (Hons) in Electronics Engineering from Southampton University. Mr. Taylor was born in 1967, is a British citizen and maintains a business address at Abbey House, 282 Farnborough Road, Farnborough GU14 7NA, United Kingdom.

7.2 Conflict of interest

The Chair of the Board, Morten Opstad, is a partner in Advokatfirmaet Ræder AS, which in the past has rendered and currently renders legal services for IDEX. Mr. Opstad and the Board are attentive to the fact that this, arguably, could represent a potential conflict of interest and monitor the situation closely to ensure that no conflict of interest materializes. No commitment has been made by the Board in relation to the use of Advokatfirmaet Ræder AS for future legal services and the Board selects the Company's professional advisors with the Company's best interests as the overriding priority. The legal services rendered by Advokatfirmaet Ræder AS are to a large degree performed by other lawyers than Mr. Opstad. Mr. Opstad abstains from voting on any Board matters concerning the Company's affiliation with Advokatfirmaet Ræder AS.

Lawrence John Ciaccia, deputy chair, has served on IDEX's Strategy Advisory Counsel ("SAC") since 2014 and continues his tenure on the SAC. The annual SAC service fee is USD 15,000. In addition, Mr. Ciaccia provides consulting services beyond his board duties to IDEX for a fixed fee of USD 50,000 per year.

Stephen A Skaggs provides consulting services beyond his board duties to IDEX.

Members of the Board and management hold a number of Shares and/or Subscription Rights in the Company. The following table sets forth the number of such Shares and/or Subscription Rights held or controlled by the members of the Board and management as of the date of this Prospectus. The numbers include Shares and Subscription Rights held or controlled by the respective persons' close associates, as that term is defined in the Norwegian Securities Trading Act.

Name	Title	Shares	Subscription Rights
Morten Opstad	Chair	7,298,916	0
Larry Ciaccia	Deputy Chair	121,563	600,000
Deborah Davis	Board Member	287,406	0
Hanne Høvdning	Board Member	462,778	0
Steve Skaggs	Board Member	450,000	0
Stan Swearingen	CEO	400,000	8,015,900
Derek D'Antilio	CFO	50,000	2,000,000
Fred Benkley	Chief Innovation Officer	50,000	2,495,400
Guido Bertocci	VP Software	1,225,000	944,900

Anthony M. Eaton	CTO	0	1,452,800
	SVP Silicon & Sensor		
Chris Ludden	Tech.	0	1,458,100
Sarah Mathews	VP Human Resources	0	817,400
David Orme	SVP Sales & Mktg.	0	2,208,600
	VP Prod. Mgt &		
Brian Roberts	Bus.Dev	0	1,212,300
Erling Svela	VP Finance	230,167	1,061,200
Paul A. Taylor	VP Ops and Pgm. Mgt.	0	699,200
TOTAL		10,575,830	22,965,800

At the 2019 Annual General Meeting, Board members received the option to receive all or part of the Board remuneration in the form of shares in the Company. Ms. Davis, Ms. Høvding and Andy MacLeod (board member in IDEX until 9 May 2019) elected to subscribe for 88 291, 60 113 and 88 291 shares respectively as Board remuneration. These Board members (former Board member in the case of Mr. MacLeod) have pledged to not sell said shares before the earliest of the 2020 Annual General Meeting and 30 June 2020.

Other than the foregoing, there are no potential conflicts of interests between any duties to the Company and private interest or other duties of the members of the Board or management. There are no family relationships among the Board members, management or key employees.

7.3 Convictions for fraudulent offences, bankruptcy, etc.

None of the members of the Board or management have during the last five years preceding the date of this Prospectus:

- Any convictions in relation to indictable offences or convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been declared bankrupt or been associated with any bankruptcy, receivership, liquidation or companies put into administration in his or her capacity as a founder, director or senior manager of a company.

8 FINANCIAL INFORMATION

8.1 Overview and basis of presentation

The financial information in the summary has been extracted from the Group's audited consolidated financial statements as of and for the year ended 31 December 2018 (the "**Financial Statements**"), and the unaudited consolidated interim financial statements as of and for the nine months' periods ended 30 September 2019 and 30 September 2018 and the six months' periods ended 30 June 2019 and 30 June 2018 (the "**Interim Financial Statements**", together referred to as the "**Financial Information**"). The Financial Information is incorporated herein by reference (see Section 14.5 "*Incorporation by reference*").

The Financial Statements have been prepared in compliance with the International Financial Reporting Standards ("**IFRS**") and the Norwegian Accounting Act of 17 July 1998 no 56 ("**Norwegian Accounting Act**"). The Interim Financial Statements have been prepared in accordance with the International Accounting Standard 34 - Interim Financial Reporting ("**IAS 34**"). The Interim Financial Statements do not include all the information and disclosures required in full-year Financial Statements and should be read in conjunction with the Financial Statements.

The amounts extracted from the Financial Information are presented in NOK, rounded to the nearest thousand unless otherwise stated. NOK is the reporting as well as the functional currency for the Group and for IDEX. The accounting policies applied in the preparation of the Financial Information are presented in note 1 to the Financial Statements.

8.2 Auditor and information subject to audit

The Group's auditor, Ernst & Young AS, as stated in Section 14.2, has audited the Financial Statements for the financial year 2018. The auditor's opinion for 2018 was unqualified. The auditor's reports are included in the Financial Statements. Ernst & Young AS has not audited, reviewed or produced any report on the Interim Financial Statements, or any other information provided in this Prospectus.

8.3 Significant changes since 30 September 2019

On 6 November 2019 the Group implemented certain expense reductions. There have been reductions in staff, and reductions in other cash compensation expenses. Other operating expenses not related to near-term revenue generation or critical development activities have also been reduced. The actions have taken effect in the fourth quarter of 2019 and the full impact is expected as of the first quarter of 2020. These expense reductions are expected to result in a 30% reduction in annualized operating expenses and are expected to lower IDEX's break-even point by more than 50%. There will be no material charges related to the expense reductions.

The Company has carried out a Private Placement resolved by the Board on 17 November 2019, divided into Tranche One of NOK 41,569,055.25 and Tranche Two of NOK 48,430,944.75, the latter being approved and issued by the Extraordinary General Meeting on 12 December 2019.

With exception of these expense reductions and share issues, there have not been any significant changes in the financial or trading position of the Group since 30 September 2019 and until the date of this Prospectus but for the effect of the ongoing business, cf. Section 9.1. During this period, there

has not been any substantial events that have had any material impact on the result or the value of the Group's assets and liabilities.

Further, in the opinion of the management, to the best of its knowledge, there has been no material changes in recent trends as regards the operations of the Group since 30 September 2019 and until the date of this Prospectus.

8.4 Investments

At 30 September 2019, NOK 3.4 million of the NOK 4.6 million invested in the first nine months of 2019 was related to ordered manufacturing equipment classified as investment in progress. In October 2019, after an additional investment of NOK 2.4 million, the equipment was ready for use making the total investment NOK 5.8 million. The equipment started to depreciate at the end of October 2019. No other significant investments have been made in between 30 September 2019 and the date of this Prospectus. There are no significant fixed assets ordered at the date of this Prospectus. The Group does not have any firm plans or obligations to make significant future investments in tangible or intangible assets, or financial assets.

The future development activities to progress the technology and product roadmap will be conducted by the Group, its production partners and various technical and academic laboratories and institutions. The future programs are committed only insofar as the staff has been employed and hired. External assignments are normally for shorter periods than 12 months and included in the Group's budget. Such activities will be expensed unless the results satisfy the criteria for capitalization. There is little or no basis for estimating whether the results of future development projects will satisfy the criteria for capitalization. The Group has therefore taken for its basis that all development expenses in 2019 and 2020 will be expensed.

IDEX intends to fund the future development activities from its own sources, supplemented by, but not dependent on, government grants if and when obtained. IDEX takes for its basis that it will be able to fund the activities in the periods after the planning period, i.e. after the first half of 2021 and onwards, by profits, debt or equity as appropriate at that time.

8.5 Dividend policy

The Company's aim and focus is to enhance shareholder value and provide an active market in its Shares. IDEX has no established dividend policy.

IDEX has not to date declared or paid any dividends on its Shares and does not anticipate paying any cash dividends for 2019 or the next few years. IDEX intends to retain future earnings to finance operations and the expansion of its business. Any future determination to pay dividends will depend on the Company's financial condition, results of operations and capital requirements.

9 CAPITAL RESOURCES AND INDEBTEDNESS

9.1 Capitalization and indebtedness of the Group prior to Tranche Two of the Private Placement

The Group is funded by equity and supplier credit. The unsecured current debt, which comprises financial liabilities as reported in the balance sheet, consists of accounts payable, accrued expenses and similar working capital items. The non-current debt is the long-term lease liabilities related to office leases. The payable is held at discounted net present value.

The Group has a net positive cash position. The negative sign on the net financial indebtedness in the table in Section 9.1.2 below represents a net favorable cash position. The Group's current financial debt consists of current lease liabilities, accounts payable, accrued expenses and similar working capital items.

The Group does not have any debt to banks, financial institutions or other financial lenders and has not issued any bonds. The Group has no indirect or contingent financial indebtedness.

The following tables have been derived from the consolidated Interim Financial Statements of the Group as of 30 September 2019 published on 13 November 2019 and subsequent events. The tables set forth the Group's capitalization and indebtedness per 30 September 2019 and adjusted as of 2 December 2019.

Since 30 September 2019, new equity and liquidity from the Tranche One of the Private Placement in a net amount of NOK 41.3 million has been injected into the Company. In addition, the Group has extended and entered into two office leases. The normal operations have consumed cash by payment of expenses, and increased cash by collection of receivables and increase in accounts payable.

There are no other material changes to the capitalization and indebtedness of the Group.

9.1.1 Capitalization and indebtedness

Capitalization and indebtedness			
Amounts in NOK 1,000	30 Sep 2019	Adjustments after 30 Sep 2019	As adjusted
Total current debt and liabilities	30 084	5 433	35 517
Guaranteed			
Secured			
Unguaranteed/Unsecured	30 084	5 433	35 517
Total non-current debt and liabilities (excluding current portion of long-term debt)	1 214	5 133	6 348
Guaranteed			
Secured			
Unguaranteed/Unsecured	1 214	5 133	6 348
Shareholders' equity	149 223	-14 702	134 521
a. Share capital	89 698	8 314	98 012
b. Legal reserve	1 390 926	32 955	1 423 882
c. Other reserves (*)	-1 331 402	-55 917	-1 387 372
Total debt and shareholders' equity	180 522	-4 136	176 386

* Other reserves include retained earnings as accounted for.

The adjustments since 30 September 2019 consist of the following:

Current debt and liabilities in the form of unguaranteed/unsecured debt and liabilities have increased by NOK 5.4 million, of which NOK 1.0 million relates to the two new office lease agreements, and NOK 4.4 million is increase in accounts payable and accruals for cost.

Total non-current debt in the form of unguaranteed/unsecured debt has increased by NOK 5.1 million, which is the long-term part of the two new office lease obligations.

Shareholders' equity has decreased by NOK 14.7 million. This is because of a loss in the period amounting to NOK 55.9 million, partly offset by NOK 41.3 million net injected equity from Tranche One Shares.

The net of the foregoing amounts to a decrease in total debt and shareholders' equity amounting to NOK 4.1 million.

9.1.2 Net financial indebtedness

Net financial indebtedness			
Amounts in NOK 1,000	30 Sep 2019	Adjustments after 30 Sep 2019	As adjusted
A. Cash in banks	96 939	-471	96 468
B. Cash equivalents			
C. Trading securities			
D. Liquidity (A+B+C)	96 939	-471	96 468
E. Current financial receivable	12 076	-2 504	9 573
F. Current bank debt			
G. Current portion of non-current debt	6 126	1 053	7 179
H. Other current financial debt	23 958	4 380	28 338
I. Current financial debt (F+G+H)	30 084	5 433	35 517
J. Net current financial indebtedness (I-E-D)	-78 931	8 407	-70 524
K. Non-current bank loans			
L. Bonds issued			
M. Other non-current debt	1 214	5 133	6 348
N. Non-current financial indebtedness (K+L+M)	1 214	5 133	6 348
= Net financial indebtedness (J+N)	-77 717	13 541	-64 176

The adjustments since 30 September 2019 consist of the following:

Liquidity consist of cash in bank only, and is nearly unchanged, because the operational cash outflow in the period was on par with the injected liquidity in the form of payment for Tranche One Shares.

Receivables have decreased by NOK 2.5 million because of collections in the period.

Current financial debt have increased by NOK 5.4 million, of which NOK 1.0 million relates to the current portion of the two new office lease agreements, and NOK 4.4 million is increase in current accounts payable and accruals for cost.

The foregoing three items amount to a combined net increase in net current financial indebtedness of NOK 8.4 million.

Non-current debt in the form of other non-current debt has increased by NOK 5.1 million, which is the long-term part of the two new office lease obligations.

In total, the net indebtedness of the Group has increased by NOK 13.5 million.

9.2 Working capital statement

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, for the period of at least 12 months from the date of this Prospectus.

10 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

10.1 Company corporate registration

The Company's registered name is IDEX Biometrics ASA. In less formal circumstances and in the context of marketing, the Company/Group is often referred to as "IDEX" or "IDEX Biometrics" to indicate its business. The Company is organized as a public limited liability company in accordance with the Norwegian Public Limited Companies Act. The Company's legal entity identifier (LEI) is 5967007LIEEXZXHECW11.

The Company's registered office is at Dronning Eufemias gate 16, 0191 Oslo, Norway. The Company can be reached at telephone +47 67 83 91 19.

The Company's website can be found at www.idexbiometrics.com. Other than the documents incorporated by reference as set out in Section 14.5 "Cross reference table", the information on the Company's website does not form part of the Prospectus.

10.2 The Shares and the share capital

The Company's Shares have been listed on Oslo Stock Exchange since 11 May 2015 under the ticker symbol IDEX. IDEX's Shares are not listed on any other regulated marketplace and IDEX does not intend to seek such listing.

As of 11 November 2019, IDEX Shares are traded on the OTCQB Venture Market exchange under the ticker symbol IDXAF.

The Shares are freely transferable according to Norwegian law and the Company's Articles of Association. There are no voting restrictions in IDEX. The Articles of Association of IDEX do not contain any provisions restricting foreign ownership of the Shares.

The Company is not aware of any shareholder agreements or other similar understandings among its shareholders that may result in a change of control in IDEX. To the best of IDEX's knowledge and belief, no shareholders, or group of shareholders, own or control the Company, directly or indirectly. The Shares have not been subject to any takeover bids by third parties during the current of last financial year.

10.3 Board authorization to issue shares

On 12 December 2019, the Extraordinary General Meeting approved a board authorization to issue new shares for purposes of private placements and/or rights issues with a maximum total nominal value of NOK 9,801,212.08 (representing 10% of the share capital of the Company at the time of the authorization), i.e. a maximum of 65,341,413 new shares at NOK 0.15 (the "Ordinary Authorization"). The authorization is valid until the 2020 Annual General Meeting, however no longer than 30 June 2020.

The Extraordinary General Meeting on 12 December 2019 also approved a board authorization to issue new shares for purposes of an Employee Share Purchase Plan with a maximum total nominal value of NOK 4,900,606.04 (representing 5% of the share capital of the Company at the time of the authorization), i.e. a maximum of 32,670,706 new shares at NOK 0.15 (the "ESPP Authorization").

The authorization is valid until the 2021 Annual General Meeting, however no longer than 30 June 2021.

All previous authorizations were withdrawn by the shareholders with effect from the date the two foregoing board authorizations are registered in the Company Registry.

The board authorizations have the following purposes and limitations:

- i) The Ordinary Authorization may be used in connection with private placements and share issues to suitable investors (which may include existing and/or new shareholders, hereunder employees in the Company) to raise additional capital for the Company, in an amount limited to a nominal value of NOK 9,801,212.08 (representing 10% of the registered share capital at the time of the authorization). The authorization does not comprise share capital increases in connection with mergers, cf. Section 13-5 of the Norwegian Public Limited Companies Act. The Company's shareholders' pre-emptive rights may be set aside;
- ii) The Ordinary Authorization may also be used in connection with rights issues to existing shareholders to raise additional capital for the Company, in an amount limited to a nominal value of 9,801,212.08 (representing 10% of the registered share capital at the time of the authorization); provided, however, that the authorizations for private placements and rights issues shall collectively be limited to NOK 9,801,212.08. The authorization does not comprise share capital increases in connection with mergers, cf. Section 13-5 of the Norwegian Public Limited Companies Act.
- iii) The ESPP Authorization may be used in connection with award of shares in the Company to employees in the Company or any of its Subsidiaries under the terms and conditions of the 2020 Employee Share Purchase Plan, whereby such employees may convert a certain portion of the employee's cash remuneration from the Company or its Subsidiaries to shares in IDEX. The number of shares that may be awarded to the employee shall be calculated based on the volume-weighted average price of the share over the 10 trading days immediately preceding the purchase date, with, at the Board's discretion, a discount of, at a maximum, 15% from such average price. The authorization does not comprise share capital increases in connection with mergers, cf. Section 13-5 of the Norwegian Public Limited Companies Act.

In the board authorizations, the Board was authorized to determine the subscription price in regard to share issues in accordance with said board authorization. The subscription price may be paid by way of non-cash consideration pursuant to Section 10-2 of the Norwegian Public Limited Companies Act. The Board was also authorized to decide upon the other subscription terms. The new shares which may be subscribed for according to the authorization shall have rights to dividends declared subsequent to the subscriber having paid the subscription price and the associated share capital increase having been registered in the Company Registry. In other respects, the shares shall have shareholder rights from the time of issuance, unless the Board otherwise determines.

The board authorizations to issue new shares will be registered in the Company Registry on or about 23 December 2019.

As of the date of this Prospectus, the said board authorizations have not been used.

There are no other board authorizations to issue shares in effect as of the date of this Prospectus.

10.4 Subscription Rights and other Financial Instruments

10.4.1 Subscription Rights

At the 9 May 2019 Annual General Meeting, the shareholders adopted an incentive subscription rights plan available for employees in the Company and its Subsidiaries, and to individual contractors performing similar work (the “**2019 Plan**”). The Company has had annual corresponding subscription right plans for the years 2015 (the “**2015 Plan**”), 2016 (the “**2016 Plan**”), 2017 (the “**2017 Plan**”) and 2018 (the “**2018 Plan**”). Upon adoption of a new plan, the former plan has been closed for further grants.

To enable four years vesting period, IDEX renews its subscription right plans each year at the Annual General Meetings, whereby the preceding plan is closed for new grants when the new plan takes effect. The maximum number of Subscription Rights, which may be issued under the 2019 Plan, may not exceed 59,775,203 Subscription Rights; provided, however, that the maximum number of Subscription Rights that may be outstanding under all the plans may not exceed 10 % of the total number of shares in the Company at any given time.

Upon vesting, each Subscription Right entitles the holder to demand the issuance of one share in IDEX. As consideration for the shares to be issued in the Company upon exercise of the Subscription Rights issued under the 2019 Plan, the holder of the Subscription Rights shall pay to the Company a price per share, which at least shall equal the greater of (i) the average closing price on the Company’s share, as reported on Oslo Stock Exchange, over a period of 10 (ten) trading days immediately preceding the date of grant of the Subscription Right, and (ii) the closing price of the Company’s share, as reported by Oslo Stock Exchange, on the trading day immediately preceding the date of grant of the Subscription Rights. In particular circumstances, the Subscription Right price per Share may be lower than stated above; provided that the price per Share shall not be less than the par value per Share at any given time. The maximum number of Shares that may be issued with a lower price per share, shall not exceed 5,977,520 Shares. The Subscription Rights under the 2019 Plan will expire five years after the resolution by the 2019 Annual General Meeting implementing the 2019 Plan.

The Subscription Rights shall become exercisable in installments during the individual’s period of employment or service and will be subject to earlier termination if the individual is no longer employed or retained by IDEX or any of its Subsidiaries. The Subscription Rights vest 25% each year, beginning one year after the vesting commencement date, being the latest of the following dates preceding a grant: i) 15 January, ii) 15 April, iii) 15 July or iv) 15 October. In case the subscription right holder resigns or is terminated, without cause, he or she will be entitled to exercise, within 90 days after end of employment or service, the subscription rights that were vested at the end of the employment or service notice period. The Board may determine an accelerated vesting schedule, if deemed appropriate. The 25% per year vesting is chosen as it balances the short-term incentives and the long-term attractiveness. In case the subscription right holder is terminated for cause, all non-exercised Subscription Rights will be cancelled. The Subscription Rights are non-assignable other than by will or by the laws of descent and distribution. The terms and conditions for vesting and exercise of subscription rights under the 2015 Plan, 2016 Plan, 2017 Plan, and 2018 Plan are substantially the same as the terms and conditions under the 2019 Plan.

As of 18 December 2019, there are 52,923,268 outstanding Subscription Rights in the Company. If all the issued and outstanding Subscription Rights are exercised, IDEX's share capital will increase by NOK 7,938,490.20.

10.4.2 Other Financial Instruments

The Company currently has no other outstanding warrants, rights shares, convertible loans, convertible securities, exchangeable securities, securities with warrants or other financial instruments in issue giving the holder the right to subscribe for Shares in IDEX. No third party has any financial instruments or rights entitling them to subscribe for or acquire shares in any Group company.

10.5 Programs for employee share purchases

The Board intends to resolve a new employee share purchase plan, in which the employees of the Company or any of its Subsidiaries, for such period as determined by the Board, may convert a certain portion of the employee's cash remuneration from the Company or its Subsidiaries to shares in IDEX. The number of shares that may be awarded to the employee shall be calculated based the volume-weighted average price of the share over the 10 trading days immediately preceding the purchase date, with, at the Board's discretion, a discount of, at a maximum, 15% from such average price. The same terms would apply for all employees in the group. The ESPP Authorization to issue shares, as outlined in Section 10.3 above, has been put in place in order to facilitate such program for employee share purchases.

The Employee Share Purchase Plan has yet to be implemented by the Board and, as a result, as of the date of this Prospectus, there is currently no other program for employee share purchases except the Subscription Rights plans outlined in Section 10.4.1 above.

10.6 Major shareholders

Pursuant to the Norwegian Securities Trading Act, shareholders that obtain holdings of shares, or rights to shares, that exceeds 5% of the Company's share capital or a corresponding portion of the votes, have an interest in the issuer's capital or voting rights which is notifiable. As of the date of this Prospectus¹², the following registered shareholders in IDEX have holdings in excess of the statutory thresholds for disclosure requirements. In case of nominee shareholders, the disclosure requirement applies to the beneficial owner of the Shares. The overview below does not include the Tranche Two Shares.

Name of registered shareholder	Number of Shares	%
Sundvall Holding AS	57,661,021	8.82%
UBS Switzerland AG	55,799,466	8.54%
The Northern Trust Comp, London Br	50,030,909	7.66%
Goldman Sachs International	45,351,611	6.94%

UBS Switzerland AG, the Northern Trust Comp., London Br. and Goldman Sachs International are nominee shareholders. The Company is not aware of the number or identity of any beneficial owners of shares held by said nominees. Note that shareholders may control several accounts, and/or foreign shareholders' Shares may be held by one or more nominee(s).

¹² The overview is based on data from the VPS as of 18 December 2019.

Other than the foregoing and primary insiders' mandatory obligation to disclose trades, the Board is not aware of any person having an interest in the Company's share capital or voting rights that must be disclosed under Norwegian law.

All Shares in the Company have equal voting rights, with each Share carrying the right to one vote at the General Meetings.

11 SHAREHOLDER MATTERS AND COMPANY AND SECURITIES LAW

11.1 Introduction

This section includes certain aspects of Norwegian legislation relating to shareholding in a Norwegian public limited liability company, with its shares listed on Oslo Stock Exchange, but is however not a full or complete description of the matters described herein. The following summary does not purport to be a comprehensive description of all the legal considerations that may be relevant to a decision to purchase, own or dispose of Shares.

The Company is a Norwegian public limited company and is as such subject to, inter alia, Norwegian company and securities law, including the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act with regard to disclosure of inside information and ongoing disclosure requirements, market abuse, mandatory take-overs, squeeze-out, etc.

11.2 Voting rights

Each Share in the Company (other than treasury shares) gives the holder the right to cast one vote at general meetings of shareholders. There are no limitations under Norwegian law on the rights of non-residents or foreign owners to hold or vote the Shares.

As a general rule, resolutions that shareholders are entitled to make pursuant to the Norwegian Public Limited Companies Act or the Company's Articles of Association require a simple majority of the votes cast. In the case of election of directors to the Board of Directors, the persons who obtain the most votes cast are deemed elected to fill the positions up for election. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights in connection with share issues, to approve a merger or de-merger, to amend the Company's Articles of Association or to authorize an increase or reduction in the share capital, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a shareholders' meeting.

Norwegian law further requires that certain decisions which have the effect of substantially altering the rights and preferences of any Shares or class of Shares receive the approval of the holders of such Shares or class of shares as well as the majority required for amendments to the Company's Articles of Association. Decisions that (i) would reduce any shareholder's right in respect of dividend payments or other rights to the assets of the Company or (ii) restrict the transferability of the shares require a majority vote of at least 90% of the share capital represented at the general meeting in question as well as the majority required for amendments to the Company's Articles of Association. Certain types of changes in the rights of shareholders require the consent of all shareholders affected thereby as well as the majority required for amendments to the Company's Articles of Association.

In general, only shareholders registered in the VPS are entitled to vote for the Shares. Beneficial owners of Shares that are registered in the name of a nominee are generally not entitled to vote for Shares under Norwegian law, nor are persons who are designated in the VPS register as the holder of such Shares as nominees. Readers should note that there are varying opinions as to the interpretation of Norwegian law in respect of the right to vote nominee-registered Shares. For example, Oslo Stock Exchange has held that in its opinion "nominee-shareholders" may vote in general meetings if they actually prove their shareholding prior to the general meeting.

11.3 Additional issuances and preferential rights

All issuances of Shares by the Company, including bonus issues, require an amendment to the Articles of Association, which requires the same vote as other amendments to the Articles of Association. Furthermore, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new shares issued against cash contribution. The preferential rights to subscribe in an issue may be waived by a resolution in a general meeting by the same vote required to approve amendments to the Articles of Association. A waiver of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares, irrespective of class.

Under Norwegian law, bonus issues may be distributed, subject to shareholder approval, by transfer from the Company's free equity or from its share premium reserve. Such bonus issues may be affected either by issuing Shares or by increasing the par value of the Shares outstanding.

11.4 Dividends

Dividends may be paid in cash or in some instances in kind. Pursuant to the Norwegian Public Limited Companies Act, a public limited liability company may only distribute dividends to the extent it will have net assets covering the company's share capital and other restricted equity after the distribution has been made. The calculation shall be made on the basis of the balance sheet in the Company's last approved financial statements, provided, however, that it is the registered share capital at the time of decision that applies. Further, extraordinary dividend payments may be resolved based upon an interim balance sheet not older than six (6) months.

In the amount that may be distributed, a deduction shall be made for (i) the aggregate nominal value of treasury shares held by the company, (ii) credit and collateral pursuant to Sections 8-7 and 8-10 of the Norwegian Public Limited Companies Act, with the exception of credit and collateral repaid or settled prior to the time of decision or credit which is settled by a netting in the dividend and (iii) other dispositions after the balance day which pursuant to law shall lie within the scope of the funds that the Company may use to distribute dividend. Even if all other requirements are fulfilled, the Company may only distribute dividend to the extent that it after the distribution has a sound equity and liquidity.

Distribution of dividends is resolved by the general meeting of shareholders with simple majority, and on the basis of a proposal from the Board of Directors. The general meeting cannot distribute a larger amount than what is proposed or accepted by the Board of Directors. The general meeting can also, following its approval of the annual financial statement, provide the Board of Directors with an authorization to resolve distribution of dividends on the basis of the company's financial statement. Such authorization is however limited in time to the next ordinary General Meeting.

According to the Norwegian Public Limited Companies Act, there is no time limit after which entitlement to dividends lapses. Under the Norwegian Limitations Act, the general period of limitation is three years from the date on which an obligation is due. The payment date may not be set later than six months from the resolution to distribute dividends. Further, there are no dividend restrictions or specific procedures for non-Norwegian resident shareholders in the Norwegian Public Limited Companies Act.

Under Norwegian foreign exchange controls currently in effect, transfers of capital to and from Norway are not subject to prior government approval except for the physical transfer of payments in currency, which is restricted to licensed banks. Consequently, a non-Norwegian resident may receive

dividend payments without Norwegian exchange control consent if such payment is made only through a licensed bank.

Any potential future payments of dividends on the Shares will be denominated in NOK and will be paid to the shareholders through the VPS. Payment to investors registered in the VPS whose address is outside Norway will be conducted by the Company's registrar based on information received from the VPS. Investors registered in the VPS with an address outside Norway who have not supplied VPS with their bank account details or who do not have valid bank account number will receive a letter from the Company's VPS registrar, which needs to be returned before the dividend payment can take place.

11.5 Rights on liquidation

Under Norwegian law, a company may be liquidated by a resolution in a general meeting of the Company passed by a two thirds majority of the aggregate votes cast as well as two thirds of the aggregate share capital represented at such meeting. The Shares rank *pari passu* in the event of a return on capital by the Company upon a liquidation or otherwise.

11.6 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for IDEX) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

Shares held or acquired or disposed of by close associates, as defined in Section 2-5 of the Norwegian Securities Trading Act, are regarded as equivalent to the acquirer's or disposer's own Shares.

11.7 The VPS and transfer of Shares

The Company's shareholder register is operated through the VPS. The VPS is the Norwegian paperless centralized securities register. It is an electronic book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and Oslo Stock Exchange are both wholly-owned by Euronext N.V.

All transactions relating to securities registered with the VPS are made through computerized book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorized securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a

shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's by-laws or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Financial Supervisory Authority on an on-going basis, as well as any information that the Financial Supervisory Authority requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

11.8 Shareholder register

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Financial Supervisory Authority. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In the case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners.

11.9 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on Oslo Stock Exchange through any broker that is a member of Oslo Stock Exchange, whether Norwegian or foreign.

11.10 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in Section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

11.11 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four (4) weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of

the voting rights in the company and Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. A notification informing about a disposal can be altered to a notice of making an offer within the four (4) week period, while a notification stating that the shareholder will make an offer cannot be amended and is thus binding.

The offer and the offer document required are subject to approval by Oslo Stock Exchange before the offer is submitted to the shareholders or made public. The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the 1/3 threshold was exceeded, but at least equal to the market price, if it is clear that the market price was higher when the mandatory offer obligation was triggered. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be unconditional and in cash (NOK) or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

11.12 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited liability company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four (4) weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorized to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to Section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless special circumstances indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

11.13 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the Directorate of Labour and Welfare and the Financial Supervisory Authority have electronic access to the data in this register.

12 LEGAL MATTERS

12.1 Legal and arbitration proceedings

The Group is not involved in any governmental, legal or arbitration proceedings, nor is the Company aware of any such pending or threatened proceedings, nor has the Group since its inception been involved in any governmental, legal or arbitration proceedings, which may have or have had any significant effects on the Group's financial position or profitability.

12.2 Related party transactions since 31 December 2018 and until the date of this Prospectus

Some members of the Board and the management participated in a private placement carried out by the Company on 25 January 2019 and acquired shares at a subscription price of NOK 4.00 per share, the same price as the other investors. Mr. Opstad, Chairman, acquired 100,000 shares, Mr. Swearingen, Managing Director/CEO, acquired 250,000 shares, former board member Mr. MacLeod acquired 140,000 shares, and former CFO Henrik Knudtzon acquired 100,000 shares.

The Board resolved on 4 August 2019 the annual refresh grant of incentive Subscription Rights to IDEX employees under the Company's 2019 Plan, on terms and conditions as described in Section 10.4.1. The exercise price of such Subscription Rights is NOK 1.65 per share. The following grants were made to senior managers:

- Mr. Swearingen, Managing Director/CEO, 1,200,900 Subscription Rights;
- Mr. D'Antilio, Chief Financial Officer, 2,000,000 Subscription Rights;
- Mr. Benkley, Chief Innovation Officer, 245,400 Subscription Rights;
- Mr. Bertocci, VP of Software Engineering, 210,400 Subscription Rights;
- Mr. Eaton, Chief Technology Officer, 327,800 Subscription Rights;
- Mr. Ludden, SVP of Silicon and Sensor Technologies, 385,700 Subscription Rights;
- Ms. Mathews, VP of Human Resources, 596,100 Subscription Rights;
- Mr. Orme, SVP of Sales and Marketing, 208,600 Subscription Rights;
- Mr. Roberts, VP of Product Management and Business Development, 210,400 Subscription Rights;
- Mr. Svela, VP of Finance, 178,800 Subscription Rights; and
- Mr. Taylor, VP of Operations & Programme Management, 178,800 Subscription Rights.

Further, on 4 December 2019, Mr. Svela was granted an additional 443,100 Subscription Rights in connection with an additional grant of Subscription Rights to IDEX employees under the 2019 Plan, to an exercise price of NOK 0.15 per share.

Other than the above-mentioned transactions, and the share-based remuneration to the Board as described in Section 7.2, the Group has not, as of the date of this Prospectus, entered into related party transactions since 31 December 2018.

13 TAXATION

13.1 General

The statements herein regarding taxation are, unless otherwise stated, based on the laws in force in Norway as of the date of this Prospectus, and are subject to any changes in law occurring after such date. Such changes could be made on a retrospective basis. Tax rates indicated below are applicable for the income year 2019. The tax legislation of the investor's member state in the European Economic Area or country of residence/incorporation and of the issuer's country of incorporation may have an impact on the income received from the securities.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to acquire, own or dispose of the shares. Furthermore, the summary only focuses on the shareholder categories explicitly mentioned below (individual shareholders and limited liability companies), and the tax regime specific to investments in shares pursuant to Norwegian tax law. Shareholders are advised to consult their own tax advisors concerning the overall tax consequences of their ownership of shares. In particular this document does not include any information with respect to U.S. taxation. Prospective investors who may be subject to tax in the United States are urged to consult their tax adviser regarding the U.S. federal, state, local and other tax consequences of owning and disposing of shares in IDEX.

13.2 Norwegian shareholders

Taxation of dividends – Individual shareholders

Dividends distributed to Norwegian individual shareholders are taxable as general income. The taxable dividend, less a calculated tax-free allowance, is grossed up to 144%, which amount is taxed at the general income tax rate of 22% (resulting in an effective tax rate of 31.68%). The tax-free allowance shall be calculated on a share by share basis, and the allowance for each share will be equal to the cost price of the share, multiplied by a risk-free interest rate. Any part of the calculated allowance one year exceeding the dividend distributed on the share will the following years be deducted from taxable dividend income and also be included in the basis for calculating the allowance.

Taxation of dividends – Corporate shareholders (Limited liability companies)

Dividends distributed to a shareholder which is a limited liability company resident in Norway for tax purposes (“**Norwegian corporate shareholders**”) and holding more than 90% of the shares and votes in the distributing company are fully exempt from taxation. To other corporate shareholders 3% of the dividends shall be subject to general income tax at the 22% rate.

Taxation on realization of shares – Individual shareholders

Sale, redemption or other disposal of shares is considered a realization for Norwegian tax purposes. A capital gain or loss generated by a Norwegian individual shareholder through a disposal of shares is taxable or tax deductible in Norway. Such capital gain or loss is included in or deducted from the basis for computation of general income in the year of disposal. The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The capital gain is calculated on the consideration received less the cost price of the share and transactional expenses. The taxable gain, less a calculated tax-free allowance, is grossed up to 144%, which amount is taxed at the general income tax rate of 22% (resulting in an effective tax rate of 31.68%). The allowance for each share is equal to the total of allowance amounts calculated for this share for previous years (ref. “Taxation of dividends – Individual shareholders” above), which

exceeded dividends distributed on this share. The calculated allowance may only be deducted in order to reduce a taxable gain calculated upon the realization of the share, and may not be deducted in order to produce or increase a loss for tax purposes.

If the shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Taxation on realization of shares – Corporate shareholders (Limited liability companies)

Norwegian corporate shareholders are not taxable for capital gains related to realization of shares in a Norwegian company, and losses related to such realization are not tax deductible.

Net wealth tax

The value of shares is included in the basis for the computation of wealth tax imposed on Norwegian individual shareholders. The marginal wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for shares on Oslo Stock Exchange is 75% of the listed value as of 1 January in the year of assessment. Norwegian corporate shareholders are not subject to net wealth tax.

13.3 Non-resident shareholders

This section summarizes Norwegian tax rules relevant to shareholders who are not resident in Norway for tax purposes (“**Non-resident shareholders**”). Non-resident shareholders’ tax liabilities in their home country or other countries will depend on applicable tax rules in the relevant country.

Taxation of dividends

Dividends distributed to shareholders who are individuals not resident in Norway for tax purposes (“**Non-resident individual shareholders**”), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends.

The above generally applies also to shareholders who are limited liability companies not resident in Norway for tax purposes (“**Non-resident corporate shareholders**”). However, dividends distributed to Non-resident corporate shareholders resident within the EEA for tax purposes are exempt from Norwegian withholding tax, provided the shareholder genuinely is established and conducts business activity within the EEA.

Non-resident individual shareholders resident within the EEA area are subject to ordinary withholding tax, but entitled to apply for a partial refund of the withholding tax, equal to a calculated allowance similar to the calculated allowance used by Norwegian individual shareholders, ref. above.

Nominee registered shares will be subject to withholding tax at a rate of 25% unless the nominee has obtained approval from the Tax Directorate for the dividend to be subject to a lower withholding tax rate. To obtain such approval the nominee is committed to file a summary to the tax authority including all beneficial owners that are subject to lower withholding tax. Non-resident shareholders that have suffered a higher withholding tax than set out by an applicable tax treaty or the Norwegian Tax Act may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

If a Non-resident shareholder is carrying on business activities in Norway, and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation as Norwegian shareholders, as described above.

Taxation on realization of shares

Realization of shares by a Non-resident individual or corporate shareholder will not be subject to taxation in Norway unless the Non-resident shareholder is holding the shares in connection with the conduct of a trade or business in Norway, in which case the tax treatment is as described for Norwegian shareholders.

Net wealth tax

Shareholders not resident in Norway for tax purposes are not subject to Norwegian net wealth tax. Foreign individual shareholders can however be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

13.4 Duties on the transfer of shares

No stamp or similar duties are currently imposed in Norway on the transfer of shares whether on acquisition or disposal.

14 ADDITIONAL INFORMATION

14.1 Advisors

Advokatfirmaet Ræder AS (Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway) serves as the Norwegian legal counsel of IDEX.

14.2 Auditors

The Company's auditor, who also audits the Group's Financial Statements, is Ernst & Young AS, Dronning Eufemias gate 6, NO-0191 Oslo, Norway, who has acted as the Company's auditors since being elected at the Extraordinary General Meeting on 13 November 2000. Ernst & Young AS is a member of the Norwegian Institute of Public Accountants. Accordingly, no auditor of the Group has resigned, been removed or failed to be re-appointed during the period covered by the historical financial information discussed herein.

The auditor's report on the Financial Statements is included together with the Financial Statements as incorporated hereto by reference; see Section 14.5 "*Incorporation by reference*". Other than Ernst & Young's report on the Financial Statements, neither Ernst & Young nor any other auditor has audited, reviewed or produced any report on any other information provided in this Prospectus.

14.3 Expert Statements

There are no reports, letters, valuations or statements prepared by any expert at the Company's request referred to in the Prospectus.

14.4 Documents available

The following documents are available at the Company's website at www.idexbiometrics.com. The documents (or copies thereof) will also be available for inspection during normal business hours at any business day free of charge at the offices of the Company's legal advisor Advokatfirmaet Ræder AS, Dronning Eufemias gate 11, P.O. Box 2944 Solli, NO-0230 Oslo, Norway:

- a) This Prospectus;
- b) The Company's Certificate of Incorporation and Articles of Association of the Company; and
- c) Any reports, letters and other documents, valuations and statements prepared by any expert at the issuer's request any part of which is included or referred to in the Prospectus.

The above documents are available for inspection for the life of this Prospectus.

14.5 Incorporation by reference

The information incorporated by reference in the Prospectus shall be read in connection with the cross-reference list as set out in the table below. Except as provided in this section, no other information is incorporated by reference in this Prospectus.

The following documents have been incorporated hereto by reference:

Section in the Prospectus	Disclosure Requirements of the Prospectus	Reference document and link
Section 8.1	Audited historical financial information	https://www.idexbiometrics.com/investors/annual-reports/
Section 8.1	Interim information Q2 2018	https://www.idexbiometrics.com/investors/interim-results/
Section 8.1	Interim information Q3 2018	https://www.idexbiometrics.com/investors/interim-results/
Section 8.1	Interim financial information Q2 2019	https://www.idexbiometrics.com/investors/interim-results/
Section 8.1	Interim Financial information Q3 2019	https://www.idexbiometrics.com/investors/interim-results/

15 DEFINITIONS AND GLOSSARY OF TERMS

The following definitions and glossary apply in this Prospectus unless otherwise dictated by the context, including the foregoing pages of this Prospectus. Words importing the plural shall be construed to include the singular and vice versa.

“ASIC”	Application Specific Integrated Circuit
“Articles of Association”	The Articles of Association of IDEX
“Board”	Board of Directors of the Company
“CEO”	Chief Executive Officer
“CFO”	Chief Financial Officer
“Company” or “IDEX”	IDEX Biometrics ASA, the parent company of the IDEX Group
“Company Registry”	The Norwegian Register of Business Enterprises or “Foretaksregisteret”
“CTO”	Chief Technology Officer
“EMV”	Technical standard for smart payment cards and terminals
“ESPP Authorization”	The Board authorization to issue new shares in connection with an Employee Share Purchase Plan resolved by the Extraordinary General Meeting on 12 December 2019
“EU Prospectus Regulation”	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as incorporated in Norway by Section 7-1 of the Norwegian Securities Trading Act
“FAR”	False Acceptance Rate
“Financial Information”	The Financial Statements and Interim Financial Statements together
“Financial Statements”	The Goup’s consolidated financial statements as of and fore the year ended 31 December 2018
“Financial Supervisory Authority”	Financial Supervisory Authority of Norway or “Finanstilsynet”
“Forward-looking Statements”	Statements, including, without limitation, projections and expectations regarding the Group’s future financial position, business strategy, plans and objectives
“FRR”	False Rejection Rate
“Group or IDEX Group”	IDEX Biometrics ASA and its Subsidiaries
“IAS 34”	The International Accounting Standard 34 - Interim Financial Reporting
“IFRS”	International Financial Reporting Standards
“Interim Financial Statements”	Unaudited consolidated interim financial statements of and for the nine months’ periods ended 30 September 2019 and 30 September 2018 and the six months’ periods ended 30 June 2019 and 30 June 2018
“IoT”	Internet of Things

“IP”	Intellectual property
“IPR”	Intellectual property rights
“ISO”	International Organisation for Standardization
“MCU”	Mico Controller Unit, a complete and small computer on a singel integrated circuit
“New Shares”	The 120,000,000 new shares issued in the Private Placement
“Norwegian kroner” or “NOK”	Norwegian Kroner, the lawful currency of the Kingdom of Norway
“Non-resident shareholders”	Shareholders who are not resident in Norway for tax purposes
“Non-resident corporate shareholders”	Shareholders who are limited liability companies not resident in Norway for tax purposes
“Non-resident individual shareholds”	Shareholders who are individuals not resident in Norway for tax purposes
“Norwegian Accounting Act”	The Norwegian Accounting Act of 17 July 1998
“Norwegian Public Limited Companies Act” or the “PLCA”	The Norwegian Public Limited Companies Act of 13 June 1997 no. 48 (as amended from time to time)
“Norwegian Securities Trading Act”	The Norwegian Securities Trading Act of 29 June 2007 No. 752 (as amended from time to time)
“OEM”	Original Equipment Manufacturer
“Ordinary Authorization”	The Board authorization to issue new shares in connection with private placements and rights issues resolved by the Extraordinary General Meeting on 12 December 2019
“Oslo Stock Exchange”	Oslo Børs ASA
“PicoField”	PicoField Technologies, Inc.
“Private Placement”	The private placement of 120,000,000 New Shares in IDEX
“Prospectus”	This prospectus dated 19 December 2019
“SAC”	IDEX’s Strategy Advisory Council
“Secure Element”	Industry-standard, certified chip for managing payment applications in smart cards. Designed to be tamper-proof.
“Shares”	The Shares in the Company
“Subscription Price”	NOK 0.75 per New Share
“Subscription Rights”	Independent subscription rights or “frittstående tegningsretter” issued in accordance with Section 11-12 of the Norwegian Limited Companies Act.

“Subsidiaries”	The wholly-owned (directly or indirectly) subsidiaries of IDEX: IDEX America, Inc., a Delaware corporation, IDEX Electronics Technology (Shanghai) Co., Ltd, a company incorporated and existing under the laws of the People’s Republic of China, IDEX Holding Company, Inc., a Delaware corporation, and IDEX Biometrics UK Ltd, a company incorporated and organized under the laws of England and Wales with organization number 9193617.
“Tranche One Shares” or “Tranche One”	55,425,407 Shares issued by the Board of Directors of the Company on 17 November 2019
“Tranche Two Shares” or “Tranche Two”	64,574,593 Shares issued by the Extraordinary General Meeting in the Company on 12 December 2019
“USD”	United States dollar, the official currency of the United States
“VPS”	The Norwegian Central Securities Depository or “Verdipapirsentralen”, which organizes the Norwegian paperless securities registration system.