Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	976 846 923
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	IDEX BIOMETRICS ASA
Forretningsadresse:	Henrik Ibsens gate 90 0255 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Erling Svela
Dato for fastsettelse av årsregnskapet:	16.05.2024

Grunnlag for avgivelse

År 2023: Årsregnskapet er elektronisk innlevert

År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 03.08.2025

Resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		4 138 000	4 091 000
Sum inntekter	4	**4 138 000**	**4 091 000**
Kostnader			
Varekostnad		3 908 000	3 244 000
Lønnskostnad	5	2 308 000	2 906 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 12, 13	752 000	599 000
Research and development	6, 7	12 912 000	16 079 000
Annen driftskostnad	8, 25	9 729 000	10 943 000
Sum kostnader		**29 609 000**	**33 771 000**
Driftsresultat		**-25 471 000**	**-29 680 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	16	695 000	544 000
Sum finansinntekter		**695 000**	**544 000**
Annen finanskostnad	16	365 000	1 888 000
Sum finanskostnader		**365 000**	**1 888 000**
Netto finans		**330 000**	**-1 344 000**
Ordinært resultat før skattekostnad		**-25 141 000**	**-31 024 000**
Ordinært resultat etter skattekostnad		**-25 141 000**	**-31 024 000**
Årsresultat		**-25 141 000**	**-31 024 000**

Balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	1 011 000	1 488 000
Goodwill	11	968 000	968 000
Sum immaterielle eiendeler		**1 979 000**	**2 456 000**
Varige driftsmidler			
Right-of-use assets	13	39 000	62 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	303 000	367 000
Sum varige driftsmidler		**342 000**	**429 000**
Finansielle anleggsmidler			
Investering i datterselskap	1, 27	1 749 000	1 749 000
Andre fordringer	15	7 000	7 000
Sum finansielle anleggsmidler		**1 756 000**	**1 756 000**
Sum anleggsmidler		**4 077 000**	**4 641 000**
Omløpsmidler			
Varer			
Varer	19	6 384 000	4 447 000
Sum varer		**6 384 000**	**4 447 000**
Fordringer			
Kundefordringer		1 068 000	1 349 000
Prepaid expenses	15	463 000	562 000
Andre fordringer	14	525 000	465 000
Konsernfordringer	14	10 366 000	7 597 000
Sum fordringer		**12 422 000**	**9 973 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	20	10 818 000	14 243 000
Sum bankinnskudd, kontanter og lignende		**10 818 000**	**14 243 000**

Balanse

Beløp i: USD	Note	2023	2022
Sum omløpsmidler		**29 624 000**	**28 663 000**
SUM EIENDELER		**33 701 000**	**33 304 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	22	25 955 000	22 762 000
Overkurs		2 118 000	4 036 000
Annen innskutt egenkapital		24 858 000	23 575 000
Sum innskutt egenkapital		**52 931 000**	**50 373 000**
Opptjent egenkapital			
Capital reduction reserves		300 500 000	287 500 000
Udekket tap		337 509 000	312 368 000
Sum opptjent egenkapital		**-37 009 000**	**-24 868 000**
Sum egenkapital		**15 922 000**	**25 505 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Non-current lease liabilities	13	13 000	13 000
Leverandørgjeld	16	721 000	1 400 000
Skyldige offentlige avgifter		89 000	98 000
Kortsiktig konserngjeld	16	6 794 000	5 057 000
Current lease liabilities	13, 16	19 000	46 000
Interest-bearing loans	17	5 076 000	
Other current financial liabilities	17	3 545 000	
Annen kortsiktig gjeld	16	1 522 000	1 185 000
Sum kortsiktig gjeld		**17 779 000**	**7 799 000**
Sum gjeld		**17 779 000**	**7 799 000**
SUM EGENKAPITAL OG GJELD		**33 701 000**	**33 304 000**

Konsernets resultatregnskap

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		4 138 000	4 091 000
Sum inntekter	4	**4 138 000**	**4 091 000**
Kostnader			
Varekostnad		3 908 000	3 244 000
Lønnskostnad	5	14 305 000	19 213 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 12, 13	1 635 000	1 352 000
Research and development	6, 7	2 393 000	3 250 000
Annen driftskostnad	8, 25	8 745 000	8 402 000
Sum kostnader		**30 986 000**	**35 461 000**
Driftsresultat		**-26 848 000**	**-31 370 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		842 000	97 000
Sum finansinntekter		**842 000**	**97 000**
Annen finanskostnad		638 000	1 425 000
Sum finanskostnader		**638 000**	**1 425 000**
Netto finans		**204 000**	**-1 328 000**
Ordinært resultat før skattekostnad		**-26 644 000**	**-32 698 000**
Skattekostnad på ordinært resultat	9	-15 000	-36 000
Ordinært resultat etter skattekostnad		**-26 629 000**	**-32 662 000**
Årsresultat		**-26 629 000**	**-32 662 000**

Konsernets balanse

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	1 011 000	1 488 000
Goodwill	11	968 000	968 000
Sum immaterielle eiendeler		**1 979 000**	**2 456 000**
Varige driftsmidler			
Right-of-use assets	13	1 779 000	1 545 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	812 000	1 107 000
Sum varige driftsmidler		**2 591 000**	**2 652 000**
Finansielle anleggsmidler			
Andre fordringer		81 000	73 000
Sum finansielle anleggsmidler		**81 000**	**73 000**
Sum anleggsmidler		**4 651 000**	**5 181 000**
Omløpsmidler			
Varer			
Varer	19	6 384 000	4 447 000
Sum varer		**6 384 000**	**4 447 000**
Fordringer			
Kundefordringer	14	979 000	1 349 000
Andre fordringer	14	948 000	929 000
Prepaid expenses		648 000	986 000
Sum fordringer		**2 575 000**	**3 264 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	20	11 352 000	16 124 000
Sum bankinnskudd, kontanter og lignende		**11 352 000**	**16 124 000**
Sum omløpsmidler		**20 311 000**	**23 835 000**

Konsernets balanse

Beløp i: USD	Note	2023	2022
SUM EIENDELER		**24 962 000**	**29 016 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	22	25 955 000	22 762 000
Overkurs		2 118 000	4 036 000
Annen innskutt egenkapital		24 858 000	23 576 000
Sum innskutt egenkapital		**52 931 000**	**50 374 000**
Opptjent egenkapital			
FX translation effects		-12 068 000	-11 632 000
Capital reduction reserves		300 500 000	287 500 000
Udekket tap		330 029 000	303 401 000
Sum opptjent egenkapital		**-41 597 000**	**-27 533 000**
Sum egenkapital		**11 334 000**	**22 841 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Non-current lease liabilities	13, 16	1 238 000	1 142 000
Sum annen langsiktig gjeld		**1 238 000**	**1 142 000**
Sum langsiktig gjeld		**1 238 000**	**1 142 000**
Kortsiktig gjeld			
Leverandørgjeld	16	688 000	1 540 000
Skyldige offentlige avgifter		283 000	394 000
Current lease liabilities	13, 16	624 000	402 000
Annen kortsiktig gjeld	17	5 076 000	
Annen kortsiktig gjeld	17	3 545 000	
Annen kortsiktig gjeld	16	2 174 000	2 697 000
Sum kortsiktig gjeld		**12 390 000**	**5 033 000**
Sum gjeld		**13 628 000**	**6 175 000**

Konsernets balanse

Beløp i: USD	Note	2023	2022
SUM EGENKAPITAL OG GJELD		**24 962 000**	**29 016 000**

Brønnøysundregistrene

ÅRSREGNSKAP FOR REGNSKAPSÅRET 2023 - GENERELL INFORMASJON

Journalnummer:	2024 437984

Enheten

Organisasjonsnummer:	976 846 923
Organisasjonsform:	Allmennaksjeselskap
Foretaksnavn:	IDEX BIOMETRICS ASA
Forretningsadresse:	Dronning Eufemias gate 16 0191 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2023 - 31.12.2023

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Erling Svela
Dato for fastsettelse av årsregnskapet:	16.05.2024

Grunnlag for avgivelse

År 2023: Årsregnskap er elektronisk innlevert.
År 2022: Tall er hentet fra elektronisk innlevert årsregnskap fra 2023.

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 08.06.2024

Brønnøysundregistrene
Postadresse: Postboks 900, 8910 Brønnøysund
Telefon: 75 00 75 00
E-post: firmapost@brreg.no Internett: www.brreg.no
Organisasjonsnummer: 974 760 673

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

RESULTATREGNSKAP

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		4 138 000	4 091 000
Sum inntekter	**4**	**4 138 000**	**4 091 000**
Kostnader			
Varekostnad		3 908 000	3 244 000
Lønnskostnad	5	2 308 000	2 906 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 12, 1	752 000	599 000
Research and development	6, 7	12 912 000	16 079 000
Annen driftskostnad	8, 25	9 729 000	10 943 000
Sum kostnader		**29 609 000**	**33 771 000**
Driftsresultat		**-25 471 000**	**-29 680 000**
Finansinntekter og finanskostnader			
Annen finansinntekt	16	695 000	544 000
Sum finansinntekter		**695 000**	**544 000**
Annen finanskostnad	16	365 000	1 888 000
Sum finanskostnader		**365 000**	**1 888 000**
Netto finans		**330 000**	**-1 344 000**
Ordinært resultat før skattekostnad		**-25 141 000**	**-31 024 000**
Ordinært resultat etter skattekostnad		**-25 141 000**	**-31 024 000**
Årsresultat		**-25 141 000**	**-31 024 000**

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

BALANSE

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	1 011 000	1 488 000
Goodwill	11	968 000	968 000
Sum immaterielle eiendeler		**1 979 000**	**2 456 000**
Varige driftsmidler			
Right-of-use assets	13	39 000	62 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	303 000	367 000
Sum varige driftsmidler		**342 000**	**429 000**
Finansielle anleggsmidler			
Investering i datterselskap	1, 27	1 749 000	1 749 000
Andre fordringer	15	7 000	7 000
Sum finansielle anleggsmidler		**1 756 000**	**1 756 000**
Sum anleggsmidler		**4 077 000**	**4 641 000**
Omløpsmidler			
Varer			
Varer	19	6 384 000	4 447 000
Sum varer		**6 384 000**	**4 447 000**
Fordringer			
Kundefordringer		1 068 000	1 349 000
Prepaid expenses	15	463 000	562 000
Andre fordringer	14	525 000	465 000
Konsernfordringer	14	10 366 000	7 597 000
Sum fordringer		**12 422 000**	**9 973 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	20	10 818 000	14 243 000
Sum bankinnskudd, kontanter og lignende		**10 818 000**	**14 243 000**
Sum omløpsmidler		**29 624 000**	**28 663 000**
SUM EIENDELER		**33 701 000**	**33 304 000**
BALANSE - EGENKAPITAL OG GJELD			

Egenkapital			
Innskutt egenkapital			
Selskapskapital	22	25 955 000	22 762 000
Overkurs		2 118 000	4 036 000
Annen innskutt egenkapital		24 858 000	23 575 000
Sum innskutt egenkapital		**52 931 000**	**50 373 000**
Opptjent egenkapital			
Capital reduction reserves		300 500 000	287 500 000
Udekket tap		337 509 000	312 368 000
Sum opptjent egenkapital		**-37 009 000**	**-24 868 000**
Sum egenkapital		**15 922 000**	**25 505 000**
Sum langsiktig gjeld		**0**	**0**
Kortsiktig gjeld			
Non-current lease liabilities	13	13 000	13 000
Leverandørgjeld	16	721 000	1 400 000
Skyldige offentlige avgifter		89 000	98 000
Kortsiktig konserngjeld	16	6 794 000	5 057 000
Current lease liabilities	13, 16	19 000	46 000
Interest-bearing loans	17	5 076 000	
Other current financial liabilities	17	3 545 000	
Annen kortsiktig gjeld	16	1 522 000	1 185 000
Sum kortsiktig gjeld		**17 779 000**	**7 799 000**
Sum gjeld		**17 779 000**	**7 799 000**
SUM EGENKAPITAL OG GJELD		**33 701 000**	**33 304 000**

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

KONSERNRESULTATREGNSKAP

Beløp i: USD	Note	2023	2022
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		4 138 000	4 091 000
Sum inntekter	**4**	**4 138 000**	**4 091 000**
Kostnader			
Varekostnad		3 908 000	3 244 000
Lønnskostnad	5	14 305 000	19 213 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	11, 12, 1	1 635 000	1 352 000
Research and development	6, 7	2 393 000	3 250 000
Annen driftskostnad	8, 25	8 745 000	8 402 000
Sum kostnader		**30 986 000**	**35 461 000**
Driftsresultat		**-26 848 000**	**-31 370 000**
Finansinntekter og finanskostnader			
Annen finansinntekt		842 000	97 000
Sum finansinntekter		**842 000**	**97 000**
Annen finanskostnad		638 000	1 425 000
Sum finanskostnader		**638 000**	**1 425 000**
Netto finans		**204 000**	**-1 328 000**
Ordinært resultat før skattekostnad		**-26 644 000**	**-32 698 000**
Skattekostnad på ordinært resultat	9	-15 000	-36 000
Ordinært resultat etter skattekostnad		**-26 629 000**	**-32 662 000**
Årsresultat		**-26 629 000**	**-32 662 000**

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

KONSERNBALANSE

Beløp i: USD	Note	2023	2022
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	11	1 011 000	1 488 000
Goodwill	11	968 000	968 000
Sum immaterielle eiendeler		**1 979 000**	**2 456 000**
Varige driftsmidler			
Right-of-use assets	13	1 779 000	1 545 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	12	812 000	1 107 000
Sum varige driftsmidler		**2 591 000**	**2 652 000**
Finansielle anleggsmidler			
Andre fordringer		81 000	73 000
Sum finansielle anleggsmidler		**81 000**	**73 000**
Sum anleggsmidler		**4 651 000**	**5 181 000**
Omløpsmidler			
Varer			
Varer	19	6 384 000	4 447 000
Sum varer		**6 384 000**	**4 447 000**
Fordringer			
Kundefordringer	14	979 000	1 349 000
Andre fordringer	14	948 000	929 000
Prepaid expenses		648 000	986 000
Sum fordringer		**2 575 000**	**3 264 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	20	11 352 000	16 124 000
Sum bankinnskudd, kontanter og lignende		**11 352 000**	**16 124 000**
Sum omløpsmidler		**20 311 000**	**23 835 000**
SUM EIENDELER		**24 962 000**	**29 016 000**
BALANSE - EGENKAPITAL OG GJELD			

Egenkapital			
Innskutt egenkapital			
Selskapskapital	22	25 955 000	22 762 000
Overkurs		2 118 000	4 036 000
Annen innskutt egenkapital		24 858 000	23 576 000
Sum innskutt egenkapital		**52 931 000**	**50 374 000**
Opptjent egenkapital			
FX translation effects		-12 068 000	-11 632 000
Capital reduction reserves		300 500 000	287 500 000
Udekket tap		330 029 000	303 401 000
Sum opptjent egenkapital		**-41 597 000**	**-27 533 000**
Sum egenkapital		**11 334 000**	**22 841 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Non-current lease liabilities	13, 16	1 238 000	1 142 000
Sum annen langsiktig gjeld		**1 238 000**	**1 142 000**
Sum langsiktig gjeld		**1 238 000**	**1 142 000**
Kortsiktig gjeld			
Leverandørgjeld	16	688 000	1 540 000
Skyldige offentlige avgifter		283 000	394 000
Current lease liabilities	13, 16	624 000	402 000
Annen kortsiktig gjeld	17	5 076 000	
Annen kortsiktig gjeld	17	3 545 000	
Annen kortsiktig gjeld	16	2 174 000	2 697 000
Sum kortsiktig gjeld		**12 390 000**	**5 033 000**
Sum gjeld		**13 628 000**	**6 175 000**
SUM EGENKAPITAL OG GJELD		**24 962 000**	**29 016 000**

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

NOTEOPPLYSNINGER - SELSKAP

- alle poster oppgitt i hele tall

Note
5

Antall årsverk i regnskapsåret
2.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Organisasjonsnr: 976 846 923
IDEX BIOMETRICS ASA

NOTEOPPLYSNINGER - KONSERN

- alle poster oppgitt i hele tall

Note
5

Antall årsverk i regnskapsåret
76.00

Sum	Beløp

Balanseført verdi 31.12.	Varige driftsmidler	Immaterielle eiend.

Konsernregnskap

Morselskapet sitt navn

Forretningskontor for morselskapet

Begrunnelse for at datterselskap er utelatt fra konsolideringen

Samlet beløp - tilknyttet selskap	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - foretak i samme konsern	Årets	Fjorårets

Samlet beløp - felles kontrollert virksomhet	Årets	Fjorårets

Pantstillelse	Beløp

Beholdning av egne aksjer	Antall	Pålydende	Andel av aksjek.

Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Geir Johannessen	20.11.2013	04.12.2013
Telefon	Deres referanse	Vår referanse
22 66 11 14	Morten Opstad/ErlingSvela	2013/889422

IDEX ASA
Rolfsbuktveien 17
1364 FORNEBU

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for IDEX ASA, org.nr. 976 846 923

Det vises til deres brev av 20. november 2013, der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for IDEX ASA fra og med regnskapsåret 2013. Søknaden gjelder også konsernregnskapet.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering IDEX ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen omfatter også konsernregnskapet.

Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
IDEX ASA er morselskapet i IDEX-konsernet som består av morselskapet i Oslo, samt datterselskaper i USA. Selskapet er et norsk allmennaksjeselskap som arbeider med fingeravtrykkteknologi. Aksjene er notert på Oslo Børs. En stor andel av aksjene eies av utlendinger. Kundepotensialet er utelukkende internasjonalt. Ingen av kundene eller leverandørene er privatpersoner. IDEX har i all hovedsak engelsk som arbeids- og selskapsspråk. All virksomhetsrelatert kunde- og leverandørkommunikasjon, med unntak av kontorrelaterte leverandører i Oslo-området, er på engelsk. Nesten all intern kommunikasjon foregår på engelsk, og alle eksterne avtaler må forefinnes på engelsk. Selskapet har ansatte og fast innleide fra en rekke land. Administrerende direktør er britisk statsborger og behersker ikke norsk. Styrekorrespondansen er på engelsk. I 2010 fikk IDEX ASA av Oslo Børs dispensasjon fra språkkravet i verdipapirloven § 5-13. Selskapet har i liten grad erfart at aksjonærer eller andre etterspør informasjon på norsk. Fra og med delårsrapporten for første halvår 2013 har selskapet sendt meldinger til markedet kun på engelsk. Selskapets nettsted har informasjon kun på engelsk, med unntak av enkelte presseklipp.

Det er uomgjengelig nødvendig for virksomheten og finansieringen av selskapet at årsregnskap og årsberetning utarbeides på engelsk. Selskapet selv behøver ikke norsk versjon og er ikke kjent med vesentlige interessentgrupper som behøver norsk versjon for å ha fullt utbytte av informasjonen.

Postadresse
Postboks 9200 Grønland
0134 Oslo

Besøksadresse:
Se www.skatteetaten.no
Org.nr: 996250318
E-post: skatteetaten.no/sendepost

Sentralbord
800 80 000
Telefaks
22 17 08 60

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på at konsernets arbeidsspråk er engelsk, og at kunder og leverandører er profesjonelle aktører der kommunikasjonen i hovedsak skjer på engelsk. Videre er det lagt vekt på at en vesentlig andel av aksjonærene er utenlandske, og at all informasjon til investorer og andre brukere i hovedsak gis på engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad
seniorrådgiver
Rettsavdelingen, foretaksskatt
Skattedirektoratet

Geir Johannessen

IDEX
THE ID OF YOU

Rolfsbuktveien 17, NO-1364 Fornebu, Norway
Tel: (+47) 6783 9119 Fax: (+47) 6783 9112
mailbox@idex.no www.idex.no
NO 976 846 923 MVA

20. november 2013

Skattedirektoratet
Seksjon for foretakskatt
Postboks 9200 Grønland
0134 Oslo

Søknad om tillatelse til å utarbeide årsregnskap og årsberetning på annet språk enn norsk, regnskapsloven 3.4

IDEX ASA søker med dette om dispensasjon fra Regnskapsloven § 3.4, 3.ledd:

> "Årsregnskapet og årsberetningen skal være på norsk. Departementet kan ved forskrift eller enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

IDEX ASA søker om tillatelse til å utarbeide både konsernets og morselskapets årsregnskap og årsberetning på engelsk i stedet for på norsk.

IDEX ASA er et norsk allmennaksjeselskap som arbeider med fingeravtrykkteknologi. IDEX har utviklet SmartFinger-teknologiplattformen som omfatter patentert avbildningsprinsipp, målemetode og brikkedesign. SmartFinger gjør det mulig å ha såkalt on-device innrullering, lagring av bildet samt verifikasjon i en og samme modul, som kan bygges inn i enhver elektronisk enhet, for eksempel mobiltelefon, datamaskin eller nøkkelbrikke, eller i et ID-kort.

IDEX ASA holder til på Fornebu i Bærum, og er morselskapet i IDEX-konsernet som består av morselskapet i Oslo, samt datterselskaper i USA (IDEX Holding Company Inc. og IDEX America Inc.). Datterselskapene ble opprettet i 2013. (IDEX ASA hadde også tidligere datterselskaper i USA, men disse ble avviklet i 2012.) Aksjene i IDEX ASA er notert på Oslo Børs (Oslo Axess, ticker "IDEX") og det er om lag 1800 aksjonærer og en stor andel av aksjene eies av utlendinger.

Selskapet er et teknisk utviklingsselskap innen fingeravtrykk, som er en teknisk avansert og spesialisert nisje. Virksomheten er internasjonalt innrettet: Selskapet har ikke egen produksjon, men benytter spesialiserte utenlandske kontraktsprodusenter. Kundepotensialet er også i praksis utelukkende internasjonalt, dvs. verdens ledende elektronikkprodusenter, bank/finans og ID-selskaper. Det er altså ikke privatpersoner som er selskapets leverandører eller kunder.

IDEX har i all hovedsak engelsk som arbeids- og selskapsspråk. All virksomhetsrelatert kunde- og leverandørkommunikasjon, med unntak av kontorrelaterte leverandører i Oslo-området, er på engelsk. Nesten all intern kommunikasjon foregår på engelsk fordi virksomheten er på engelsk og fordi ikke alle ansatte behersker norsk. Alle interne dokumenter knyttet til teknisk utvikling og alle eksterne avtaler må forefinnes på engelsk.

Selskapet har nå ansatte og fast innleide fra Frankrike, India, Iran, Kina, Tyskland, Storbritannia og USA.

Administrerende direktør i IDEX ASA er britisk statsborger og behersker ikke norsk. Dette innebærer at med dagens situasjon der norsk er pålagt som regnskapsspråk, må administrerende direktør i selskapet signere på regnskapsdokumenter hvis innhold ikke er fullt ut forståelig.

Styret i IDEX ASA har tidligere hatt utenlandske medlemmer. Styret består nå av fem norske personer. Selskapet har til hensikt å tiltrekke seg styremedlemmer med internasjonal bakgrunn. Styrets saksdokumenter og protokoller har hele tiden vært på engelsk, og styremøtene, der adm.dir. har møteplikt, holdes på engelsk.

I 2010 fikk IDEX ASA av Oslo Børs godkjent sin søknad om dispensasjon fra språkkravet i verdipapirloven § 5-13. Selskapet valgte likevel å sende de fleste meldinger til markedet på begge språk fram til medio 2013. Selskapet har i liten grad erfart at aksjonærer eller andre etterspør informasjon på norsk, og den overveiende andel henvendelser som knytter seg til børsmeldinger inneholder referanse til den engelske versjonen av meldingen. Fra og med delårsrapporten for første halvår 2013 har selskapet sendt meldinger til markedet kun på engelsk. Selskapet har ikke mottatt noen henvendelser fra aksjonærer eller andre som har ytret ønske om norsk versjon av noen meldinger.

IDEX ASA har en betydelig andel utenlandske aksjonærer. I aksjonærregisteret per 11. november 2013 var 33% av aksjene registrert på utenlandske aksjonærkonti.

Selskapets nettsted, www.idex.no, har informasjon kun på engelsk, med unntak av enkelte presseklipp som finnes kun på norsk.

Ved at selskapet er et teknisk utviklingsselskap, ønsker IDEX ASA å minimere administrasjonen. Å utarbeide regnskap med noter, årsberetning samt redegjørelsen for foretaksstyringen på norsk utgjør et betydelig merarbeid for selskapet. Ved at aksjen er børsnotert benytter selskapet IFRS og må derfor utarbeide omfattende noter til regnskapsoppstillingene. Dokumentene utarbeides på engelsk for innholdsmessig revisjon og vedtak i styret. Pga. tidsfaktoren og presisjonskravet samt krav til konsistent nomenklatur, kan ikke norsk versjon oversettes eksternt etterpå, men må utarbeides nesten parallelt, i en periode der kapasiteten allerede er knapp.

Som det vil framgå av foranstående er det det uomgjengelig nødvendig for virksomheten og finansieringen av selskapet at årsregnskap og årsberetning utarbeides på engelsk. Spørsmålet er således om det er tilstrekkelig med kun engelsk eller om selskapet i tillegg må utarbeide en norsk språkversjon. Selskapet selv behøver ikke norsk versjon og vi er ikke kjent med vesentlige interessenter/interessentgrupper som behøver norsk versjon for å ha fullt utbytte av informasjonen.

IDEX ASA anser at dersom selskapet får tillatelse til å utarbeide årsregnskap med noter, årsberetning og redegjørelse på engelsk i stedet for både norsk og engelsk, så vil selskapet oppnå en mer tids-, kostnads- og ressurseffektiv prosess internt, og også frigjøre kapasitet som kan brukes til mer kvalitetssikring av den ene språkversjonen i stedet for to språkversjoner.

IDEX ASA er innforstått med at en eventuell tillatelse kan være tidsbegrenset, og selskapet vil på oppfordring fra aktuelle myndigheter vederlagsfritt fremlegge norsk oversettelse av årsregnskap m.v. dersom dette er nødvendig for å gjennomføre ettersyn og kontroll.

Dersom det skulle behøves ytterligere informasjon i anledning denne søknaden, kan det fremskaffes IDEX' økonomidirektør, Erling Svela, telefon 4062 1040, epost erling.svela@idex.no.

Med vennlig hilsen
IDEX ASA

Morten Opstad
styreleder

Erling Svela
økoniomidirektør

IDEX Biometrics ASA

2023 Annual report

Statutory annual report in accordance with Norwegian requirements
for IDEX Biometrics ASA for the year ended December 31, 2023.

This annual report is published to the company's shareholders and the general public as well as the European Regulatory Network which includes the Oslo Børs. The document is filed with the Norwegian Register of company accounts. This report and other public information about IDEX Biometrics ASA are available at the company's web site www.idexbiometrics.com.

All of the company's disclosures to the market and the general public are available at Oslo Børs's web sites live.euronext.com/en or www.newspoint.no.

References included in this document or other documents are intended as an aid to where information can be found and the documents referenced are not incorporated by reference into this document unless explicitly stated.

IDEX Biometrics ASA prepares its consolidated and separate parent company financial statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU.

Date: April 24, 2024

Table of contents

Report from the Board of Directors	3
Consolidated Financial Statements with Notes	17
Parent Company Separate Financial Statements with Notes	45
Responsibility Statement	76
Report of Independent Auditor under International Standards on Auditing	77
Articles of Association	82
Corporate Governance Review	83
Board of Directors and Executive Officers	89

REPORT FROM THE BOARD OF DIRECTORS

We were incorporated as a public limited company under the laws of the Kingdom of Norway on July 24, 1996. Our ordinary shares have been listed for trading on the Oslo Børs under the symbol "IDEX" since March 12, 2010. Our principal executive offices are located at Dronning Eufemias gate 16, NO-0191 Oslo, Norway, which is also our registered office address, and our telephone number is +47 6783 9119. We currently have subsidiaries in the United Kingdom, the United States and China.

Description of IDEX Biometrics

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

IDEX Biometrics partners with leading card manufacturers, technology companies and payment networks, bringing solutions to the market. IDEX's flexible technology platform supports a wide range of applications and use cases. Together with our partners, we provide end-to-end solutions to banks and other organizations seeking to launch their own biometric cards for payment or to support other authentication needs.

IDEX Biometrics ASA is the Group parent, headquartered in Oslo, Norway. The group also has offices in the United Kingdom, the United States and China.

Description of Business model and Strategy

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

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

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

IDEX fingerprint biometrics card solution is an industry leading authentication solution based on trust, providing a secure and frictionless user experience. IDEX Biometrics has evolved from a component company to an end-to-end solution company. With our own card operating system capabilities, the product offering supports additional market verticals, broadening the target markets and creating new market opportunities.

A standard-format smart card, utilizing our fingerprint authentication solution, offered by Rocker AB and manufactured by our customer, IDEMIA France SAS

Market Overview and Global Market Trends and Regulatory

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

Credentials are increasingly stored online, together with other user information. This exposes people, enterprises and society to new types of threats. The costs for cybercrimes are accelerating, especially considering the emerging capabilities of AI and deep fake technologies. We believe this is an alarming global trend representing an opportunity at scale for IDEX to address.

Protection of individual identity and integrity is a rising concern in today's society, manifested by increasing focus from regulators, governments and corporations. A proof of this is all the investments made not only by enterprises, but by regulators and governments to promote stronger authentication, yet with the necessary integrity and data privacy.

Regulatory landscape and industry standardization initiatives favor biometrics

The regulatory landscape world-wide strives to enhance end-user control and improve data accessibility for consumers. EU has recently sharpened directives and regulations[1], bringing stricter enforcement of multi factor authentication among organizations, who must upgrade their current IT infrastructures and find the right balancing between frictionless customer experiences and stricter security measures.

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

Within payments, EMVCo, the industry governing body, is now intensifying efforts for global standards for biometric payment cards. IDEX Biometrics is an engaged member and participates in EMVCo's industry expert group for biometric payment cards. IDEX is also an associate level member of the FIDO Alliance, a global consortium developing standards for password-less authentication[1].

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

[1]*Examples: EU Payment Services Directive, EU Payment Services Regulation, NIS2, DORA*

Market opportunity in/and target markets

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

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

Payment

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

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

The payment market is heavily regulated, with standardization and certifications requirements. Initiatives by EMVCo and its members are well under way to set further industry standards, which should accelerate adoption of biometric smart cards.

Access Control

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

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

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

Supply Chain

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

The IDEX Biometrics operational strategy is to maximize efficiency and cost competitiveness by using industry standard design processes, incorporating verified high-volume components and materials, and outsourcing manufacturing to partners using established production processes. IDEX Biometrics has established a supply chain capable of scaling to satisfy expected future demand growth. This limits IDEX financial exposure, while creating better economics of scale and faster path to profitability. The IDEX Biometrics solution is developed and managed in accordance with WEEE[2] directive, following the supply chain policies and audit requirements of the IDEX Biometrics ESG policy.

[2] *Waste Electrical and Electronic Equipment; EU Directive*

The IDEX Biometrics go-to-market Business Model

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

The IDEX Biometrics go-to-market strategy is scalable with a nimble structure effectively serving the global market. IDEX Biometrics sells its products and solutions directly to manufacturers or enterprises and in some cases through distributors and resellers. Our prime customers are smart card manufacturers and system integrators of our hardware and software biometric technologies.

Our diverse employee base is one of our key success factors, and employee engagement is a critical pillar to our ESG framework. As our solutions span from components to a full, complete end-to-end solutions, we have a full-stack engineering team covering hardware, software system and solutions. Our executive leadership and commercial teams have international industry experience from payments and the broader authentication ecosystem.

Product development, Innovation

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

Product development

Our verticalized approach to product development covers the entire biometric smartcard technology stack from high level solution and system architectures, through secure biometric algorithms and software, down to the lowest level sensor and silicon hardware.

Our differentiated approach to capacitive fingerprint sensing is based on an ultra-thin polymer substrate with an embedded array of sense electrodes along with a small, full-custom silicon chip. This approach enables the sensing area to be an order of magnitude larger than the typical silicon footprint, enabling the use of advanced semiconductor technology and a high-volume assembly and test supply chain. Thanks to the combination of our large area sensor and its highly efficient, on-board image, biometric and security processor, we are able to achieve industry leading user experience and security.

This approach to capacitive fingerprint sensing contrasts with that of the conventional all-silicon capacitive sensor which integrates its sensing pixels directly within the silicon chip itself. These devices typically only support small sensing areas and limited functionality due to the use of older, less efficient semiconductor technologies.

Our biometric algorithms and software run on both the sensor's on-board biometric processor and within our secure biometric software stack on the smartcard's secure microcontroller (referred to as a Secure Element, or SE). These algorithms and software implement a wide range of both proprietary and industry-standard cryptographic security functions for privacy and tamper protection, as well as implementing critical biometric enrollment, liveness detection and authentication features. Our proprietary biometric algorithms are optimized to achieve best-in-class performance, security, and user experience within the power and processing constraints of the battery-free smartcard platform; they are differentiated by a multitude of patented features that ensure highly accurate and reliable biometric performance across enrollment, authentication, and liveness detection.

Since the introduction of our first fingerprint sensor and software optimized for smartcard applications in 2016, we have systematically increased the scope of our offerings to the market to add increased levels of value while enabling market adoption. This journey has included the development of biometric algorithms, a secure biometric stack for Secure Element integration, and biometric card operating systems and applications.

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

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

IDEX Biometrics Software Platform solution strategy supporting multiple markets

Our biometrics technology platform for payments was specifically designed and purpose built for the card form factor to enable a seamless user experience for contactless biometric payment transactions while significantly increasing security.

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

This has yielded a versatile, software-defined biometric card platform able to address multiple applications across payment, access, cyber-security and digital ID markets. Taking this Software Platform approach also

enables IDEX to remain at the forefront of driving both user experience and security through the development and deployment of new technologies such as seamless-activation and next generation liveness detection.

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

The IDEX Pay platform enables payment schemes and partners to seamlessly integrate and scale.

Using our proprietary remote solutions for fingerprint activation, cardholders can easily scan and activate their fingerprint on their cards remotely without the need to visit a bank branch or ATM, and without communicating sensitive biometric information to third parties. An encrypted template of the fingerprint is stored directly on the card's secure encryption chip. Therefore, sensitive biometric information is never communicated to third parties or stored in a connected database. We are committed to investing in patents and other intellectual property protection measures that ensure our products are, and remain, the leading solution in our target markets.

Sustainability

Providing secure authentication to the world through sustainable technology solutions, IDEX Biometrics is embedding Environmental, Social and Governance (ESG) practices into its business and operating model.

Sustainability framework based on UN SDGs

IDEX Biometrics company strategy for sustainability reporting is based on the United Nations Sustainable Development Goals (SDGs). This framework is part of our business and operating models, aimed at contributing to secure value, trust and predictability for our operations.

Our ESG strategy is summarized under the umbrella of Sustainable Tech and is based on seven defined development goals from UN's Sustainable Development Goals, relating to business relevant environmental (E), social (S), and corporate governance (G) areas, falling into five categories:

1. **Financial and Societal Inclusion:** We provide solutions that support financial, digital, and societal inclusion
2. **Supply Chain Responsibility:** We manage our suppliers in a responsible and transparent manner
3. **Employee Wellbeing and Diversity:** We prioritize staff wellbeing, and a diverse and inclusive culture
4. **Ethical Responsibility:** We operate with highest ethical standards
5. **Environmental Footprint:** We minimize our environmental footprint

The regulatory environment mandates IDEX Biometrics to apply EU Sustainable Finance Legislation; taxonomy and Corporate Reporting Directive (CSRD), as of 2026. During 2023 evaluation of the reporting requirements for the Sustainability Accounting Standards Board (SASB) and the Sustainable Finance Disclosure Regulation (SFRD) was initiated, alongside a scope and materiality classification. The Euronext Sustainability Reporting was implemented during the year.

I - Governance and policies

IDEX Biometrics has, as per our governance section in our annual report and as disclosed on our website, during the year reviewed and reinforced governance and policies within the following areas: ethics policies and training, employee and supplier code of contact, diversity and inclusion policy, whistleblowing policy, fair pay and leave policies, and executive remuneration policy and reporting.

IDEX Biometrics gender targets have been reached for the board, with a balanced board of directors with 50% women. The executive team is currently at 35% female representation, with continued efforts based on our policies and targets.

II - Environmental impact

IDEX Biometrics sensor solutions are being managed in accordance with the Waste Electrical and Electronic Equipment (WEEE) EU Directive. Significant effort has been made within the scope two supply chain management, where audits were formalized and implemented. The results have been satisfactory with close to 90% of suppliers in scope being audited and 100% of the critical supplier KPIs being met. IDEX Biometrics also passed all partner evaluations where we were subject to audits.

Our manufacturing partners are carefully selected based on their card material policy with the criteria of being able to produce and transition towards r-PVC. Our metal card partners are considered based on their environmental policies including recycling readiness.

To meet growing demand of sustainable enrollment solutions, a suite of alternatives such as mobile enrollment and rechargeable sleeves have been developed, providing banks with solutions combining user friendliness with environmental production and waste requirements.

III Social Impact

Inclusive payments are driven by regulations, financial development, and technology advancements. Biometric payment cards are a direct response to EU regulations, driving inclusivity and non-dependency on smartphones as per pan EU directives such as PSD3 and European Accessibility Act. Our bank partners across the globe are leveraging IDEX Pay and IDEX Access to bridge mobile and cloud-based solutions with off-cloud secure payment safeguarding the identity and access to digital payments to all parts of society. As expressed by Ali Reza Iftekhar, Managing Director and CEO of Eastern Bank Limited when announcing their biometric payment card launch in December 2023: '*We believe biometric payment cards will become the new payment standard, supporting secure contactless payments, and ultimately bringing financial empowerment to all'.* With biometric smart card solutions as an accelerating driver for financial inclusivity, a variety of socially impactful use cases are currently in motion, making payments easier and driving social impact for visually- and memory impaired, elderly and digitally excluded and supporting women with salary cards and programs to be economically in control and financially empowered. Several initiatives began in 2023 and will continue to develop and scale in 2024 and onwards.

OPERATING AND FINANCIAL REVIEW

IDEX has established customer relationships with innovators and early adopters sharing our vision for the potential of fingerprint authentication in smart card applications, and, over the last three years, we have experienced increasing strategic momentum, successfully attracting new customers and increasing our revenue year on year since 2020.

Since we released a reference design integrating our TrustedBio™ fingerprint authentication module and the SLC38, the latest SE from Infineon Technologies, we have marketed this reference design to smart card manufacturers.

IDEX recorded revenue of $4.1 million for 2023, $4.1 million for 2022, and $2.8 million for 2021. Product revenue, as a percentage of total revenue, represented 99.8 %, 95.0 % and 99.9 % for 2023, 2022, and 2021, respectively. Revenue associated with our early-adopting customer in the digital access market represented 48.2%, 85.4%, and 89.7% of our total revenue for 2023, 2022, and 2021, respectively.

We do not own or operate manufacturing facilities, but operate as a *fabless* manufacturer, outsourcing manufacturing and product assembly activities. We currently rely on TSMC, the leading producer of semiconductor wafers, as the sole source of wafers for our proprietary ASICs. We also rely on a limited number of providers of semiconductor packaging, design, and test services, including Amkor Technology, Inc., and Silicon Precision Industries Limited, both of which are leaders in outsourced semiconductor assembly and test services. Like many other companies in the electronics markets we experienced some disruptions in the supply chain in 2022, which led us to order and hold relatively high values of raw materials and carry relatively large quantities of finished goods with the aim that customer delivery schedules can be met. Following normalisation of the supply situation in 2023, we expect to return to normal inventory levels by the end of 2024.

Variable costs are associated primarily with cost of materials, net of inventory change. Our operating cost structure is largely fixed, reflecting our business model and strategic focus on development. Because we believe the Company's leadership in fingerprint authentication technologies is an important competitive differentiator, we intend to maintain development activities to maintain this leadership.

We utilize a direct sales force and have customers around the world. We do not sell our products through stocking distributors. Given the early-stage characteristics of the market segments we are targeting, including the extended and unpredictable sales cycles frequently associated with marketing new and innovative technology-based products, we expanded our marketing and sales staff in 2021-2022 and maintained the activity level in 2023.

As a Norwegian public company, with Ordinary Shares listed on the Oslo Børs, and an SEC registrant, with ADSs listed on Nasdaq Capital Markets until August 2023, we were required to comply with two sets of applicable laws, rules, and regulations. Recognising that US investors generally traded the IDEX share on Oslo Børs, leading to small trading volume on Nasdaq, the listing on Nasdaq was voluntarily discontinued in order to streamline internal workflows and save operating expenses.

Our largest expenses are associated with staff costs. Our total staff, consisting of employees and individual contractors located in countries in which we do not have operations, totaled 93, 99, and 111 as of December 31, 2023, 2022, and 2021, respectively. As of December 31, 2023, 20 were assigned to our head office in Oslo, 35 were assigned to our two offices in the United States, 33 were assigned to our office in the United Kingdom, and five were assigned to our offices in China. We expect to reduce staff in the first half of 2024 with the aim to reach operating costs below $4 million per quarter.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below $4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs.

Revenue

Revenue in 2023 was $4.1 million, consisting of $4.1 million of revenue from product sales and $8 thousand from services. The increase in product sales of $0.2 million from 2022 to 2023, representing an annual increase of 6%, is associated with growth in sales to customers in the card market, while sales to the customized digital access solution were lower than in the previous year. Service revenue is a minor element of customer engagement. Our two largest customers represented 47% and 20%, respectively, of total revenue for the year.

We aim to increase shipments of our TrustedBio modules through 2024. Such shipments are expected to contribute to important diversification of our customer base. We also expect that shipments to the access market will increase in 2024.

Revenue in 2022 was $4.1 million consisting of $3.9 million of revenue from product sales, and $203 thousand amount of revenue from services. Our two largest customers represented 48% and 25%, respectively, of total revenue for the year.

Revenue in 2021 was $2.8 million, consisting of revenue from product sales, and a negligible amount of revenue from services, associated with the completion of development of a customized digital access solution to an existing customer. As such, this single customer represented approximately 85% of our revenue for 2021. Our second largest customer represented approximately 9% of total revenue for the year.

We categorize origin of revenue based on the billing addresses of our deliveries. Certain customers may request delivery to other countries than the customer's domicile. Customers' contract manufacturers may place orders with us under the terms of the customer's contract. We are potentially exposed to the risks associated with the countries to which delivery is requested and in countries where the contract manufacturers are domiciled (e.g., risks associated with customs delays and other logistical delays).

Cost of materials, net of inventory change

Cost of materials, net of inventory change, rose 20% from 2022 to 2023, to $3.9 million, reflecting the 6% increase for the year in product revenue and a one-time inventory write-off for end-of-life products. For 2022, the figure was $3.2 million, a sequential increase of 159%, reflecting a 37% increase for the year in product revenue. For 2021, services represented 7% of total revenue, in 2022 and 2023 almost nil. Because we present our Consolidated Financial Statements reflecting the nature of expenses, the costs of personnel delivering engineering services associated with services revenue are not included in Cost of materials, net of inventory change.

Certain costs typically associated with manufacturing and manufacturing overhead, such as personnel costs and depreciation charges, are excluded from Cost of materials, net of inventory change, given the presentation of

operating expenses based on the nature of expenses rather than by function. These excluded costs are not material. Because of our presentation of operating expenses based on the nature of expenses, we do not present in our Consolidated Statements of Profit and Loss a line representing "gross margin". We assess product-level profitability by calculating a *proxy* gross margin based on subtraction of Cost of materials, net of inventory change, from revenue derived from product sales. Under IFRS, the gross margin and ratio figures are alternative performance measures ("APMs"). In 2023, such a product gross margin to product revenue was 5% . For 2022, and 2021, the product gross margins were 17% and 56% respectively. The declining gross margin ratios reflect sequentially higher shipment volumes and shifts in product mix. In 2022 and 2023, the margin was additionally adversely impacted by several factors: higher component prices have not yet been passed on to customers, manufacturing costs have not yet achieved high-volume level, and write-off of inventory of discontinued products.

Compensation and benefits

Compensation and benefits expenses include, for all departments and activities, also cost of share-based remuneration.

Compensation and benefits expenses for 2023 were $14.3 million, as compared to $19.2 million for 2022, a decrease of $4.9 million or 26%, reflecting a reduction in number of employees, a lower level of share-based compensation costs and reduction of variable incentives. Compensation and benefits expenses for 2021 were $21.1 million. The decrease from 2021 to 2022 was due to a reduction in number of employees, and a lower level of share-based compensation costs.

The year-end numbers of employees for 2023, 2022, and 2021 were 69, 82, and 93, respectively, reflecting staff reductions and attrition in engineering during the three years and the expansion of our marketing and sales team during 2021 and 2022. We expect staffing levels to be reduced in the first half of 2024 in order to reduce operating expenses.

For more information regarding compensation and the composition of our staff, see Note 5 to our Consolidated Financial Statements.

Research and development

Research and development expenses are presented on a net basis, reflecting the recognised government grants. We regularly apply for and receive grants under government programs, in Norway and the United Kingdom, supporting research and development activities.

Research and development expenses include the cost of individual contractors assigned to engineering roles. As of December 31, 2023, December 31, 2022, and December 31, 2021, compensation for six, six, and eight individual contractors, respectively, were included in Research and development expenses.

In 2023, research and development expenses were $2.4 million, reflecting gross expenses of $3.5 million, offset by government grants of $1.1 million. In 2022, research and development expenses were $3.2 million, reflecting gross expenses of $4.0 million, offset by government grants of $0.7 million. In 2021, research and development expenses were $2.7 million, reflecting gross expenses of $3.4 million, offset by government grants of $0.7 million.

The variations in gross research and development costs between the years reflect primarily the use of third-party service providers for outsourced engineering activities, particularly related to ASIC development and initiation of fabrication. Variances in the values of government grants approved reflect the amount of qualifying projects and expenses in the respective years.

For 2023, we have focused our research and development activities on a narrower range of priorities associated with near-term product introduction objectives. Going forward we expect gross expenses associated with these activities will be lower than gross expenses incurred in 2023.

Other operating expenses

This category consists of costs associated with our marketing and sales activities and costs associated with administrative activities, including external services related to these functions.

Other operating expenses in 2023, were $8.7 million, as compared to $8.4 million in 2022, an increase of $0.3 million or 4%. Other operating expenses in 2021 were $7.3.

The costs of individual contractors assigned to such roles are included in marketing and sales expenses. The number of individual contractors in marketing and sales roles expanded to eleven as of December 31, 2023, up from nine at the end of 2022 with the continued focus on strategic growth markets in Asia.

Other operating expenses increased significantly from 2020 to 2021 and into 2022 also because of higher professional services fees associated with the Company's listing of ADSs on the Nasdaq during the first quarter of 2021, as well as the related expanded scope of regulatory compliance and investor relations. Expanded liability insurance coverage for our Directors and Executive Officers caused insurance costs to rise significantly from 2020 to the following years. Following the voluntary delisting from Nasdaq Capital Markets in July 2023, we expect these expenses to be reduced in 2024.

Finance income and Finance cost

Finance income includes interest received on bank balances, the net gain associated with aggregated foreign exchange translation adjustments in the period, and upward adjustments of the fair values of financial assets or liabilities. Finance cost includes interest expenses on lease liabilities and the effective interest on the convertible debt, and the net loss associated with aggregated foreign exchange translation adjustments for the period, and downward revisions to the recorded fair values of financial assets or liabilities. The valuation change on the embedded derivative in the convertible loan, is credited/expensed to finance income and cost as applicable.

In 2023, Finance income totaled $842 thousand, consisting primarily of interest income on our bank deposits. Finance expense was $0.6 million consisting primarily of the net amount of losses associated with foreign exchange translation adjustments. The interest expense for the convertible loan at year end was $21 thousand, while the gain on the embedded derivative was $87 thousand.

In 2022 and 2021, Finance income of $97 thousand and $11 thousand, respectively, consisted primarily of interest income, while Finance cost in those years, $1.4 million and $1.1 million, respectively, were net of foreign exchange translation losses.

Income tax expense (benefit)

The provision for income tax presented in the Consolidated Statements of Profit and Loss represents the sum of payable taxes and changes in deferred tax. Payable taxes represents the sum of income tax expense (benefit) for our taxable entities. Income tax expense (benefit) for each entity is calculated using the income tax rates of the tax jurisdiction in which it operates.

Changes in deferred tax represent the periodic reconciliation of differences between financial reporting values and tax reporting values. The Company does not capitalize any deferred tax asset. Hence, any potential gain from increase in deferred tax asset is not recognized. For further details of tax calculations, see Note 9 to our Consolidated Financial Statements.

In the years 2023, 2022, and 2021, the provision for income tax presented in the Consolidated Statements of Profit and Loss was a benefit of $16 thousand, a benefit of $36 thousand and an expense of $90 thousand. During the years 2023, 2022 and 2021, the parent company did not record or pay income taxes in Norway.

Net loss for the year

Net loss for the years 2023, 2022, and 2021 was $26.6 million, $32.7 million, and $32.6 million, respectively.

On a per share basis for these three years, based on the shares outstanding after the 5:1 consolidation (reverse split) of shares effective on record date January 10, 2024, these losses were $0.11, $0.16, and $0.18 per share, respectively. Pursuant to IAS 33 *Earnings per Share*, these loss per share figures are the same on a basic and fully-diluted basis. Because the Company has recorded a loss, loss per share on a fully-diluted basis excludes any Ordinary Shares issuable upon exercise of outstanding subscription rights, as doing so, given the loss, would be anti-dilutive (i.e., reduce loss per share).

Liquidity and Capital Resources

Since our establishment, we have incurred significant operating losses and negative cash flows. We anticipate we will continue to incur operating losses and consume cash at least through 2024.

We expect our revenue for 2024 will be higher than the level in 2023. We expect shipments of our TrustedBio modules will expand through 2024. We aim to improve product-level profitability in 2024 compared to 2023.

IDEX Biometrics completed one private placement transaction in the second quarter of 2023 and another one in the fourth quarter of 2023. We also entered into a convertible loan agreement in December 2023 which generated $8.6 million net of expenses

As of December 31, 2023, we had cash and cash equivalents of $11.4 million, representing approximately 45% of total assets.

We have no other debt to banks or financial lenders than the convertible loan that was entered into in 2023. Other financing commitments are limited to the lease agreements we have entered into associated with our office and lab facilities.

Cash Flows

We present our Consolidated Statements of Cash Flow following the indirect method.

Net cash flow used in operating activities

During 2023, operating activities consumed cash of $27.0 million, primarily as a consequence of our net loss before tax of $26.6 million, and a net working capital decrease of $3.3 million, partially offset by non-cash charges of $2.9 million included in the net loss for the year.

Operating activities during 2022 consumed cash of $31.9 million, primarily as a result of our net loss before tax of $32.7 million and a net working capital decrease of $2.3 million partially offset by non-cash charges of $4.1 million included in net loss for the year.

Operating activities during 2021 consumed cash of $27.5 million primarily as a result of our net loss before tax of $32.5 million and a net working capital decrease of $0.1 million, partially offset by non-cash charges of $4.6 million included in net loss for the year.

Net cash flow used in investing activities

During the year ended December 31, 2023, investing activities consumed cash of $4 thousand reflecting the use of $243 thousand for capital expenditures for engineering equipment, partially offset by the receipt of $254 thousand of interest income associated with higher interest rates for the period.

Investing activities during 2022 consumed cash of $160 thousand, reflecting the use of $267 thousand for capital expenditures for engineering equipment, partially offset by $97 thousand interest income.

Investing activities during 2021 consumed cash of $143 thousand, reflecting the use of $141 thousand for capital expenditures for engineering equipment.

Net cash flow provided by financing activities

During the year ended December 31, 2023, share issuance generated net cash of $14.3 million, which included the proceeds from private placements of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling $671 thousand. In December 2023, IDEX Biometrics entered into a convertible debt financing agreement with net cash received of $8.6 million.

Financing activities during 2022 generated cash of $14.0 million, which included the proceeds from a private placement of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling $400 thousand.

Financing activities during 2021 generated cash of $54.1 million, which included the net proceeds from two private placements of Ordinary Shares, as well as proceeds from share issuances associated with our Employee Share Purchase Plan and the exercise of incentive subscription rights, partially offset by reductions of lease liabilities totaling $844 thousand.

Operating and Capital Expenditure Requirements

We have not achieved profitability since our inception. While we expect our revenue for 2024 will be higher than the revenue in 2023, we also expect to incur net losses and consume cash for the year. We aim to reduce our operating expenses in 2024 to a level below $4 million per quarter.

We do not anticipate an increase in capital expenditures above the level incurred during 2023 and 2022. We also are not planning to acquire intangible assets or have significant investment activities for the foreseeable future.

Our future funding requirements will depend on many factors, including but not limited to:

- the working capital requirements;
- the gross margin earned on products sold;
- the operating expenses of the Company;

Additional information on the operating and capital expenditure requirements is provided in the going concern comment below.

Parent Company Financial Statements

The Financial Review above of the consolidated profit and loss statements, as well as the consolidated statements of financial position, largely apply to the parent company itself. The parent company holds all intellectual property rights. It is also the group's party to all trade relations with manufacturing partners and customers for the products and services offered by the Company. All revenues and cost of goods sold accrue in the parent company. The subsidiaries provide development services, market facilitation services, supply-chain and administrative services to IDEX Biometrics ASA and do not trade with external customers. The subsidiaries are funded through a combination of equity and advances, as required.

Only two of the group's 69 employees as of December 31, 2023, are employed in the parent company. Hence, the parent has a small share of the group's payroll expenses. The parent company purchases development services from the subsidiaries, whose charges include the payroll cost of the development staff. Thus, the parent company reports higher development costs than the consolidated group. The parent company purchases marketing and other services from the subsidiaries, whose charges include the payroll cost of the staff performing the service. In addition, most of the commercial team, who work and live in various countries where IDEX does not have a subsidiary, are individual contractors to the parent company, and the cost is included in Other operating expenses. Thus, the parent company reports higher Other operating expenses than the consolidated group.

The short-term receivables from group companies are mainly from IDEX UK. IDEX UK carries its development cost in order to qualify for SME research and development tax relief in the UK, and the parent company has provided funding for the expenses. Other aspects of the parent company's balance sheet are covered by the comments for the consolidated balance sheet for the group.

Allocation of the Net Loss for the Year

The net loss for 2023 of the parent company IDEX Biometrics ASA was $25.1 million compared to a net loss of $31.0 in 2022. The board proposes that the loss shall be added to Accumulated loss. $13 million of the Share premium has been transferred to Capital reduction reserve to partly absorb Accumulated loss. The board does not propose any dividend payments for 2023.

Going Concern

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

IDEX Biometrics has incurred significant operating losses and negative cash flows during the development stage of the business. The accumulated losses, net of capital reduction reserve amounted to $29.5 million as of December 31, 2023, and the net cash outflow amounted to $4.8 million after obtaining new equity and a loan amounting to $22.9 million. Net equity amounted to $11.3 million and the balance sheet solvency, defined as cash plus current receivables less current liabilities, amounted to $890 thousand on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve

months. The Company is exploring further options to fund its commercialization efforts. While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics will be successful in raising capital the future. The Company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on the Company's ability to continue as a going concern.

As an ongoing activity, we monitor liquidity and the board is prepared to take appropriate measures if and when required. We have been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt, the board has on balance concluded that the conditions for the going concern assumption are met.

HEALTH AND SAFETY

Talented, highly-motivated contributors are important to executing the Company's strategy. In order to maintain our leadership position in fingerprint authentication in a highly competitive employment market, attracting and retaining the best employees and individual contractors worldwide is a priority. Accordingly, we offer compelling compensation and benefits, and seek to foster a culture of innovation in which personnel are empowered to do (and are rewarded for) their best work. The board and management seek to create a working environment that is pleasant, stimulating, safe and to the benefit of all employees. The working environment complies with the existing rules and regulations. IDEX offers flexible working hours for all employees. The board has not found reason to implement special measures.

As of December 31, 2023, the Company had 93 individuals on staff, consisting of 72 employees and 21 individual contractors (individual contractors typically reside in countries in which we do not have business operations). Of this total, 20 were assigned to our Oslo office, 35 were assigned to our two offices in the United States, 33 were assigned to our office in the United Kingdom, and five were assigned to our office in China.

Some of our staff serve on a part-time basis. We assess staffing needs based on a full-time equivalent ("FTE") basis. As of December 31, 2023, we had 69 FTE employees and 18 FTE individual contractors. Of this total of 87 FTEs:

- 61 were engaged in engineering functions (hardware design, systems design, and software development);
- 12 were engaged in marketing and sales functions;
- seven were engaged in administrative and financial functions; and
- seven were engaged in production planning and supply chain management.

None of our employees are represented by a labor union or covered by a collective bargaining agreement and we have not experienced any work stoppages in 2023.

No employee has suffered work-related injury resulting in sick leave. No accidents or incidents involving the assets of IDEX have occurred. The sick leave in the group was 1.6% in 2023, compared to 1.2% in 2022. Due to the low number of employees, statistics for the parent company are not presented. The sick leave data are not considered reason for concern.

IDEX practices equal opportunities in all aspects. All facilities at IDEX are equally well equipped for females and males. Traditionally, fewer women than men have graduated in IDEX's fields of work. The management structure reflects the composition of the technical staff. The board has not taken any special measures in these respects.

Our compensation program is designed to attract and reward talented individuals who possess the skills necessary to support our business objectives, assist in the achievement of our strategic goals, and create long-term value for our holders of our equity securities. We provide employees with compensation packages including a competitive base salary and benefits, which may vary from country to country, such as life and health insurance, supplemental insurance, paid time off, paid parental leave, and an Employee Share Purchase Plan (suspended in 2024) in which eligible employee may participate. Generally (and subject to local laws), new employees and individual contractors are awarded subscription rights for the purchase of the Company's Ordinary Shares. Staff members also generally are eligible to participate in an annual performance-based variable compensation plan, as well as be eligible for periodic awards of subscription rights based on the performance of the Company and that of the staff member. We believe a compensation program with the

appropriate balance of short- and long-term incentives aligns the interests of holders of our equity securities and our personnel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS

We acknowledge and embrace the importance of Environmental, Social, and Governance ("ESG") considerations in the development and execution of the Company's strategy, which must be sustainable and contribute to the well-being of the communities in which we operate.

Our values are set forth in our Code of Conduct and Code of Ethics ("the Code," available on our website). The Code states, "The purpose of the Company is to create value for the shareholders, while the business shall also be to the benefit for the Company's customers, staff, suppliers, other business relations and the society at large."

The Code also states, "IDEX makes every reasonable effort to secure a healthy, safe, and lawful work environment, and that the Company complies with all applicable laws, rules, and regulations concerning occupational health, safety, and environmental protection. The Company promotes equality and non-discrimination, non-harassment, fairness, and ethical behavior. The Company offers a pleasant, well-equipped, and safe work environment, maintains fair and balanced employment practices and equal employment opportunity policies, and complies with all applicable labor laws. IDEX encourages and also expects similar commitment from its suppliers, partners, and customers."

As a *fabless* developer and supplier of high-technology products, we outsource all manufacturing activities. We select manufacturing partners and other providers of products and services that follow responsible practices in all ESG aspects. Our own operations do not have a significant impact on the natural environment, and the end-products in which our fingerprint authentication solutions are used (e.g., PVC smart cards) can be efficiently recycled. The Company is committed to minimizing use of energy, raw materials, water, and other resources, and makes every reasonable effort to minimize the waste we generate. We have recycling programs in place in all our facilities.

As set forth in our Code, we consider shareholders, staff, customers, business partners, authorities, and society in general to be important stakeholders, with interests to be protected and served. We consider how we interact with and treat our stakeholders to be the most efficient way we can have a meaningful impact on their wellbeing. As such, IDEX is committed to fulfill its obligation to be a responsible member of society through the conduct of its business in an ethical, socially-responsible, and transparent manner.

As of December 31, 2023, women represented 18% of our staff, and three departments are led by women. The composition of our Board meets Norwegian statutory requirements, with three women among our seven members.

ESG risks are not considered to be material to our financial statements. We have not identified any such risks that could have the potential to materially harm our business in a non-financial manner.

As our business grows, our operations and the elements of our ESG profile likely will evolve. When our ESG profile evolves to include measurable and material matters, we will supply investors and other stakeholders with decision-useful information regarding our ESG objectives and indicators of our progress toward those objectives.

The current corporate governance review is included in the 2023 annual report to Norway and is also available at the company's website, https://www.idexbiometrics.com/about-idex/.

The Company will publish its annual due diligence review of the Company's impact on human rights and working conditions, pursuant to the Norwegian transparency act, by June 30, 2024. The review will be available at the Company's web site, https://www.idexbiometrics.com/.

MANAGEMENT REMUNERATION, DIRECTORS' AND OFFICERS' INSURANCE

The annual general meeting in 2021 resolved a policy for executive remuneration. The full policy is available at the company's website, https://www.idexbiometrics.com/about-idex/. The actual remuneration in 2023 has been disclosed in a note to the parent company financial statements. The executive remuneration report will be presented to the 2024 annual general meeting in a separate document.

Since the company's shares were admitted to listing on Oslo Børs, the company has had a conventional Norway-based insurance policy covering directors' and officers' liability world wide, except for liabilities arising from U.S. Securities Act. ADSs representing the company's shares were listed on the Nasdaq Capital Market in the United States from March 2021 to August 2024. The company and its directors and officers are subject to incremental liability in the U.S. In order to attract and retain qualified individuals to the board and executive management, the company maintains also a U.S.-based liability insurance with worldwide coverage to protect directors and officers in the company from certain liabilities. The company has contractually obligated itself to indemnify, and to advance expenses on behalf of, the directors and officers to the fullest extent permitted by applicable Norwegian law so that they will serve the company free from undue concern. The U.S.-based insurance and the indemnification agreements were authorized by the extraordinary general meeting of the company on December 15, 2020. Subject to various terms and sub-limits, the total insured amount is up to NOK 50 million in the Norway-based policy and USD 5.0 million for liabilities exceeding USD 5.0 million or USD 10.0 million, as the case may be, in the U.S.-based policy.

OUTLOOK

2023 was a year of transformation as we continued to execute on our strategy to evolve IDEX Biometrics from a component supplier into a biometric solution company. This year focused on laying the foundation for biometric smart cards at scale. Bringing to market a suite of scalable enrollment solutions and working closely with our manufacturing partners around the world getting them ready to launch solutions with IDEX Pay and IDEX Access.

We introduced IDEX Pay, certified by Mastercard, and IDEX Access, further advancing our position as a full solution company for biometric smart card manufacturers and partners. We are confident that IDEX Pay is the key to unlocking the potential of this large market opportunity. We introduced IOS mobile enrollment, which integrates seamlessly with the banks' mobile banking app and supports banks overall digital strategies. Mobile enrollment is a fundamental accelerator for scaling biometric payment cards. In addition to an excellent user experience, the mobile-based enrollment solutions are further decreasing costs along with the continued efficiency of the supply chain to enable scaled launches. The success of this strategy has led to an expanding number of card manufacturing partners around the world who are in final stages of getting their Letters Of Authorization ("LOA"). Early demand for biometric smart cards is coming from the premium payment card segment and digital access solutions for multifactor authentication. Several card manufacturers and partners across the globe are currently in the process of commercializing their biometric solutions, many of which are based on IDEX Pay and IDEX Access.

Within the digital and physical access, the IDEX Access software platform supports the highest FIDO2 certification level, representing a product category quickly taking over as the de facto standard for digital access control. Propelled by surging number of data breaches, costs and high-stake risks, cyber security and specifically access control is quickly emerging as top priority for enterprises and governments. It is a dynamic and rapidly evolving market and so is the landscape of solution providers. IDEX Biometrics has added multiple new customers for digital and physical access during 2023, some with products just being released with prototypes and others that are finalizing the preparations for launch. We anticipate multiple new initiatives in this space throughout 2024.

With several of our manufacturing partners in the process of obtaining their certification, we anticipate our partners worldwide to launch biometric payment and access authentication solutions in the coming quarters.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia Lawrence John Ciaccia Chair	/s/ Deborah Lee Davis Deborah Lee Davis Board member	/s/ Annika Olsson Annika Olsson Board member
/s/ Morten Opstad Morten Opstad Board member	/s/ Adriana Saitta Adriana Saitta Board member	/s/ Stephen Andrew Skaggs Stephen Andrew Skaggs Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

CONSOLIDATED FINANCIAL STATEMENTS

IDEX Biometrics ASA
Consolidated Statements of Profit and Loss
($000s, except per share amounts)

	Note	Year Ended December 31, 2023	2022	2021
Revenue:				
Product		$ 4,131	$ 3,889	$ 2,837
Service		8	203	3
Total revenue	4	4,138	4,091	2,840
Operating expenses:				
Cost of materials, net of inventory change		3,908	3,244	1,254
Compensation and benefits	5	14,305	19,213	21,107
Research and development	6, 7	2,393	3,250	2,680
Other operating expenses	8, 25	8,743	8,402	7,347
Amortization and depreciation	11, 12, 13	1,635	1,352	1,802
Total operating expenses		30,986	35,460	34,190
Loss from operations		(26,847)	(31,369)	(31,350)
Finance income		842	97	11
Finance cost		(639)	(1,425)	(1,123)
Loss before tax		(26,644)	(32,698)	(32,462)
Income tax expense (benefit)	9	(16)	(36)	90
Net loss for the year		$ (26,629)	$ (32,662)	$ (32,552)
Loss per share, basic and diluted	10	$ (0.11)	$ (0.16)	$ (0.18)

Consolidated Statements of Comprehensive Income ($000s)

	Note	Year Ended December 31, 2023	2022	2021
Net loss for the year		$ (26,629)	$ (32,662)	$ (32,552)
Other comprehensive income that may be reclassified to profit (loss) in subsequent periods:				
Foreign currency translation adjustment		(436)	680	10
Total comprehensive income (loss) for the period (net of tax)		$ (27,065)	$ (31,981)	$ (32,542)

The accompanying notes are an integral part of these consolidated financial statements.

IDEX Biometrics ASA

Consolidated Statements of Financial Position ($000s)

	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets:			
Goodwill	11	$ 968	$ 968
Intangible assets	11	1,011	1,488
Property, plant, and equipment	12	812	1,107
Right-of-use assets	13	1,779	1,545
Non-current receivables		81	73
Total non-current assets		4,651	5,181
Current assets:			
Prepaid expenses		648	986
Inventory	19	6,384	4,447
Accounts receivable, other	14	949	929
Accounts receivable, trade	14	979	1,349
Cash and cash equivalents	20	11,352	16,124
Total current assets		20,312	23,835
Total assets		$ 24,962	$ 29,016

Equity and liabilities			
Share capital (NOK 0.15 par value per share, 1,397,010,650 and 1,166,326,584 shares issued and outstanding at December 31, 2023 and 2022, respectively)	22	$ 25,955	$ 22,762
Share premium		2,118	4,036
Share-based payment reserve		24,858	23,576
Foreign currency translation effects		(12,068)	(11,632)
Capital reduction reserves		300,500	287,500
Accumulated loss		(330,030)	(303,401)
Total equity		11,334	22,841
Non-current liabilities:			
Non-current lease liabilities	13, 16	1,238	1,142
Total non-current liabilities		1,238	1,142
Current liabilities:			
Accounts payable	16	688	1,540
Current lease liabilities	13, 16	624	402
Public duties payable		283	394
Interest-bearing loans	17	5,076	—
Other current financial liabilities	17	3,545	—
Other current liabilities	16	2,174	2,697
Total current liabilities		12,390	5,033
Total liabilities		13,628	6,175
Total equity and liabilities		$ 24,962	$ 29,016

The accompanying notes are an integral part of these consolidated financial statements.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia Lawrence John Ciaccia Chair	/s/ Deborah Davis Deborah Davis Board member	/s/ Annika Olsson Annika Olsson Board member
/s/ Morten Opstad Morten Opstad Board member	/s/ Adriana Saitta Adriana Saitta Board member	/s/ Stephen A. Skaggs Stephen A. Skaggs Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

IDEX Biometrics ASA

Consolidated Statements of Changes in Equity ($000s)

	Share capital	Share premium	Share based payment	Foreign currency translation effects	Capital reduction reserve *	Accumulated loss *	Total equity
Balance at December 31, 2020	$ 17,251	$ 3,608	$ 18,664	$ (12,322)	$223,500	$ (238,187)	$ 12,514
Share issuance	3,107	51,205	—	—	—	—	54,312
Share-based compensation	52	639	2,750	—	—	—	3,441
Net loss for the year	—	—	—	—	—	(32,552)	(32,552)
Transfer of share premium	—	(46,000)	—	—	46,000	—	—
Other comprehensive income	—	—	—	10	—	—	10
Balance at December 31, 2021	$ 20,410	$ 9,452	$ 21,414	$ (12,312)	$269,500	$ (270,739)	$ 37,725
Share issuance	2,273	12,103	—	—	—	—	14,376
Share-based compensation	79	481	2,161	—	—	—	2,721
Net loss for the year	—	—	—	—	—	(32,662)	(32,662)
Transfer of share premium	—	(18,000)	—	—	18,000	—	—
Other comprehensive income	—	—	—	680	—	—	680
Balance at December 31, 2022	$ 22,762	$ 4,036	$ 23,576	$ (11,632)	$287,500	$ (303,401)	$ 22,841
Share issuance	3,128	11,009	—	—	—	—	14,137
Share-based compensation	65	73	1,282	—	—	—	1,420
Net loss for the year	—	—	—	—	—	(26,629)	(26,629)
Transfer of share premium	—	(13,000)	—	—	13,000	—	—
Other comprehensive income	—	—	—	(436)	—	—	(436)
Balance at December 31, 2023	$ 25,955	$ 2,118	$ 24,858	$ (12,068)	$300,500	$ (330,030)	$ 11,334

*Refer also to Note 2: Basis of Preparation and to Note 15: Share Capital to the consolidated financial statements.

The accompanying notes are an integral part of these consolidated financial statements.

IDEX Biometrics ASA

Consolidated Statements of Cash Flow ($000s)

	Note	Year Ended December 31, 2023	2022	2021
Operating activities				
Profit (loss) before tax		$ (26,644)	$ (32,698)	$ (32,462)
Amortization and depreciation expense	11, 12, 13	1,635	1,352	1,802
Share-based compensation expense	23	1,283	2,721	2,750
(Increase) decrease in inventories	19	(1,937)	(3,215)	(375)
(Increase) decrease in accounts receivable	14	370	(548)	(314)
Increase (decrease) in accounts payable	16	(852)	858	53
Change in other working capital items		(899)	564	577
Interest paid		(5)	(33)	(11)
Taxes paid (received)		46	(372)	447
Net cash flows from operating activities		(27,005)	(31,370)	(27,533)
Investing activities				
Purchases of property, plant, and equipment	12	(243)	(267)	(141)
(Payment) collection of non-current receivables		(6)	9	(13)
Interest received		254	97	11
Net cash flows from investing activities		4	(160)	(143)
Financing Activities				
Net proceeds from issuance of shares	22, 23	14,275	14,376	54,992
Proceeds from borrowings	17	8,621	—	—
Payment of principal portion of lease liabilities		(671)	(400)	(844)
Net cash flows from financing activities		22,225	13,976	54,148
Net change in cash and cash equivalents		(4,776)	(17,555)	26,472
Effect of foreign exchange on cash balances		3	(80)	(11)
Opening cash and cash equivalents balance		16,124	33,759	7,298
Cash and cash equivalents at December 31	20	$ 11,352	$ 16,124	$ 33,759

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

IDEX Biometrics ASA and its wholly-owned subsidiaries (collectively, "IDEX" or the "Company") specialize in the design, development, and sale of fingerprint authentication solutions. The Company's fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies.

IDEX Biometrics ASA, the parent company, is a public limited liability company incorporated in 1996 in Norway. The address of the head office is Dronning Eufemias gate 16, NO-0191 Oslo, Norway. The Company's Ordinary Shares, representing the only class of equity securities issued and outstanding, are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker symbol IDEX.

IDEX Biometrics ASA's American Depositary Shares ("ADSs') representing its ordinary shares, were listed on Nasdaq Capital Market until a voluntary delisting was effective on August 10, 2023. The delisting concerned only the ADSs listed on Nasdaq. There was no impact on the ordinary shares listed on the Oslo Stock Exchange. The ADS delisting had no impact on the Company's accounting standards or disclosures to the Norwegian financial market.

IDEX is comprised of the Norwegian parent company and its subsidiaries in the United States (IDEX Biometrics Holding Company Inc. and IDEX Biometrics America Inc. (together, "IDEX America")), the United Kingdom (IDEX Biometrics UK Ltd. ("IDEX UK")), and China (IDEX Electronics (Shanghai) Co., Ltd. ("IDEX China")). The parent company is the owner of all intellectual property of IDEX and is the contractual party to all customer and manufacturing partner agreements. All sales are generated by the parent company, and the parent company is the supplier to the customers. The subsidiaries provide various services to the parent company, mainly associated with engineering, supply-chain administration, and customer service functions.

2. Basis of Preparation

IDEX Biometrics prepares its Financial Statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU. The financial statements are presented in U.S. Dollars ("USD" or "$"), and all amounts are rounded to the nearest thousand ($000), unless otherwise indicated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown in the primary financial statements due to rounding.

IDEX Biometrics ASA is the parent company in the IDEX group. The parent company's Financial Statements are published separately.

3. Significant Accounting Policies

Accounting policies that are significant to the Company's results and financial position, in terms of the materiality of the items to which the policy is applied, are discussed below.

The significant accounting policies described in these consolidated financial statements have been applied consistently for all periods presented, except as otherwise noted in the disclosure related to the impact of policy changes following the adoption of new accounting standards and voluntary changes in 2023.

The statements of profit and loss are presented by the nature of expense. The cash flow statements are presented by the indirect method.

There have not been any changes to the Company's accounting policies applied in the financial statements for 2023 compared to those applied in the annual financial statements for 2022.

The Consolidated Financial Statements for 2023 were approved by the Board on April 24, 2024.

a. Going Concern

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

IDEX has incurred significant operating losses and negative cash flows during the development stage of the business. The future viability of the Company is dependent on its ability to generate cash from operating activities and to raise additional capital to finance its operations. The accumulated losses, net of capital reduction reserve amounted to $29.5 million as of December 31, 2023, and the net cash outflow in 2023 amounted to $4.8

million after obtaining new equity and a loan amounting to $22.9 million combined. Net equity amounted to $11.3 million, and the balance sheet solvency, defined as cash plus current receivables less current liabilities, amounted to $890 thousand on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. The Company is exploring further options to fund its commercialization efforts. While the Company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX will be successful in raising capital the future. The Company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on the Company's ability to continue as a going concern.

As an ongoing activity, the Company monitors liquidity and the Board is prepared to take appropriate measures if and when required. IDEX has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

b. Consolidation

The Company's Consolidated Financial Statements are comprised of the financial statements of IDEX Biometrics ASA and its wholly-owned subsidiaries, with all intercompany transactions, balances, revenue, expenses, and unrealized internal profit or losses eliminated upon consolidation.

c. Equity

Equity is comprised of the following:

- Share Capital: comprised of the nominal amount of the parent's ordinary shares. This capital is not distributable in the form of dividends under the Norwegian Public Limited Liability Companies Act (the "PLLC Act") (refer to Note 15 – Share Capital and Share Premium).
- Share Premium: comprised of: (1) the amount received attributable to Share Capital, in excess of the nominal amount of shares issued by the parent company, reduced by; (2) issuance costs directly attributable to the capital increase and; (3) transfers into the Capital Reduction Reserve, (refer to Note 22 – Share Capital and Share Premium).
- Share Based Payment Reserve: comprised of Share-based payment reserve.
- Foreign Currency Translation Effects: comprised of Currency Translation Difference.
- Capital Reduction Reserve: comprised of the absorption of accumulated losses of the Company by the Share Premium, as resolved by the Board of Directors (refer to Note 15 – Share Capital and Share Premium).
- Accumulated Loss: is comprised of cumulative historical losses of the Company.

d. Cost of materials, net of inventory change

Cost of materials, net of inventory change, consists of the costs of raw materials, components, contract manufacturing, and transportation associated with production and storage of products for sale to customers, net of inventory change.

e. Foreign currencies

The Company's Financial Statements are presented in USD. The functional currency of the parent company is USD, while the functional currency for each foreign subsidiary is its local currency. Transactions involving the translation to the respective functional currencies of values denominated in foreign currencies are classified as monetary or non-monetary, thereby defining the measurement and recognition of foreign currency translation gains and losses applicable to a transaction.

Monetary assets and liabilities generally have values fixed by explicit or implicit contract. Examples include bank deposits, debt, accounts receivable, and accounts payable. Monetary assets and liabilities subject to foreign currency adjustments are measured on the initial transaction date using the exchange rates in effect at that date. At each subsequent reporting date and through the date of settlement (i.e., payment) or derecognition, such monetary assets and liabilities are remeasured using the then-current exchange rate, and any foreign currency translation gains or losses are recorded by the entity within Financial income or Financial cost.

Non-monetary assets and liabilities generally are those assets and liabilities for which the recorded values are not subject to contractual or other formal definitions (i.e., those assets and liabilities that are not classified as monetary assets or liabilities). Non-monetary assets and liabilities are not subject to foreign currency adjustments at the entity level.

Assets and liabilities in entities with another functional currency than the USD, including goodwill and fair value adjustments, if any, are translated into USD using the exchange rates in effect at the reporting date of the Consolidated Statements of Financial Position. Amounts reported on the Consolidated Statements of Profit and Loss are translated to USD using the average exchange rates in effect for the reporting period. Significant, large transactions may be translated using the rate at the transaction date.

Foreign exchange differences arising on translation from functional currency to presentation currency are reported in Other comprehensive income ("OCI"). Translation gains or losses previously recognized in OCI are reversed and recognized in the Consolidated Statements of Profit and Loss if and when the entity is disposed.

f. Research and development expenses

Expenses in this category consist primarily of the costs of services and materials used in engineering activities and certain outsourced development activities. Payroll costs related to research and development employees are classified as Compensation and benefit expenses, not as research and development expenses, on the Consolidated Statement of Profit and Loss. However, the compensation paid to individual contractors serving in engineering roles is included in Research and development expenses.

Research costs are expensed as incurred. Development expenses that do not meet the criteria of capitalization are expensed as incurred. Development expenses are capitalized when (i) the technical feasibility of completing development has been demonstrated, (ii) the costs of development can be measured reliably, (iii) it is probable that IDEX will realize future economic benefits from the asset, and (iv) IDEX has committed to complete the development. Once the development is complete and the resulting asset is available for use, the capitalized development cost (i.e., the asset value) is amortized over its expected useful life.

The Company applies for and has received government grants associated with certain research and development projects. The recognized value of government grants applicable to research and development activities are credited against research and development costs. Generally, the applications or claims for such grants are submitted after completion of the qualifying activities. When it is realistic that the application or claim will be successful and the amount can be determined reliably, the Company credit the value of the grant against research and development expenses for that reporting period. Due to the timing difference between the completion of the qualifying activities, the approval of our grant application or claim, and the receipt of the funds associated with the grant, we may record, pending receipt of funds, the value of the grant as an Account receivable, other.

g. Convertible debt

The terms of the convertible debt agreements are evaluated to determine whether the instruments contain both liability and equity components, in which case the instrument is a compound instrument. Convertible debt agreements are evaluated to determine whether they contain embedded derivatives, in which case the instrument is a hybrid financial instrument. Based on evaluation of the terms in our convertible debt agreements, the Company determined that the conversion option was an embedded derivative and, therefore, the convertible debt was accounted for as a hybrid financial instrument. The Company has elected to assign transaction costs entirely to the financial liability host (principal).

Estimation methods are used to determine the fair value of embedded derivatives included in hybrid financial instruments. The determination of the effective interest used for the host contracts of hybrid financial instruments and the liability components of compound financial instruments is dependent on the outcome of such estimations. Evaluating the reasonableness of these estimations and the assumptions and inputs used in the valuation methods requires a significant amount of judgment and is therefore subject to an inherent risk of error.

h. Finance income and finance cost

Finance income and finance cost consists of interest income, interest expense, valuation change of the embedded derivative, and net foreign exchange losses (gains) arising from settlement of obligations denominated in foreign currencies during the period and foreign currency translation adjustments recognized at period end.

i. Accounting estimates, based on the use of judgment and assumptions

The application of certain accounting standards requires management to make accounting judgments, estimates and assumptions affecting reported amounts of assets, liabilities, income and expenses.

The main areas where the Company has made significant judgments when applying the accounting policies and that have the most material effect on the amounts recognized in the financial statements have been described in the following notes:

- Revenue Recognition
- Leases

Estimates used in the preparation of these financial statements are prepared based on bespoke models, while the assumptions on which the estimates are based rely on historical experience and other factors that management assesses to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most important matters in understanding the key sources of estimation uncertainty are described in each of the following notes:

- Intangible assets
- Inventory
- Accounts receivable, trade
- Share-based compensation
- Embedded derivative in convertible debt

Intangible assets
IDEX's patents and other intellectual property rights created by the Company are capitalized only when they satisfy the criteria for capitalization. No development costs have been capitalized in 2023, 2022, or 2021. Acquired intangible assets are capitalized initially at fair value, normally the purchase price. Intangible assets are amortized over their useful economic lives. An assessment of impairment losses on non-current assets is made when there is an indication of a decrease in value. An intangible asset's carrying amount is compared to the asset's recoverable amount. The recoverable amount is the higher of the fair value (less costs to sell to an independent third party) or the calculated value based on the discounted estimated cash flow from continued use. The estimate is based on judgments of when and whether there will be an economic benefit from the asset, and assumptions about the amounts. As of December 31, 2023, the Company determined that there were no indicators of impairment, and no impairment was recorded.

Inventory
Inventories consist of raw materials, work in process, and finished goods. Inventory is recorded at the lower of cost and net realizable value. Impairment is assessed quarterly, based on management's judgment of when and whether the inventory may be sold, and assumptions about the sales price and selling costs. The estimate is uncertain, because timing of sales are subject to many risks. Selling prices are uncertain in the market for IDEX's products. Reselling components or other commodity raw materials at any value may not be easily achieved, and elements of work in progress and finished goods, if impaired (i.e., considered excess or obsolete inventory), generally have no resale value and are held for disposal.

Accounts receivable, trade
Trade accounts receivable consist of invoiced amounts owed by customers, net of minor prepayments received and allowances for doubtful accounts. Regarding allowances for doubtful accounts, see section *Credit and Liquidity Risk* below.

Share-based compensation
IDEX estimates the fair value of incentive subscription rights ("SRs") at the grant date by using the Black-Scholes option pricing model, and record share-based remuneration cost over the vesting period of the SRs. The valuation is based on share price and exercise price, share price volatility, interest rates, and the expected term of the SRs, based on historical data. The parameters may in the future deviate from the historical observations. The accrued cost of the employment taxes associated with the earned intrinsic value of the SRs will vary with share price, which is a highly unpredictable parameter.

IDEX estimates the fair value of the Employee Share Purchase Plan ("ESPP") at the grant date, i.e. the first date of the contribution period, by using the Black-Scholes option pricing model. The share-based compensation is expensed over the contribution period. The valuation is based on share price and exercise price, share price volatility, interest rates, and the term of the contribution period. The parameters may in the future deviate from the historical observations.

Embedded derivative in convertible debt
Estimation methods are used to determine the fair value of the embedded derivative included in the convertible debt. The effective interest used for the host contract and the embedded derivative is dependent on the estimations. The estimations and the assumptions and inputs used in the valuation methods at original recognition of the host contract and the embedded derivative, as well as revised valuation of the embedded derivative at each balance sheet date. A significant amount of judgment is exercised in determining the inputs and the result is therefore subject to an inherent risk of error.

j. Accounting Standards

Amendments to IAS 1 and IFRS Practice statement 2–Replacing Significant accounting policies with Material accounting policies — The amendments replace the requirement to disclose the 'significant' accounting policies with a requirement to disclose the 'material' accounting policies. The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023. The Company has revised the accounting policy information disclosures for 2023 to become consistent with the amended IAS 1.

Other amendments to standards or interpretations of standards effective as of January 1, 2023 and adopted by the Company were not material to the Company's financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact, or are not expected to be relevant to, the Company's financial statements upon adoption.

Climate Change

As of December 31, 2023, the possible future financial impact to the Company resulting from climate change is uncertain. Given the nature of the Company's operations and products, the Company believes any such impact not to be material. The Company is monitoring current and expected climate change effects, as well as measures considered or implemented by government and industry, in order to minimize any negative impact and to take advantage of any favorable opportunities that may arise.

Financial risks

IDEX emphasizes capital preservation and liquidity in managing its cash, which is held in bank accounts, which are denominated in USD, NOK, GBP, and CNY.

Short-term capital requirements include funding operating losses and supporting net working capital requirements. Reflecting the Company's operating model, investments in property, plant, and equipment are modest, and have been funded with proceeds from issuance of Ordinary Shares. IDEX has been funded through the issuance of Ordinary Shares since it was established in 1996. In 2023, the parent company took up a convertible loan.

The current cash position and financial forecasts indicate that in 2024, the Company will need significant funding in the form of equity injection, debt or other. The Board is considering various funding options and believes that the Company will obtain further financing for its planned operation, growth and working capital requirements. Refer to the section above regarding going concern.

Interest Rate Risk
As of December 31, 2023, IDEX had cash of $11.4 million. The Company's exposure to interest rate sensitivity is influenced primarily by changes in the underlying bank interest rates in the various currencies. IDEX's cash is held in bank accounts, all of which are considered highly liquid. Accordingly, an immediate one percentage point change in interest rates would not have a material effect on the fair market value the Company's cash accounts.

The convertible loan is the only debt to financial lenders. The Company is not exposed interest rate associated with variable rate debt because the interest rate is fixed for the duration of the loan.

When calculating the recorded and carrying values of leases, interest rates are a variable in the calculations of these values, but do not represent a meaningful level of risk of material changes in these values.

Currency Risk
The Company's trading transactions are denominated in U.S. Dollars ("USD"), which is the Company's consolidation and presentation currency. The functional currency of the parent company, IDEX Biometrics ASA, is USD, while the functional currencies of the subsidiaries are the currency in their respective domiciles. The Company incurs a portion of its expenses in currencies other than the USD, primarily British Pounds ("GBP"), Norwegian Krone ("NOK"), Euro ("EUR"), and Chinese Yuan ("CNY"). The Company's cost level is exposed to changes in the rates of exchange between the USD and these currencies. IDEX seeks to minimize this exposure by maintaining currency cash balances at targeted levels appropriate to meet foreseeable short-term expenses in these other currencies. The remaining cash balance is held in USD-denominated accounts. The Company does not use forward exchange contracts or other hedging strategies to manage exchange rate exposure.

Each subsidiary's assets and liabilities are naturally hedged by being held and denominated in the functional currency of the subsidiary.

In addition to USD, the parent company holds bank deposits in NOK and GBP; receivables in NOK, GBP and EUR; and payables in NOK, GBP and EUR, and convertible debt in NOK. A 10% change in the relative value of USD to NOK would have had a corresponding effect on the carrying value of the Company's debt of approximately $800 thousand at December 31, 2023, and was not material at December 31, 2022. A 10% change in the value of USD to CNY or EUR was not material at December 31, 2023 or December 31, 2022l. A 10% increase in the value of the GBP relative to the USD would have had a corresponding effect on the carrying value of the net financial assets and liabilities in foreign currencies at December 31, 2023 of approximately $980 thousand.

Credit and Liquidity Risk
IDEX extends customary credit terms to customers, reflecting its assessment of their individual creditworthiness. The Company does not believe there is significant credit risk at large associated with its Accounts receivable, trade, balance as of December 31, 2023. (See Note 14 – Accounts receivable.) A general reserve for doubtful accounts has not been recognized. If revenue continues to increase, receivable balances from a broadening customer base will increase, potentially increasing the credit risk at large. Based on review of all customer accounts as of December 31, 2023, a specific reserve for possible loss has been recognized.

The Company believes it faces minimal risk on its cash position, as IDEX's cash is on deposit with reputable, regulated banks.

The Company aims to increase revenue generation through sales of its products; however, it does not currently have the cash resources to fully meet its operating commitments for the twelve months following the date of the financial statements. This casts significant doubt on the Company's ability to continue as a going concern.

Revenue recognition
Revenue is recognized when control of the promised goods or services is transferred to a customer, in an amount reflecting the consideration the Company expects to be entitled to in exchange for those goods or services. Sales, value added, and other taxes incurred concurrent with revenue producing activities are excluded from revenue. Shipping and handling charges to customers are included in revenue, and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as revenue reductions.

The Company's primary source of revenue comes from the sale of its products, which principally are biometric fingerprint modules consisting of a sensor and an ASIC in a single package. Each module also contains embedded software. The hardware and the embedded software are interdependent in that each needs the other to provide the intended fingerprint authentication function to the customer. The primary customers for the Company's products are smart card manufacturers and similar solution integrators. The Company currently does not use distributors for the resale of its products.

The Company may license its intellectual property under right to use licenses, in which royalties due to the Company are based upon a percentage of the licensee's sales and/or unit volumes. For the years 2023, 2022, and 2021, the Company recognized no revenue from licensing its intellectual property.

Certain contracts with customers contain multiple performance obligations, which typically may include a combination of non-recurring engineering ("NRE") services, prototype units, and production units. For these contracts, if the individual performance obligations are distinct, they are accounted for separately. Generally, the

Company has determined the NRE services and prototype units represent one distinct performance obligation, and the production units represent a separate distinct performance obligation. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price, based on prices charged to other customers or based on expected cost plus a customary profit margin. The Company generally recognizes revenue for NRE services and prototype units at the point in time when a defined milestone under the arrangement is completed and control is transferred to the customer, which is generally the shipment or delivery of the prototype units.

The Company also recognizes revenue from contracts with customers associated with the delivery of certain services, ranging from standalone NRE to advisory services. Generally, these contracts include a single performance obligation (i.e., service element), and revenue is recognized upon the completion of the defined service element and final acceptance by the customer of any project deliverable. However, revenue from services may be recognized over time, if recognition of multiple service elements is based on completion of substantive and results-based contractual milestones, and acknowledgement by the customer of such completion.
The Company does not have material obligations or reserves for warranties, returns, or customer refunds.

The Company does not have material obligations or reserves for warranties, returns, or customer refunds. There were no contract asset or contract liability balances at December 31, 2023, 2022 or 2021.

4. Segment reporting

IDEX manages its operations as a single segment for the purposes of assessing performance and making operating decisions. IDEX operates as one operating segment, fingerprint imaging and authentication technology. IDEX has determined that its chief operating decision maker is its Chief Executive Officer. The Company's chief operating decision maker reviews the Company's financial information on an aggregated basis for the purposes of allocating resources and assessing financial performance.

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

	Year Ended December 31,		
($000s)	2023	2022	2021
Product Revenue:			
Europe, Middle East, and Africa	$ 3,029	$ 3,574	$ 2,807
Americas	975	252	0
Asia-Pacific	126	63	30
Total product revenue	4,131	3,889	2,837
Service Revenue:			
Europe, Middle East, and Africa	2	10	3
Americas	—	193	0
Asia-Pacific	6	0	—
Total service revenue	8	203	3
Total Revenue	$ 4,138	$ 4,091	$ 2,840

The Company's revenue has in the past come from a limited number of customers. During 2023, the top two customers accounted for approximately 47% and 20% of the Company's revenue, respectively, and in 2022, the top two customers accounted for 48% and 24% of revenue, respectively. In 2021, the top two customers accounted for 85% and 9% of revenue, respectively.

5. Compensation and benefits

Compensation and benefits expenses consist of costs for direct employees of the Company. Compensation of individual contractors is reported as Research and development expenses or Other operating expenses, as applicable, based on the roles assigned to the individuals.

	Year Ended December 31,		
($000s)	2023	2022	2021
Salary, payroll tax, benefits, other	$ 13,026	$ 17,389	$ 18,197
Share-based compensation	1,280	1,824	2,910
Total	$ 14,305	$ 19,213	$ 21,107

The table below sets forth the number of employees and individual contractors by their function, measured in full-time equivalents. Most of the contractors live and work in countries in which the Company does not have a formal business presence.

	December 31, 2023		December 31, 2022		December 31, 2021	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	53	5	64	6	77	8
Marketing and sales	4	11	6	9	6	9
General and administrative	5	2	5	2	8	1
Supply chain and distribution	7	—	7	-	2	—
Total staff	69	18	82	17	93	18

The average number of employees for the years 2023, 2022, and 2021 were 76, 90 and 95 full-time equivalents, respectively.

The Company provides health and other benefits to employees consistent with common practice in the countries in which it operates. No such benefits are provided to individual contractors.

The parent company contributes to a pension insurance plan for all its Norwegian employees. The plan satisfies the Norwegian mandatory service pension rules. The pension plan is a fully insured, defined contribution plan.

Employees of IDEX America may participate in a health, dental, and vision insurance plan. IDEX America also offers employer-funded plans for life insurance, short-term disability, and long-term disability. IDEX America does not offer or plan to offer any pension plans, except for a 401(k) defined-contribution plan. The Company currently does not match participant contributions to this plan.

IDEX China contributes to the mandatory social security plans in China, including contribution of 21% of eligible salary to each employee's personal retirement fund.

IDEX UK contributes up to 6% of an employee participant's base salary to IDEX UK's pension plan, subject to the employee contributing the same percentage through a salary reduction arrangement. The pension plan is a fully insured, defined-contribution plan.

Share-based compensation includes non-cash expenses associated with the recognition of the costs of share-based awards granted pursuant to the Company's subscription rights plans and its employee share purchase plan ("ESPP"). See Note 16.

Compensation of Key Management

In 2023 and 2022 key management consisted of the Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Technology Officer ("CTO"), and Chief Commercial Officer ("CCO"). In 2021, key management consisted of the CEO, CFO, and CTO.

	Year Ended December 31,		
	2023	2022	2021
		(in thousands)	
Compensation and short-term benefits	$ 1,487	$ 1,362	$ 1,425
Medical and similar benefits, contributions to pension schemes	52	62	73
Share-based compensation	221	271	443
Total compensation of key management	$ 1,760	$ 1,695	$ 1,941

Compensation and other short-term benefits, whether cash or in kind, are the amounts declared for tax purposes for the respective years. Pension cost and share-based remuneration are expensed amounts in the respective years. Gains on exercise of incentive subscription rights, if any, are not included. Employers' tax is not included.

The variable incentive pay paid in one year relate to achievements in the previous year. No officers exercised incentive subscription rights in 2023, 2022, or 2021.

Key management held the following subscription rights to Ordinary Shares under the subscription rights incentive plans with the following expiration dates and exercise prices:

			Number outstanding as of December 31,		
Grant Date	Expiration Date	Exercise Price (NOK)	2023	2022	2021
August 14, 2019	May 9, 2024	8.25	327,800	327,800	327,800
February 26, 2020	May 9, 2024	5.55	5,000,000	5,000,000	5,000,000
June 17, 2020	May 15, 2025	8.55	1,125,000	1,125,000	1,125,000
April 20, 2021	May 15, 2025	13.55			2,750,000
June 3, 2021	May 12, 2026	11.90	2,000,000	2,000,000	2,000,000
August 11, 2021	May 12, 2026	12.00	1,420,700	1,420,700	1,668,100
March 23, 2022	May 12, 2026	10.40	836,900	836,900	
August 10, 2022	May 12, 2027	5.90	1,631,000	1,631,000	
August 11, 2023	May 23, 2028	3.40	3,761,800		
November 8, 2023	May 23, 2028	2.30	500,000		
Total			16,603,200	12,341,400	12,870,900

The table above reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also notes 23 – Share-based compensation and 26 – Subsequent events. Compensation paid to the Board is presented in Note 17.

6. Research and development expenses

Research costs are expensed when incurred. Development costs are capitalized and held in the balance sheet only if they satisfy the criteria for capitalization. The same applies to IDEX's patents and other intellectual property rights created by IDEX. IDEX has not capitalized any development costs in 2023, 2022 or 2021. Development costs related to creation of intellectual property have been expensed when incurred.

Research and development expenses include the cost of independent contractors assigned to engineering roles.

Government grants recognized by the Company in support of research and development activities are credited against research and development costs when it is realistic that the application or claim will be successful and the amount can be determined reliably.

	Year Ended December 31,		
($000s)	2023	2022	2021
Gross research and development expenses	$ 3,495	$ 3,959	$ 3,356
Government grants credited	(1,102)	(709)	(676)
Net research and development expenses	$ 2,393	$ 3,250	$ 2,680

7. Government grants

	Year Ended December 31,		
($000s)	2023	2022	2021
Norway	$ 480	$ 312	$ 538
United Kingdom	622	397	138
Total	$ 1,102	$ 709	$ 676

The Norwegian SkatteFUNN is a government program supporting research and development activities in Norway. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to meeting the requirements of the Research Council of Norway.

The Company's IDEX UK subsidiary participates in a program by which the government of the United Kingdom offers financial support for qualifying research and development activities of small and medium-sized

enterprises, SME R&D tax relief. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to approvals and meeting program requirements.

8. Audit and audit fees

The following table sets out the aggregate fees related to professional services rendered by the Company's independent auditor, Ernst & Young AS ("EY"), for the calendar years 2023, 2022, and 2021:

	Year Ended December 31,		
($000s)	2023	2022	2021
Audit services	$ 176	$ 447	$ 352
Audit-related services	37	43	22
Tax services	8	7	7
Other services	-	4	24
	$ 221	$ 501	$ 405

Audit services represents the fees for the audit that must be performed by EY in order to issue an opinion on the Company's consolidated financial statements and to issue reports on the Company's statutory financial statements. The definition also includes fees for certain other audit services, which are services only the designated independent auditor reasonably can provide, such as the auditing of non-recurring transactions, the application of new accounting policies, and limited reviews of quarterly financial results.

Audit-related services represents fees for other assurance and related services provided by EY, but not limited to those that only reasonably can be provided by EY, which are reasonably related to the performance of the audit.

Tax services represent fees, approved by our Audit Committee, for tax services not related to the audit provided by EY.

Other services represent other fees, approved by our Audit Committee, for services not related to the audit provided by EY.

9. Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. The Company's provision for income taxes (i.e., expense (benefit)) is based on income tax rates in the tax jurisdictions in which it operates, tax credits available in these jurisdictions, and reconciliation of differences between financial reporting values and tax reporting values.

As of December 31, 2023, the Company has a tax loss carryforward balance in Norway of $271.7 million, representing a potential deferred tax asset, if recognized and calculated at the current corporate tax rate of 22.0%, of $59.7 million. The Company also has a tax loss carryforward balance in the United Kingdom of $4.5 million, representing a potential deferred tax asset, if recognized and calculated at the current corporate tax rate of 19.0%, of $0.9 million. The Company does not have a tax loss carryforward balance or a deferred tax liability in China. In the United States, the Company expects returns of prepayments totaling $60 thousand.

Because the Company has concluded there is not sufficiently convincing evidence the Company will generate sufficient taxable profit, against which the unused tax losses could be applied, the Company has not recognized to date any deferred tax assets in its statement of financial position, consistent with IFRS standards. A deferred tax asset will be recognized when the Company determines it is more likely than not it will have sufficient future taxable profit to apply the tax loss carryforward against future income taxes.

The major components of income tax provision for the years shown are:

Tax expense (benefit) for the year ($000s)	Year Ended December 31, 2023	2022	2021
Taxes payable on the result of the year	$ —	$ 33	$ 90
Adjustment in respect to prior years	(16)	(69)	—
Change in recorded deferred tax liability	—	—	—
Income tax expense (benefit)	$ (16)	$ (36)	$ 90

Elements of deferred tax ($000s)	Year Ended December 31, 2023	2022	2021
Employer's tax on share-based compensation	$ (19)	$ (24)	$ (371)
Fixed Assets differences	882	987	1,154
Inventory differences	(869)	(131)	(5)
Accruals differences	(13)	(993)	(1,152)
Research and development tax credits	(496)	(1,404)	(1,563)
Losses carried forward	(271,675)	(256,201)	(253,300)
Basis for calculation of deferred tax asset	(272,190)	(257,766)	(255,237)
Calculated net deferred tax expense (benefit), local tax rates 5-22%	(59,743)	(56,592)	(55,953)
Unrecognized deferred tax asset *	59,743	56,592	55,953
Deferred tax liability (asset) in the balance sheet	$ —	$ —	$ —

Reconciliation of tax expense (benefit) ($000s)	Year Ended December 31, 2023	2022	2021
Loss before tax	$ (26,644)	$ (32,698)	$ (32,552)
Norway statutory tax, calculated at rate of 22%	(5,862)	(7,194)	(7,132)
Difference in subsidiary taxes, using local rates vs 22%	46	68	(179)
Estimated tax on permanent differences	(468)	(267)	(568)
Adjustment in respect of prior years	(16)	(69)	—
Use of and change in tax loss carried forward	6,316	7,426	7,969
Income tax expense (benefit)	$ 16	$ (36)	$ 90

* As of December 31, 2023, there was not sufficiently convincing evidence the Company will generate sufficient taxable profit, against which the unused tax losses could be applied. Consequently, no deferred tax asset has been recognized. There are no restrictions as to how long tax losses may be carried forward in Norway or the United Kingdom. In China, the tax loss carryforwards that had not been utilized by the end of 2022, expired as of Dec 31, 2022. Tax credits associated with research and development activities in the United States, totaling $1.4 million as of December 31, 2023, can be applied against taxable income for the following for 20 years.
** The various deferred tax assets that have not been recognized are denominated in their respective local currencies. As such, the change in the year-end value in USD of these unrecognized deferred tax assets includes foreign currency translation adjustments arising from changes in the exchange rates between USD and these local currencies from the prior year-end.

There are no deferred tax charges included in other comprehensive income in 2023, 2022, or 2021.

10. Loss per share calculation

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

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

	Year Ended December 31,		
	2023	2022	2021
Net loss for the year ($000s)	$ (26,629)	$ (32,662)	$ (32,552)
Number of ordinary shares issued at December 31	279,402,130	233,265,317	202,077,691
Weighted average basic number of ordinary shares	253,042,411	205,386,514	183,769,485
Dilution effect (treasury stock method)	1,037,665	1,011,631	4,317,222
Weighted average diluted number of shares	254,080,076	206,398,145	188,086,707
Loss per share for the year (basic and diluted*)	$ (0.11)	$ (0.16)	$ (0.18)

* The effects of potentially dilutive Ordinary Shares issuable upon exercise of outstanding subscription rights are not included in the calculation due to the Company's net losses for the periods presented, as their effect would be anti-dilutive.

11. Goodwill and other intangible assets

Goodwill is the recorded difference between the consideration paid and the net value of identifiable assets acquired and held, less impairment charges, if any. Goodwill balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

	Year Ended December 31,	
($000s)	2023	2022
Cost at the beginning of the year	$ 968	$ 968
Cost at the end of the year	$ 968	$ 968

There is only one cash generating unit in the Company and goodwill is allocated to this. IDEX performed the annual impairment test on December 31, 2023. Based on the 2023 assessment, no impairment charge has been made. The Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 4 years following the assessment date, including expected revenue growth, costs to produce, operating profit margins and estimated capital needs; (b) an estimated terminal value using a terminal year long-term future growth rate of 3.0% determined based on the long-term expected prospects of the Company; and (c) a discount rate (post-tax) of 12 % which reflects the weighted-average cost of capital adjusted for the relevant risk associated with the Company's operations. A stress-test with reasonably possible changes in the key assumptions does not indicate that the carrying amount will exceed the recoverable amount.

Acquired identifiable intangible assets, consisting primarily of patents, are held at cost, less accumulated amortization and impairment charges. Other intangible asset balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

	Year Ended December 31,	
($000s)	2023	2022
Amortization period (straight-line, in years)	*10 - 17*	*10 - 17*
Cost at the beginning of the year	$ 5,173	$ 5,173
Additions	—	—
Impact of currency translation	—	—
Cost at the end of the year	$ 5,173	$ 5,173
Accumulated Amortization at the beginning of the year	$ 3,685	$ 3,208
Amortization	477	477
Impact of currency translation	—	—
Accumulated Amortization at the end of the year	4,162	3,685
Carrying amount at the end of the year	$ 1,011	$ 1,488

Acquired patents are capitalized and amortized over the estimated useful life, which is the lifetime of the respective patent(s).

12. Property, plant, and equipment

Property, plant, and equipment is held at cost, less accumulated depreciation and impairment charges. When assets are sold or retired, such assets are no longer recorded in the Consolidated Statements of Financial Position. Any gain or loss on the sale or retirement is recognized in the Consolidated Statements of Profit and Loss.

The capitalized amount of property, plant, and equipment is the purchase price, including freight, installation, duties, taxes, and direct acquisition costs related to preparing the asset for use. Costs related to training and commissioning are expensed as incurred. Subsequent costs, such as expenses for repair and maintenance, are recognized as incurred in the Consolidated Statements of Profit and Loss. Subsequent enhancements creating future economic benefits are recognized in the Consolidated Statements of Financial Position as additions to property, plant, and equipment.

These assets are depreciated using the straight-line method over each asset's useful life. The depreciation period and method are assessed each year to ensure that the method and period used is consistent with the status of the non-current asset.

Property, plant, and equipment balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

2023 ($000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Instruments and lab equipment, software tools	Total
Depreciation period (straight line, in years)	*3-5*	*3-5*	*3-5*	
Accumulated cost at December 31, 2022	$ 969	$ 803	$ 2,348	$ 4,120
Additions or (disposals)	177	2	66	245
Disposals	—	(18)	(108)	(126)
Impact of currency translation	2	8	23	33
Accumulated cost at December 31, 2023	969	803	2,348	4,271
Accumulated depreciation at December 31, 2022	$ 486	$ 734	$ 1,793	$ 3,012
Depreciation	272	40	236	548
Impact of currency translation	1	(11)	(91)	(101)
Accumulated depreciation at December 31, 2023	759	764	1,937	3,459
Carrying amount at December 31, 2023	$ 210	$ 39	$ 411	$ 811

2022 ($000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Instruments and lab equipment, software tools	Total
Depreciation period (straight line, in years)	*3-5*	*3-5*	*3-5*	
Accumulated cost at December 31, 2021	$ 855	$ 782	$ 2,281	$ 3,918
Additions	125	38	104	267
Impact of currency translation	(11)	(18)	(37)	(66)
Accumulated cost at December 31, 2022	969	803	2,348	4,120
Accumulated depreciation at December 31, 2021	$ 367	$ 671	$ 1,579	$ 2,617
Depreciation	125	73	246	443
Impact of currency translation	(6)	(10)	(33)	(48)
Accumulated depreciation at December 31, 2022	486	734	1,793	3,012
Carrying amount at December 31, 2022	$ 483	$ 69	$ 556	$ 1,107

There were no assets under construction at the end of 2023 or 2022.

13. Leases

The Company's leases are for office and laboratory space occupied by employees and contractors. There is no exposure to future variable lease payments that are not reflected in the measurement of lease liabilities. Activity during 2023 and 2022 related to right-of-use assets are shown below.

($000s)	Year Ended December 31, 2023	2022
Depreciation periods (straight-line, in years)	*3-5*	*3-5*
Cost at the beginning of the year	$ 2,643	$ 2,691
Additions	844	1,654
Disposal of right to use assets	—	(1,569)
Impact of currency translation	—	(133)
Cost at the end of the year	$ 3,487	$ 2,643
Accumulated depreciation at the beginning of the year	$ 1,098	$ 2,334
Depreciation	610	431
Accumulated depreciation of disposed right of use assets	—	(1,566)
Impact of currency translation	—	(101)
Accumulated depreciation at the end of the year	1,708	1,098
Recorded value at the end of the year	$ 1,779	$ 1,545

Costs related to right-of-use assets included in the Consolidated Statements of Profit and Loss include the following:

Leases in the Consolidated Statements of Profit and Loss

($000s)	Year Ended December 31, 2023	2022	2021
Depreciation	$ 610	$ 431	$ 818
Finance cost	130	33	31

Lease liabilities included in the Consolidated Statements of Financial Position and related activity in the Consolidated Statements of Profit and Loss and Consolidated Statements of Cash Flows include the following:

Leases in the Consolidated Statements of Financial Position

($000s)	2023	2022
Balance at January 1	$ 1,544	$ 373
Additions	844	1,575
Accretion of interest	130	33
Payments	(739)	(437)
Balance at December 31	1,779	1,544
Non-current	1,238	1,142
Current	624	402
Total lease liabilities	$ 1,862	$ 1,544

14. Accounts receivable

Accounts receivable, trade, includes amounts billed and currently due from customers. The amounts due are stated at their estimated realizable value. The Company's payment terms vary by the type and location of its customers and the products or services offered, although terms generally include a requirement of payment within 30 to 60 days. When necessary, the Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment histories. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not require collateral from its customers, although there have been circumstances when the Company has required cash in advance (i.e., a partial down-payment) to facilitate orders in excess of a customer's established credit limit. To date, such amounts have not been material.

Expected credit loss accrued for at the end of 2023 was 144 thousand, no loss was expected for 2022. There were no other provisions for expected credit losses in 2023 and 2022.

The balances reported as Accounts receivable, other, consist primarily of amounts due to the Company associated with Value Added Tax refund activity and amounts due to the Company from governments associated with approved research and development grants.

Balances of accounts receivable at December 31, 2023, and December 31, 2022, are as follows:

Year ended December 31, 2023

	Maturity			
($000s)	Less than 3 months	3-6 months	6-12 Months	Total
Accounts receivable, trade	$ 979	$ —	$ —	$ 979
Accounts receivable, other	90	392	467	949
Total	$ 1,069	$ 392	$ 467	$ 1,928

Year ended December 31, 2022

	Maturity			
($000s)	Less than 3 months	3-6 months	6-12 Months	Total
Accounts receivable, trade	$ 1,349	$ 0	$ 0	$ 1,349
Accounts receivable, other	198	33	698	929
Total	$ 1,547	$ 33	$ 698	$ 2,278

15. Other current and non-current financial assets

Non-current receivables	December 31,	
($000s)	2023	2022
Non-current receivables	$ 81	$ 73
Balance at December 31	$ 81	$ 73

The receivables are deposits for leasehold payments and are held at nominal value.

IDEX Biometrics ASA had no contingent assets at the end of 2023 or 2022.

16. Accounts payable and other financial liabilities

Except for the convertible debt in note 17 – Convertible debt, the Company's payable and other financial liabilities at December 31, 2023, and December 31, 2022, were as follows:

Year ended December 31, 2023

	Maturity				
($000s)	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Non-current lease liabilities	$ —	$ —	$ —	$ 1,238	$ 1,238
Accounts payable	688	—	—	—	688
Current lease liabilities	146	148	331	—	624
Other liabilities	782	760	9,254	—	10,796
Total	$ 1,615	$ 908	$ 9,585	$ 1,238	$ 13,346

Year ended December 31, 2022

	Maturity				
($000s)	Less than 3 months	3-6 months	6-12 months	1-5 years	Total
Non-current lease liabilities	$ —	$ —	$ —	$ 1,142	$ 1,142
Accounts payable	1,540	—	—	—	1,540
Current lease liabilities	125	105	172	—	402
Other liabilities	838	1,400	459	—	2,697
Total	$ 2,503	$ 1,505	$ 631	$ 1,142	$ 5,781

Other current liabilities include accruals for earned compensation, earned vacation days not taken, potential employer's tax on share-based compensation, and accruals for goods and services received but not yet invoiced by the supplier.

Other current liabilities include the estimated employer's payroll tax liability related to share-based compensation amounted to $19 thousand on December 31, 2023, and $24 thousand on December 31, 2022. It will be due only when the associated subscription rights are exercised. The exercise will, in all likely circumstances, fund the payable employer's payroll tax.

Interest expense including interest on lease liabilities in the Consolidated Statement of Profit and Loss in Finance expense was $136 thousand in 2023 and $34 thousand in 2022.

Except for the convertible debt in note 17 – Convertible debt, IDEX had no other significant current or non-current monetary obligations at the end of 2023 or 2022. The Company had no contingent liabilities at the end of 2023 or 2022.

17. Convertible debt

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

In December 2023, IDEX entered into a convertible debt financing agreement. The Company issued NOK 100 million in convertible bonds at 6.0% interest p.a. The Company received NOK 92 million after deduction of the issue discount. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. The lender can request up to two additional installments to be paid in each period between the planned term dates. The loan is denominated in NOK. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The bond holder may elect to convert the outstanding loans into IDEX ordinary shares at any time prior to repayment at a conversion price of NOK 3.655, which was 125% of the Reference Share Price at December 22, 2023, when taking into account the 5:1 share consolidation (reverse split) was effective on the record date of January 10, 2024. This share consolidation was approved by the shareholders on December 21, 2023, along with a share capital reduction which was completed on February 26, 2024. The Company may elect to pay the interest payments, principal payments, or both with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares.

The convertible bonds are callable by the lender at any point. Because the Company does not have an unconditional right to defer payment beyond twelve months, both the host contract and the embedded derivative are classified as current liabilities.

The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the Company determined the value of the conversion option to be NOK 36.8 million and the residual value of the host contract to be NOK 51.2 million, including NOK 4.0 million of transactions costs. During 2023, the Company recognized a gain on revaluation of the embedded derivative of approximately NOK 887 thousand that was recorded in financial income, and recorded interest expense of NOK 217 thousand.

18. Fair value measurement

The Company has no financial assets that are measured at fair value and the only financial liability that is measured at fair value at the end of each reporting period is the embedded conversion option in its convertible debt.

The use of different estimation, methodologies and assumptions could have a material effect on the estimated fair value amounts. The methodologies are as follows:

- Cash, cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities: due to the short-term nature of these balances, carry amounts approximate fair value.
- At December 31, 2023, the carrying amount of the debt component was calculated using the effective interest rate of the debt component of the convertible note issued in December 2023.
- The fair value of the embedded derivative related to the convertible debt is recalculated at the end of each reporting period. The fair value measured is based on significant observable input (Level 3).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides a reconciliation of the changes in items measured at fair value and categorized within Level 3. See Note 17 – Convertible debt. There were no items categorized as Level 3 in 2022.

Amounts in USD 1,000	December 31, 2023	December 31, 2022
Convertible debt		
Host contract of convertible debt	5,076	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	—	—
Derivative instrument related to convertible debt	3,545	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	(87)	—
Total:	**8,534**	**—**

The host contract of the convertible debt, which at initial recognition was the balance of the total convertible debt and the derivative instrument, is held at amortized cost. The valuation of the host contract, which equals its carrying amount, assumes that the discount rate for valuation purposes is equal to the effective interest rate of the convertible debt.

The (gains)/losses included in the Consolidated Income Statements were recognized within financial income for gains and financial expenses for losses.

19. Inventory

Inventories consist of raw materials, work in process, and finished goods. Materials and components purchased for use in research and development activities are expensed at the time of purchase and excluded from inventory. Inventory is recorded at the lower of cost and net realizable value, less impairment, if any.

	December 31,					
	2023			2022		
($000s)	Cost	Reserves	Net	Cost	Reserves	Net
Raw materials	$ 3,795	$ —	$ 3,795	$ 2,280	$ —	$ 2,280
Work in progress	102	—	102	1,486	—	1,486
Finished goods	3,356	(869)	2,487	812	(130)	681
Total Inventory	$ 7,254	$ (869)	$ 6,384	$ 4,577	$ (130)	$ 4,447

In 2023, 2022, and 2021, materials with values of $251 thousand, $154 thousand, and $124 thousand respectively, were consumed in new product development and charged to development expense.

20. Cash and cash equivalents

USD-valued cash and cash equivalent balances by currency were as follows:

	Year Ended December 31,	
($000s)	2023	2022
Denominated in USD	$ 10,587	$ 14,917
Denominated in NOK	424	990
Denominated in GBP	221	128
Denominated in CNY	120	90
Total	$ 11,352	$ 16,124

Of the amounts above, employees' withheld payroll tax deposits amounted to $29 thousand and $26 thousand at the end of 2023 and 2022, respectively. Only the withheld payroll tax deposits were restricted.

21. Restricted assets

For office leases, the parent company and subsidiaries have placed an amount corresponding to about 3 months' rent and allocations of its leasehold facilities in an escrow account in landlords name for the benefit of the landlord. Such escrow accounts and other deposits amounted to $81 thousand at the end of 2023 and $73 thousand at the end of 2022 in non-current receivables. No other assets have been pledged as security or are otherwise restricted.

22. Share capital and Share Premium

This note reports the number of shares as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 26 – Subsequent events.

There is one class of shares, and all such Ordinary Shares have equal rights. The par value of an Ordinary Share was NOK 0.15 per share at December 31, 2023. IDEX does not hold any of its own Ordinary Shares.

During the years ended December 31, 2023, December 31, 2022, and December 31, 2021, the Board of Directors approved the transfer of $13.0 million, $18.0 million, and $46.0 million, respectively, of Share Premium to absorb uncovered losses as allowed under Norwegian law. As a result, Share Premium has been reduced by a cumulative amount of $300.5 million as of December 31, 2023, $287.5 million as of December 31, 2022 and $269.5 million as of December 31, 2021 against Capital Reduction Reserve. The transfer has no impact on the total equity, comprehensive income (loss), assets (including cash), nor liabilities.

	Number of Ordinary Shares
Balance at December 31, 2021	1,010,388,454
Share issues (Employee Share Purchase Plan)	4,947,546
Share issue (exercise of incentive subscription rights)	990,584
Private placement of Ordinary Shares on November 16	150,000,000
Balance at December 31, 2022	1,166,326,584
Share issues (Employee Share Purchase Plan)	4,583,947
Share issue (exercise of incentive subscription rights)	389,608
Private placement of Ordinary Shares on May 24	116,897,492
Private placement of Ordinary Shares on June 16	30,161,332
Private placement of Ordinary Shares on November 16	78,651,685
Private placement of Ordinary Shares on December 22	2
Balance at December 31, 2023	1,397,010,650

Costs related to share issuance have been charged against equity and amounted to $756 thousand in 2023, $737 thousand in 2022, and $2,827 thousand in 2021.

23. Share-based compensation

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 26 – Subsequent events.

Subscription rights plans

IDEX follows the practice of renewing its subscription rights plan at each Annual General Meeting, when the preceding plan is closed for further grants and a new plan is established. On May 23, 2023, the Annual General Meeting resolved to adopt the 2023 Subscription Rights Incentive Plan (the "2023 Plan"). At the Extraordinary General Meeting ("EGM") on December 21, 2023, the 2023 Plan was modified to allow a higher maximum number of subscription rights granted, in line with the increase in the share capital in June and December 2023. The Board is responsible for administration of subscription rights plans and approves grants under the plans and the terms of each grant.

Under the amended 2023 Plan, the Board may grant up to 139,701,065 subscription rights, provided the total number of outstanding subscription rights does not exceed 10 percent of the number of registered Ordinary Shares.

Subscription rights may be granted to employees and individuals rendering services to the Company. The exercise price shall be, at a minimum, the higher of the average closing price of an Ordinary Share, as reported on the Oslo Børs, for the ten trading days preceding the date of the grant, or the closing price of an Ordinary Share, as reported on the Oslo Børs, on the trading day preceding the date of the grant. The board may in cases of particular circumstances decide that the exercise price is lower, but not less than the par value of the share. The total number of outstanding such grants may not exceed 1 percent of the number of registered Ordinary Shares Unless resolved otherwise by the Board, 25% of each grant of subscription rights vests per year. The annual vesting dates are the latest of the following dates before the date of grant of the subscription rights; (i) January 15, (ii) April 15, (iii) July 15 or (iv) October 15. The subscription rights expire on the fifth anniversary of the Annual General Meeting at which the shareholders resolved to establish the plan under which the subscription rights were granted. Unvested subscription rights terminate on the holder's last day of employment or, in the case of non-employees, the last day of the individual's service to the Company. Vested subscription rights may be exercised up to 90 days after the holder's last day of employment. There are no cash settlement alternatives for the holders of subscription rights. The Company may elect to settle in cash.

The EGM also resolved that the board could issue replacement subscription rights ("RSR") at an exercise price not lower than NOK 0.445 per share against waiver and cancellation of existing subscription rights. The vesting schedule for such RSRs shall be determined by the board. No RSRs had been granted by December 31, 2023.

The fair value of the subscription rights granted is calculated, for recognition of share-based compensation expenses, using the Black-Scholes option pricing model, applying the following assumptions:

	Year Ended December 31,		
	2023	2022	2021
Exercise price (NOK)	0.15 – 0.93	1.03 – 2.08	2.38 – 3.10
Weighted average exercise price per share	1.43	1.54	2.53
Weighted average share price at date of grant	0.69	1.42	2.45
Expected term (years)	4.67	4.45	4.62
Weighted average term (years)	3.01	3.27	3.35
Share price volatility (percent)	69 – 93	72 – 100	85 – 112
Risk-free interest rate	3.88%	2.65%	0.98%
Expected dividend payment	-	-	-
Forfeiture	None	None	None

Subscription rights activity	2023		2022	
	Number of Subscription Rights	Weighted Average Exercise Price (NOK)	Number of Subscription Rights	Weighted Average Exercise Price (NOK)
Outstanding as of January 1	81,106,631	1.74	71,756,399	1.84
Granted	22,475,200	0.49	19,342,900	1.54
Exercised	(824,021)	0.15	(930,184)	0.29
Terminated	(7,327,449)	1.84	(8,987,484)	2.25
Expired	(595,700)	4.97	(75,000)	8.42
Outstanding as of December 31	94,834,661	1.42	81,106,631	1.74
Subscription rights exercisable as of December 31	50,694,011	1.67	36,416,302	1.65

	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right
Subscription rights granted in the year	22,475,200	0.45	19,342,900	0.82

Composition of outstanding and exercisable subscription rights at December 31, 2023

Outstanding Subscription Rights					Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	11,663,861	0.16	3.38	1.08	2,662,861	0.15	0.36
0.50 - 0.99	13,755,300	0.70	4.11	1.98	420,800	0.71	0.36
1.00 - 1.49	15,749,000	1.13	2.29	1.35	6,750,350	1.12	1.51
1.50 - 1.99	32,657,600	1.70	1.16	0.66	31,666,100	1.70	1.15
2.00 - 2.49	15,545,600	2.28	2.37	1.01	6,450,400	2.33	2.37
2.50 - 2.99	4,864,000	2.65	2.37	1.29	2,432,000	2.65	2.37
3.00 - 4.99	599,300	3.12	1.33	0.54	311,500	3.15	1.30
5.00 - 9.99	—	0.00	0.00	0.00	—	-	0.00
Total	94,834,661	1.43	2.31	1.39	50,694,011	1.67	1.37

Composition of outstanding and exercisable subscription rights at December 31, 2022

Outstanding Subscription Rights					Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	3,486,882	0.15	1.36	0.00	3,486,882	0.15	1.35
0.50 - 0.99	720,800	0.71	1.36	0.22	515,600	0.71	0.97
1.00 - 1.49	16,507,000	1.14	3.34	1.48	2,759,850	1.11	0.68
1.50 - 1.99	36,300,174	1.70	2.15	0.16	24,589,220	1.70	1.42
2.00 - 2.49	17,218,050	2.28	3.37	1.27	2,732,625	2.40	0.87
2.50 - 2.99	5,412,900	2.65	3.37	1.34	1,353,225	3	0.84
3.00 - 4.99	960,825	3.34	1.96	0.48	479,200	3.52	0.79
5.00 - 9.99	500,000	5.10	0.36	0.00	500,000	5.10	0.35
Total	81,106,631	1.74	2.68	0.74	36,416,602	1.65	1.27

Employee Share Purchase Plan

The Employee Share Purchase Plan ("ESPP") is revolved each year at the Annual General Meeting. The current ESPP was approved at the 2023 Annual General Meeting. Under the ESPP, an IDEX employee based in Norway, the United Kingdom, or the United States may contribute up to 20% of his or her annual base salary, through payroll deductions, toward periodic purchases of new issue Ordinary Shares. Under the ESPP, an option for the purchase of an Ordinary Share is granted to a participating employees on the first day of a 6-months' "offering period" to purchase new issued Ordinary Shares at the end of that offering period at a purchase price equal to 85% of the lesser of the fair market value, based on the closing price of an Ordinary Share reported by the Oslo Børs, on either the first day or the last day of that offering period. The offering periods occur from March through August, and from September through February. The shares are not restricted.

The ESPP is intended to qualify as an "employee stock purchase plan" under Section 423 of the U.S. Internal Revenue Code, thereby affording certain tax advantages to employees who are taxpayers in the United States. There are no tax advantages for ESPP participants who are taxpayers in Norway or the United Kingdom.

The share-based remuneration cost of the ESPP is calculated at the start of each contribution period, and amortized over that period. The cost is based on the contribution amount and amounts to the discount of 15% at the beginning of the period, plus the option value of an 85% call and 15% put option granted at the beginning of the period. The option value is based on a Black-Scholes option pricing model applying prevailing interest rates and share price volatility at the beginning of the period.

ESPP cost calculation parameters	September 1, 2023	March 1, 2023	September 1, 2022
Expected contribution amount (NOK 1,000)	532	1,078	2,025
Share price on start date (NOK per share)	0.64	0.96	0.83
Share price volatility	59%	80%	68%
Risk-free interest rate	4.24%	3.20%	2.82%
Expected dividend payment	—	—	—
Expected number of shares	972,698	1,321,462	2,854,899
Share-based compensation cost per expected share	0.23	0.40	0.32

In the two offering periods completed within 2023, an average of 28 employees (2022: 43) participated in the ESPP and purchased a total of 4,583,947 Ordinary Shares at a weighted average price of NOK 0.64 (2022: 4,947,546 shares at average NOK 1.08 per share).

24. Related party transactions

The Company's significant shareholders, Board members, and management, as well as their related parties, are considered related parties of the Company.

Compensation of key management is disclosed in Note 5 – Compensation and benefits.

Board compensation

Board compensation is paid in arrears after being approved by the shareholders, generally at the Annual General Meeting. The following amounts were paid in 2023, 2022 and 2021:

	Year Ended December 31, 2023		
($000s)	Cash Compensation	Shared-based Compensation	Total
Lawrence J. Ciaccia, Board chair	$ 48	$ —	$ 48
Deborah Davis	62	—	62
Hanne Hovding	50	—	50
Annika Olsson	40	—	40
Morten Opstad	48	—	48
Thomas M. Quindlen	50	—	50
Stephen A. Skaggs	57	—	57
	$ 355	$ —	$ 355

	Year Ended December 31, 2022		
($000s)	Cash Compensation	Shared-based Compensation	Total
Morten Opstad, Board chair	$ 53	$ —	$ 53
Lawrence J. Ciaccia, Board deputy chair	53	—	53
Deborah Davis	68	—	68
Hanne Hovding	55	—	55
Annika Olsson	44	—	44
Thomas M. Quindlen	55	—	55
Stephen A. Skaggs	62	0	62
	$ 390	$ 0	$ 390

	Year Ended December 31, 2021		
($000s)	Cash Compensation	Shared-based Compensation	Total
Morten Opstad, Board chair	$ 59	$ —	$ 59
Lawrence J. Ciaccia, Board deputy chair	28	33	61
Deborah Davis	67	0	67
Hanne Hovding	52	—	52
Stephen A. Skaggs	4	58	62
	$ 124	$ 70	$ 194

Outstanding subscription rights awarded to members of the Board under the Company's subscription rights plans have the following expiration dates and exercise prices. For further information describing these plans, see Note 16 – Share-based compensation.

			Subscription rights outstanding as of December 31,		
Grant Date	Expiration Date	Exercise Price (NOK per share)	2023	2022	2021
June 17, 2020	May 15, 2025	8.55	120,000	120,000	120,000

The subscription rights were originally granted on August 15, 2018. They were replaced by the grant on June 17, 2020, as part of an exchange of subscription rights approved at the 2020 Annual General Meeting. This exchange was offered to all eligible holders.

Nomination Committee

The following fees has been paid to the nomination committee in 2023 and 2022 for the services up to the 2023 annual general meeting and the 2022 annual general meeting, respectively.2023: Chair Robert Keith $2.4 thousand, members Håvard Nilsson and Harald Voigt $1.4 thousand each. 2022: Chair Robert Keith $2.6 thousand, members Håvard Nilsson and Harald Voigt $1.6 thousand each.

Related party transactions

Lawrence J. Ciaccia, board member 2015-2023, and chair since May 23, 2023, provides consulting services to IDEX. The fees paid to Mr. Ciaccia for his services totaled $50 thousand in 2023, $58 thousand in 2022, and $65 thousand in 2021.

Morten Opstad, Board, chair 1997-2023 and board member since May 23, 2023, is a partner at Ræder Bing advokatfirma AS, the Company's primary law firm, which provided services to the Company resulting in charges of $172 thousand in 2023, $234 thousand in 2022, and $338 thousand in 2021.

In connection with the private placements in May and November 2023, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placements. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum of the subscription price per new share in the private placement multiplied by the number of borrowed shares lent by the respective lender. The fees paid amounted to $0.7 thousand to Alden AS, $1.3 thousand to Mr. Robert Keith, $7.8 thousand to Sundt AS, and $2.7 thousand to Sundvall Holding AS.

There were no overdue balances with any related parties at the end of 2023, 2022 or 2021.

25. Other Operating Expenses

	Year Ended December 31,		
($000s)	2023	2022	2021
Sales and marketing activities	$ 3,509	$ 2,840	$ 1,387
Legal, audit, accounting and other services	1,894	2,073	2,332
IT expenses	1,705	1,894	2,047
Travel expenses	253	230	132
Other operating expenses	1,383	1,364	1,449
Total other operating expenses	$ 8,743	$ 8,402	$ 7,347

26. Subsequent Events

The Extraordinary General Meeting on December 21, 2023 resolved a five-to-one share consolidation (reverse split). The consolidation was registered on January 8, 2024 and effective at record date January 10, 2024. Following the consolidation, the company's share capital remained NOK 209,551,597.50, but divided into 279,402,130 shares, each with a nominal value of NOK 0.75. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. The calculation of profit or loss per share in Note 10 – Loss per share calculation has been based on the consolidated number of shares, while the reported number of shares and other instruments in these Financial Statements are the number of shares or instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) took effect, unless stated otherwise.

For the avoidance of doubt, the number of shares, instruments and prices in the following paragraphs are after the 5:1 share consolidation.

The Extraordinary General Meeting on December 21, 2023 resolved a share capital reduction by reduction of the par value of shares from NOK 0.75 to NOK 0.15 per share. The reduction was registered on February 26, 2024. The number of shares remained unchanged. The reduction amount, NOK 167,641,278.-, was transferred to other equity. The company's net equity remained the same, and there was no distribution of capital. Following the reduction, the Company's share capital was NOK 41,910,319.50 divided into 279,402,130 shares, each with a nominal value of NOK 0.15.

The Board resolved on February 29, 2024, to issue 358,525 shares at NOK 1.32 per share to employees participating in the Company's ESPP. Following the issue, the Company's share capital was NOK 41,964,098.25 divided into 279,760,655 shares, each with a nominal value of NOK 0.15.

The Board resolved on March 19, 2024, to issue in total 365,900 ordinary shares at NOK 0.75 per share to employees who had exercised incentive subscription rights. The incentive subscription rights were issued under the Company's 2019 incentive subscription rights plan, which plan was approved by the Annual General Meeting on May 9, 2019. Following the issue, the company's share capital is NOK 42,018,983.25 divided into 280,126,555 shares each with a nominal value of NOK 0.15. Following the exercise, there are 18,601,032 incentive subscription rights outstanding.

The Board resolved on April 17, 2024, to issue 550,000 incentive subscription rights (SRs) to employees in IDEX. The grant was made under the Company's 2023 incentive subscription rights plan as amended at the extraordinary general meeting on December 21, 2023. The exercise price of the SRs is NOK 0.15 per share and the SRs vest by 50% per year over two years. The SRs expire on May 23, 2028.

The repayment schedule of the convertible loan described in Note 17 - Convertible debt, accrued interest, was initially 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. After the term payment on February 28, 2024, the lender made two such requests. All three terms were settled in cash, not shares, by a total combined amount of NOK 15.4 million or $1.4 million in the first quarter of 2024.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below $4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs.

There have been no events between December 31, 2023, and the date of these financial statements that have had any material impact on the Company's results for 2023, or the value of the Company's assets and liabilities as of December 31, 2023.

PARENT COMPANY SEPARATE FINANCIAL STATEMENTS

IDEX Biometrics ASA
Parent Company Separate Statements of Profit and Loss
(In thousands, except per share amounts)

	Note	Year Ended December 31, 2023	2022
Revenue:			
Product		$ 4,131	$ 3,889
Service		8	203
Total revenue	4	4,138	4,091
Operating expenses:			
Cost of materials, net of inventory change		3,908	3,244
Compensation and benefits	5	2,308	2,906
Research and development	6, 7	12,912	16,079
Other operating expenses	8, 25	9,729	10,943
Amortization and depreciation	11, 12, 13	752	599
Total operating expenses		29,609	33,771
Loss from operations		(25,471)	(29,679)
Finance income	16	696	544
Finance cost	16	(365)	(1,888)
Loss before tax		(25,141)	(31,023)
Income tax expense	9	—	—
Net loss for the year		$ (25,141)	$ (31,023)
Loss per share, basic and diluted	10	$ (0.11)	$ (0.16)

Statements of Comprehensive Income

	Year Ended December 31, 2023	2022
Net loss for the year	$ (25,141)	$ (31,023)
Other comprehensive income that may be reclassified to profit (loss) in subsequent periods:	—	—
Total comprehensive income (loss) for the period (net of tax)	$ (25,141)	(31,023)

The accompanying notes are an integral part of these financial statements.

IDEX Biometrics ASA
Parent Company Separate Statements of Financial Position
(In thousands, except share numbers and per share amounts)

	Note	December 31, 2023	December 31, 2022
Assets			
Non-current assets:			
Goodwill	11	$ 968	$ 968
Intangible assets	11	1,011	1,488
Property, plant and equipment	12	303	367
Right-of-use assets	13	39	62
Shares in subsidiaries	1, 27	1,749	1,749
Non-current receivables	15	7	7
Total non-current assets		4,077	4,641
Current assets:			
Prepaid expenses	15	463	562
Inventory	19	6,384	4,447
Accounts receivable, other	14	525	465
Accounts receivable, trade	14	1,068	1,349
Receivables from group companies	14	10,366	7,597
Cash and cash equivalents	20	10,818	14,242
Total current assets		29,625	28,663
Total assets		$ 33,701	$ 33,304

The accompanying notes are an integral part of these financial statements.

	Note	December 31, 2023	2022
Equity and liabilities			
Share capital (NOK 0.15 par value per share, 1,397,010,650 and 1,166,326,584 shares issued and outstanding at December 31, 2023 and 2022, respectively)	22	$ 25,955	$ 22,762
Share premium		2,118	4,036
Share-based payment		24,858	23,575
Capital reduction reserves		300,500	287,500
Accumulated loss		(337,510)	(312,369)
Total equity		15,922	25,505
Non-current liabilities:			
Non-current lease liabilities	13	13	13
Total non-current liabilities		13	13
Current liabilities:			
Accounts Payable	16	721	1,400
Payables to group companies	16	6,794	5,057
Current lease liabilities	13, 16	19	46
Public duties payable		89	98
Interest-bearing loans	17	5,076	—
Other current financial liabilities	17	3,545	—
Other current liabilities	16	1,522	1,185
Total current liabilities		17,766	7,786
Total liabilities		17,780	7,799
Total equity and liabilities		$ 33,701	$ 33,304

The accompanying notes are an integral part of these financial statements.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia Lawrence John Ciaccia Chair	/s/ Deborah Davis Deborah Davis Board member	/s/ Annika Olsson Annika Olsson Board member
/s/ Morten Opstad Morten Opstad Board member	/s/ Adriana Saitta Adriana Saitta Board member	/s/ Stephen A. Skaggs Stephen A. Skaggs Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

IDEX Biometrics ASA
Parent Company Separate Statements of Changes in Equity
(In thousands)

	Share capital	Share premium	Share-based payment	Foreign currency translation effects	Capital reduction reserve *	Accumulated loss *	Total equity
Balance at January 1, 2022	$ 20,410	$ 9,452	$ 21,414	$ —	$ 269,500	$ (281,346)	$ 39,431
Share issuance	2,273	12,103	—	—	—	—	14,376
Share-based compensation	79	481	2,161	—	—	—	2,721
Loss for the year	—	—	—	—	—	(31,023)	(31,023)
Transfer of share premium	—	(18,000)	—	—	18,000	—	—
Other comprehensive income	—	—	—	—	—	—	—
Balance at December 31, 2022	22,762	4,036	23,576	—	287,500	(312,369)	25,505
Share issuance	3,128	11,009	—	—	—	—	14,137
Share-based compensation	65	73	1,283	—	—	—	1,421
Loss for the year	—	—	—	—	—	(25,141)	(25,141)
Transfer of share premium	—	(13,000)	—	—	13,000	—	—
Other comprehensive income	—	—	—	—	—	—	—
Balance at December 31, 2023	$ 25,955	$ 2,118	$ 24,858	$ —	$ 300,500	$ (337,510)	$ 15,922

*Refer also to Note 1: Organization, basis of presentation, and significant accounting policies and Note 15: Share capital and share premium.

The accompanying notes are an integral part of these financial statements.

IDEX Biometrics ASA
Parent Company Separate Statements of Cash Flow
(In thousands)

	Note	December 31, 2023	December 31, 2022
Operating activities			
Profit (loss) before tax		$ (25,141)	$ (31,023)
Amortization and depreciation expense	11, 12, 13	752	599
Share-based compensation expense		1,421	2,721
(Increase) in inventories		(1,937)	(3,213)
(Increase) in accounts receivable		(2,488)	(2,045)
Increase in accounts payable		1,189	2,503
Change in other working capital items		235	(1)
Other operating activities		105	(1,435)
Interest paid		(8)	(2)
Other financial items		(327)	1,346
Net cash flow from operating activities		(26,200)	(30,549)
Investing activities			
Purchases of property, plant and equipment	11, 12, 13	(187)	(2)
Repayments on loans to subsidiaries		0	1
Interest received		234	92
Net cash flows from investing activities		47	91
Financing activities			
Net proceeds from issue of shares	22, 23	14,137	14,376
Proceeds from borrowings	17	8,621	—
Payment of principal portion of lease liabilities		(29)	25
Net cash flow from financing activities		22,729	14,401
Net change in cash and cash equivalents		(3,423)	(16,056)
Opening cash and cash equivalents balance		14,242	30,298
Cash and cash equivalents at December 31	20	$ 10,818	$ 14,242

The accompanying notes are an integral part of these financial statements.

NOTES TO PARENT COMPANY SEPARATE FINANCIAL STATEMENTS

1. Organization, basis of presentation, and significant accounting policies

IDEX Biometrics ASA and its wholly-owned subsidiaries (collectively, "IDEX" or the "Company") specialize in the design, development, and sale of fingerprint authentication solutions. The Company's fingerprint authentication solutions are used primarily in contactless smart cards, including financial payment cards, access control cards, and card-based devices for the storage of digital currencies.

IDEX Biometrics ASA, the parent company, is a public limited liability company incorporated in 1996 in Norway. The address of the head office is Dronning Eufemias gate 16, NO-0191 Oslo, Norway. The Company's Ordinary Shares, representing the only class of equity securities issued and outstanding, are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker symbol IDEX.

IDEX Biometrics ASA's American Depositary Shares ("ADSs') representing its ordinary shares, were listed on Nasdaq Capital Market until a voluntary delisting was effective on August 10, 2023. The delisting concerned only the ADSs listed on Nasdaq. There was no impact on the ordinary shares listed on the Oslo Stock Exchange. The ADS delisting had no impact on the Company's accounting standards or disclosures to the Norwegian financial market.

IDEX Biometrics ASA has wholly-owned subsidiaries in the United States (IDEX Biometrics Holding Company Inc. and IDEX Biometrics America Inc. (together, "IDEX America")), the United Kingdom (IDEX Biometrics UK Ltd. ("IDEX UK")), and China (IDEX Electronics (Shanghai) Co., Ltd. ("IDEX China")). The parent company is the owner of all intellectual property of IDEX and is the contractual party to all customer and manufacturing partner agreements. All sales are generated by the parent company, and the parent company is the supplier to the customers. The subsidiaries provide various services to the parent company, mainly associated with engineering, supply-chain administration, and customer service functions.

2. Basis of Preparation

IDEX Biometrics ASA prepares its Financial Statements on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU. The financial statements are presented in U.S. Dollars ("USD" or "$"), and all amounts are rounded to the nearest thousand ($000), unless otherwise indicated. The subtotals and totals in some of the tables may not equal the sum of the amounts shown in the primary financial statements due to rounding.

IDEX Biometrics ASA is the parent company in the IDEX group. The Consolidated Financial Statements of IDEX Biometrics ASA including its subsidiaries are published separately.

3. Significant Accounting Policies

Accounting policies that are significant to the Company's results and financial position, in terms of the materiality of the items to which the policy is applied, are discussed below.

The significant accounting policies described in these consolidated financial statements have been applied consistently for all periods presented, except as otherwise noted in the disclosure related to the impact of policy changes following the adoption of new accounting standards and voluntary changes in 2023.

The statements of profit and loss are presented by the nature of expense. The cash flow statements are presented by the indirect method.

There have not been any changes to IDEX Biometrics ASA's accounting policies applied in the financial statements for 2023 compared to those applied in the annual financial statements for 2022.

The parent company separate financial statements for 2023 were approved by the Board on April 24, 2024.

a. Going Concern

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

IDEX Biometrics ASA has incurred significant operating losses and negative cash flows during the development stage of the business. The future viability of the Company is dependent on its ability to generate cash from

operating activities and to raise additional capital to finance its operations. The accumulated losses, net of capital reduction reserve amounted to $37.0 million as of December 31, 2023, and the net cash outflow in 2023 amounted to $3.4 million after obtaining new equity and a loan amounting to $22.8 million combined. Net equity amounted to $15.9 million, and the balance sheet solvency, defined as cash plus current external receivables less current external liabilities, amounted to $1.4 million on December 31, 2023. While the Company has taken measures to significantly reduce operating expenses, it does not expect that its existing cash will enable it to fund its operating expenses and capital expenditures requirements for the next twelve months. IDEX Biometrics ASA is exploring further options to fund its commercialization efforts. While the company has been successful in the past in raising funds through private placements of shares and issuance of convertible debt, there is no assurance that IDEX Biometrics ASA will be successful in raising capital the future. The company's failure to raise capital as and when needed would have a negative impact on its financial condition and its ability to pursue its business strategies. These factors cast significant doubt on IDEX Biometrics ASA's ability to continue as a going concern.

As an ongoing activity, the Company monitors liquidity and the Board is prepared to take appropriate measures if and when required. IDEX has been successful in the past with implementing cost reductions and raising capital through private placements of equity. Acknowledging the significant doubt identified above, the Board has on balance concluded that the conditions for the going concern assumption are met.

b. Subsidiaries

Investments in subsidiaries are held at historical cost.

c. Equity

Equity is comprised of the following:

- Share Capital: comprised of the nominal amount of the ordinary shares. This capital is not distributable in the form of dividends under the Norwegian Public Limited Liability Companies Act (the "PLLC Act") (refer to Note 22 – Share Capital and Share Premium).
- Share Premium: comprised of: (1) the amount received attributable to Share Capital, in excess of the nominal amount of shares issued by the parent company, reduced by; (2) issuance costs directly attributable to the capital increase and; (3) transfers into the Capital Reduction Reserve, (refer to Note 15 – Share Capital and Share Premium).
- Share Based Payment Reserve: comprised of Share-based payment reserve.
- Capital Reduction Reserve: comprised of the absorption of accumulated losses of the parent company by the Share Premium, as resolved by the Board of Directors (refer to Note 15 – Share Capital and Share Premium).
- Accumulated Loss: is comprised of cumulative historical losses of the parent company.

d. Cost of materials, net of inventory change

Cost of materials, net of inventory change, primarily consists of the costs of raw materials, contract manufacturing, and transportation associated with production and storage of products for sale to customers, net of inventory change.

e. Foreign currencies

IDEX Biometrics ASA's Consolidated Financial Statements are presented in USD. The functional currency of the parent company is USD. , while the functional currency for each foreign subsidiary is its local currency. Transactions involving the translation to USD of values denominated in foreign currencies are classified as monetary or non-monetary, thereby defining the measurement and recognition of foreign currency translation gains and losses applicable to a transaction.

Monetary assets and liabilities generally have values fixed by explicit or implicit contract. Examples include bank deposits, debt, accounts receivable, and accounts payable. Monetary assets and liabilities subject to foreign currency adjustments are measured on the initial transaction date using the exchange rates in effect at that date. At each subsequent reporting date and through the date of settlement (i.e., payment) or derecognition, such monetary assets and liabilities are remeasured using the then-current exchange rate, and any foreign currency translation gains or losses are recorded by the entity within Financial income or Financial cost.

Non-monetary assets and liabilities generally are those assets and liabilities for which the recorded values are not subject to contractual or other formal definitions (i.e., those assets and liabilities that are not classified as monetary assets or liabilities). Non-monetary assets and liabilities are held at historical cost.

f. Research and development expenses

Expenses in this category consist primarily of the costs of services and materials used in engineering activities and outsourced development activities to subsidiaries or external providers. Payroll costs related to research and development employees are classified as Compensation and benefit expenses, not as research and development expenses, on the Statement of Profit and Loss. However, the compensation paid to individual contractors serving in engineering roles is included in Research and development expenses.

Research costs are expensed as incurred. Development expenses that do not meet the criteria of capitalization are expensed as incurred. Development expenses are capitalized when (i) the technical feasibility of completing development has been demonstrated, (ii) the costs of development can be measured reliably, (iii) it is probable that IDEX Biometrics ASA will realize future economic benefits from the asset, and (iv) IDEX Biometrics ASA has committed to complete the development. Once the development is complete and the resulting asset is available for use, the capitalized development cost (i.e., the asset value) is amortized over its expected useful life.

IDEX Biometrics ASA applies for and has received government grants associated with certain research and development projects. The recognized value of government grants applicable to research and development activities are credited against research and development costs. Generally, the applications or claims for such grants are submitted after completion of the qualifying activities. When it is realistic that the application or claim will be successful and the amount can be determined reliably, the company credit the value of the grant against research and development expenses for that reporting period. Due to the timing difference between the completion of the qualifying activities, the approval of our grant application or claim, and the receipt of the funds associated with the grant, we may record, pending receipt of funds, the value of the grant as an Account receivable, other.

g. Convertible Debt

The terms of the convertible debt agreements are evaluated to determine whether the instruments contain both liability and equity components, in which case the instrument is a compound instrument. Convertible debt agreements are evaluated to determine whether they contain embedded derivatives, in which case the instrument is a hybrid financial instrument. Based on evaluation of the terms in our convertible debt agreements, the company determined that the conversion option was an embedded derivative and, therefore, the convertible debt was accounted for as a hybrid financial instrument. The company has elected to assign transaction costs entirely to the financial liability host (principal).

Estimation methods are used to determine the fair value of embedded derivatives included in hybrid financial instruments. The determination of the effective interest used for the host contracts of hybrid financial instruments and the liability components of compound financial instruments is dependent on the outcome of such estimations. Evaluating the reasonableness of these estimations and the assumptions and inputs used in the valuation methods requires a significant amount of judgment and is therefore subject to an inherent risk of error.

h. Finance income and finance cost

Finance income and finance cost consists of interest income, interest expense, valuation change of the embedded derivative, and net foreign exchange losses (gains) arising from settlement of obligations denominated in foreign currencies during the period and foreign currency translation adjustments recognized at period end.

i. Accounting estimates, based on the use of judgment and assumptions

The application of certain accounting standards requires management to make accounting judgments, estimates and assumptions affecting reported amounts of assets, liabilities, income and expenses.

The main areas where the company has made significant judgments when applying the accounting policies and that have the most material effect on the amounts recognized in the financial statements have been described in the following notes:

- Revenue Recognition
- Leases

Estimates used in the preparation of these financial statements are prepared based on bespoke models, while the assumptions on which the estimates are based rely on historical experience and other factors that management assesses to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The most important matters in understanding the key sources of estimation uncertainty are described in each of the following notes:

- Intangible assets
- Inventory
- Accounts receivable, trade
- Share-based compensation
- Embedded derivative in convertible debt

Intangible assets
IDEX Biometrics ASA's patents and other intellectual property rights created by the Company are capitalized only when they satisfy the criteria for capitalization. No development costs have been capitalized in 2023 or 2022. Acquired intangible assets from external parties are capitalized initially at fair value, normally the purchase price. Intangible assets are amortized over their useful economic lives. An assessment of impairment losses on non-current assets is made when there is an indication of a decrease in value. An intangible asset's carrying amount is compared to the asset's recoverable amount. The recoverable amount is the higher of the fair value (less costs to sell to an independent third party) or the calculated value based on the discounted estimated cash flow from continued use. The estimate is based on judgments of when and whether there will be an economic benefit from the asset, and assumptions about the amounts. As of December 31, 2023, the company determined that there were no indicators of impairment, and no impairment was recorded.

Inventory
Inventories consist of raw materials, work in process, and finished goods. Inventory is recorded at the lower of cost and net realizable value. Impairment is assessed quarterly, based on management's judgment of when and whether the inventory may be sold, and assumptions about the sales price and selling costs. The estimate is uncertain, because timing of sales are subject to many risks. Selling prices are uncertain in the market for IDEX Biometrics ASA's products. Reselling components or other commodity raw materials at any value may not be easily achieved, and elements of work in progress and finished goods, if impaired (i.e., considered excess or obsolete inventory), generally have no resale value and are held for disposal.

Accounts receivable, trade
Trade accounts receivable consist of invoiced amounts owed by customers, net of minor prepayments received and allowances for doubtful accounts. Regarding allowances for doubtful accounts, see section *Credit and Liquidity Risk* below.

Share-based compensation
IDEX Biometrics ASA estimates the fair value of incentive subscription rights ("SRs") at the grant date by using the Black-Scholes option pricing model, and record share-based remuneration cost over the vesting period of the SRs. The valuation is based on share price and exercise price, share price volatility, interest rates, and the expected term of the SRs, based on historical data. The parameters may in the future deviate from the historical observations. The accrued cost of the employment taxes associated with the earned intrinsic value of the SRs will vary with share price, which is a highly unpredictable parameter.

IDEX Biometrics ASA estimates the fair value of the Employee Share Purchase Plan ("ESPP") at the grant date, i.e. the first date of the contribution period, by using the Black-Scholes option pricing model. The share-based compensation is expensed over the contribution period. The valuation is based on share price and exercise price, share price volatility, interest rates, and the term of the contribution period. The parameters may in the future deviate from the historical observations.

The parent company recognizes the full notional cost of the share-based remuneration programs for the group, and accrues the potential employer's tax. Upon exercise or purchase, the actual employer tax is recognized by the entity the grantee is assigned to.

j. Accounting Standards

Amendments to IAS 1 and IFRS Practice statement 2–Replacing Significant accounting policies with Material accounting policies — The amendments replace the requirement to disclose the 'significant' accounting policies with a requirement to disclose the 'material' accounting policies. The amendments to IAS 1 are applicable for annual periods beginning on or after January 1, 2023. The Company has revised the accounting policy information disclosures for 2023 to become consistent with the amended IAS 1.

Other standards, amendments to standards and interpretation of standard, effective 1 January 2023

Other amendments to standards or interpretations of standards effective as of 1 January 2023 and adopted by the Company were not material to the Company's financial statements upon adoption.

Other standards, amendments to standards, and interpretations of standards, issued but not yet effective, are either not expected to materially impact, or are not expected to be relevant to, the Company's financial statements upon adoption.

Climate Change

As of December 31, 2023, the possible future financial impact to the Company resulting from climate change is uncertain. Given the nature of the Company's operations and products, the Company believes any such impact not to be material. The Company is monitoring current and expected climate change effects, as well as measures considered or implemented by government and industry, in order to minimize any negative impact and to take advantage of any favorable opportunities that may arise.

Financial risks

IDEX Biometrics ASA emphasizes capital preservation and liquidity in managing its cash, which is held in bank accounts, which are denominated in USD, NOK, and GBP.

Short-term capital requirements include funding operating losses and supporting net working capital requirements. Reflecting the Company's operating model, investments in property, plant, and equipment are modest, and have been funded with proceeds from issuance of Ordinary Shares. IDEX Biometrics ASA has been funded through the issuance of Ordinary Shares since it was established in 1996. In 2023, the parent company took up a convertible loan.

The current cash position and financial forecasts indicate that in 2024, the Company will need significant funding in the form of equity injection, debt or other. The Board is considering various funding options and believes that the Company will obtain further financing for its planned operation, growth and working capital requirements. Refer to the comments above regarding going concern.

Interest Rate Risk
As of December 31, 2023, IDEX Biometrics ASA had cash of $10.8 million. The company's exposure to interest rate sensitivity is influenced primarily by changes in the underlying bank interest rates in the various currencies. IDEX's cash is held in bank accounts, all of which are considered highly liquid. Accordingly, an immediate one percentage point change in interest rates would not have a material effect on the fair market value the Company's cash accounts.

The convertible loan is the only debt to financial lenders. The Company is not exposed interest rate associated with variable rate debt because the interest rate is fixed for the duration of the loan.

When calculating the recorded and carrying values of leases, interest rates are a variable in the calculations of these values, but do not represent a meaningful level of risk of material changes in these values.

Currency Risk
The Company's trading transactions are denominated in U.S. Dollars ("USD"), which is IDEX Biometrics ASA's functional and presentation currency. The company incurs a portion of its expenses in currencies other than the USD, primarily British Pounds ("GBP"), Norwegian Krone ("NOK"), Euro ("EUR"), and Chinese Yuan ("CNY"). The company's cost level is exposed to changes in the rates of exchange between the USD and these currencies. Reflecting its functional currency and domicile, IDEX Biometrics ASA holds cash primarily in USD and only minor amounts in NOK and GBP. The company does not use forward exchange contracts or other hedging strategies to manage exchange rate exposure.

In addition to USD, the parent company holds bank deposits in NOK and GBP; receivables in NOK, GBP and EUR; and payables in NOK, GBP and EUR, and convertible debt in NOK. A 10% change in the relative value of USD to NOK would have had a corresponding effect on the carrying value of the Company's debt of approximately $800 thousand at December 31, 2023, and was not material at December 31, 2022. A 10% change in the value of USD to CNY or EUR was not material at December 31, 2023 or December 31, 2022l. A 10% increase in the value of the GBP relative to the USD would have had a corresponding effect on the carrying value of the parent company's net financial assets and liabilities in foreign currencies at December 31, 2023 of approximately $980 thousand.

Credit and Liquidity Risk
IDEX extends customary credit terms to customers, reflecting its assessment of their individual creditworthiness. The Company does not believe it was exposed to significant credit risk associated with its Accounts receivable, trade, balance as of December 31, 2023. (See Note 14 – Accounts receivable.) If revenue continues to increase, such balances from a broadening customer base will expand, potentially increasing the credit risk at large.

As of December 31, 2023, the parent company had extended advances to IDEX UK denominated in GBP, in the equivalent to $10.1 million. It is expected that IDEX UK will eventually repay these advances.

The company believes it faces minimal risk on its cash position, as the cash is on deposit with reputable, regulated banks.

IDEX Biometrics ASA aims to increase revenue generation through sales of its products; however, it does not currently have the cash resources to fully meet its operating commitments for the twelve months following the date of the financial statements. This casts significant doubt on the company's ability to continue as a going concern.

Revenue recognition
Revenue is recognized when control of the promised goods or services is transferred to a customer, in an amount reflecting the consideration the company expects to be entitled to in exchange for those goods or services. Sales, value added, and other taxes incurred concurrent with revenue producing activities are excluded from revenue. Shipping and handling charges to customers are included in revenue, and costs incurred associated with outbound freight after control over a product has transferred to a customer are accounted for as revenue reductions.

The company's primary source of revenue comes from the sale of its products, which principally are biometric fingerprint modules consisting of a sensor and an ASIC in a single package. Each module also contains embedded software. The hardware and the embedded software are interdependent in that each needs the other to provide the intended fingerprint authentication function to the customer. The primary customers for the company's products are smart card manufacturers and other solution integrators. The company currently does not use distributors for the resale of its products.

The company may license its intellectual property under right to use licenses, in which royalties due to the company are based upon a percentage of the licensee's sales and/or unit volumes. For the years 2023 and 2022, the company recognized no revenue from licensing its intellectual property.

Certain contracts with customers contain multiple performance obligations, which typically may include a combination of non-recurring engineering ("NRE") services, prototype units, and production units. For these contracts, if the individual performance obligations are distinct, they are accounted for separately. Generally, the company has determined the NRE services and prototype units represent one distinct performance obligation, and the production units represent a separate distinct performance obligation. For such arrangements, revenue is allocated to each performance obligation based on its relative standalone selling price, based on prices charged to other customers or based on expected cost plus a customary profit margin. The company generally recognizes revenue for NRE services and prototype units at the point in time when a defined milestone under the arrangement is completed and control is transferred to the customer, which is generally the shipment or delivery of the prototype units.

The company also recognizes revenue from contracts with customers associated with the delivery of certain services, ranging from standalone NRE to advisory services. Generally, these contracts include a single performance obligation (i.e., service element), and revenue is recognized upon the completion of the defined service element and final acceptance by the customer of any project deliverable. However, revenue from services may be recognized over time, if recognition of multiple service elements is based on completion of substantive and results-based contractual milestones, and acknowledgement by the customer of such completion.

The company does not have material obligations or reserves for warranties, returns, or customer refunds.

There were no contract asset or contract liability balances at December 31, 2023 or 2022.

4. Segment Information

IDEX manages its operations as a single segment for the purposes of assessing performance and making operating decisions. IDEX operates as one operating segment, fingerprint imaging and authentication technology. IDEX has determined that its chief operating decision maker is its Chief Executive Officer. The Company's chief operating decision maker reviews the Company's financial information on an aggregated basis for the purposes of allocating resources and assessing financial performance.

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

	Year Ended December 31,	
($000s)	2023	2022
Product Revenue:		
Europe, Middle East, and Africa	$ 3,029	$ 3,574
Americas	975	252
Asia-Pacific	126	63
Total product revenue	4,131	3,889
Service Revenue:		
Europe, Middle East, and Africa	2	10
Americas	—	193
Asia-Pacific	6	—
Total service revenue	8	203
Total Revenue	$ 4,138	$ 4,091

The Company's revenue has historically come from a limited number of customers. During 2023, the top two customers accounted for approximately 47% and 20% of the Company's revenue, respectively, and in 2022, the top two customers accounted for 48% and 24% of revenue, respectively.

5. Compensation and benefits

	Year Ended December 31,	
($000s)	2023	2022
Salaries	$ 777	$ 814
Social security taxes	100	97
Pension contribution	22	22
Other personnel expenses	130	149
Share - based compensation	1,283	2,161
Net employer's tax on share - based compensation	(4)	(337)
Total	$ 2,308	$ 2,906
Average no. of employees (full-time equivalents)		
In the parent company	2	2
In the group	76	88

At the end of 2023, there were 1 female and 1 male employee in IDEX Biometrics ASA (2022: 1 female and 1 male). Salary statistics per gender have not been prepared.

IDEX Biometrics ASA provides a contribution-based pension insurance plan for all its employees. The plan satisfies the Norwegian mandatory service pension rules (obligatorisk tjenestepensjon, OTP). The contribution is 2% and 10% up to and over a threshold, respectively, of the employee's annual eligible salary. The pension plan is a fully insured, defined contribution plan.

In 2023, IDEX operated two share-based compensation programs: Incentive subscription rights (SRs), and an employee share purchase plan (ESPP). The parent company recognizes the full notional cost of the programs for the group, and accrues the potential employer's tax. The expense is non-cash, and the same amount is added to equity. The notional cost of SRs is based on the fair value of SRs at grant. The cost is expensed over the vesting period of each tranche of grant, which means the cost is front-loaded over the duration. The potential employer's tax liability is calculated on the intrinsic value of the pro-rata earned subscription rights at year end, and the net

change from the year before is expensed or reversed. Upon exercise, the notional cost remains as recognized, while actual employer's tax, if any, on exercise is recognized by the relevant entity when incurred. The cost of the ESPP is the fair value at enrolment date into ESPP, and is expensed over the six months contribution period. The fair value is determined using a Black-Scholes option pricing model, based on share prices quoted on the Oslo Børs, and published interest rates. Any related employer's tax is recognized by the relevant entity on the date the employer's tax is incurred, which date varies by jurisdiction and employee disposition.

Remuneration to officers

2023

Remuneration to the group's CEO and officers reporting to the CEO. All officers are employed in the subsidiary in the country where they work, or a contractor to the parent company.

($000s)	Salary	Incentive variable pay	Pension contri-bution	Other benefits	Share-based remune-ration (1)	Total
Vince Graziani, CEO	$ 360	$ 62	$ —	$ 28	$ 108	$ 558
John Kurtzweil, CFO (2)	$ 55	$ —	$ —	$ —	$ 1	56
Eileen Wynne, interim CFO (3)	141	—	—	—	—	141
Anthony Eaton, CTO	249	82	15	9	48	403
Catharina Eklof, CCO (4)	466	72	—	—	64	602
Total	$ 1,271	$ 216	$ 15	$ 37	$ 221	$ 1,760

(1) The amount is the amortised cost in the year under IFRS 2 Share-based payments, for incentive subscription rights. The amount for ESPP is the option value at date of enrollment earned in 2022. Both amounts represent an upfront calculation and do not necessarily represent any gain from the plans. Any gain on subscription rights is reported separately in the year of exercise.
(2) Mr. Kurtzweil joined IDEX as Chief Financial Officer in September 2023.
(3) Ms. Wynne was IDEX interim Chief Financial Officer from August 2022 to September 2023. Ms. Wynne is an individual contractor and the salary and incentive amounts reported are the gross invoiced amounts.
(4) Ms. Eklof is an individual contractor on assignment for IDEX as of June 1, 2021. The salary and incentive amounts reported are the gross invoiced amounts.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the full year 2023, while pension cost and share-based remuneration are expensed amounts in the year. Gains on exercise of incentive subscription rights, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2023, if any, relate to achievements in 2022.

No officers exercised incentive subscription rights in 2023.

2022

($000s)	Salary	Incentive variable pay	Pension contri-bution	Other benefits	Share-based remune-ration (1)	Total
Vince Graziani, CEO	$ 400	$ —	$ —	$ 26	$ 139	$ 565
Eileen Wynne, interim CFO (2)	37	—	—	—	—	37
James A. Simms, former CFO (2)	290	—	—	21	(56)	255
Anthony Eaton, CTO	237	—	14	—	74	325
Catharina Eklof, CCO (3)	398	—	—	—	114	512
Total	$ 1,362	$ —	$ 14	$ 47	$ 271	$ 1,694

(1) The amount is the amortised cost in the year under IFRS 2 Share-based payments, for incentive subscription rights. The amount for ESPP is the nominal discount on shares acquired in 2021. Both amounts represent an upfront calculation and does not necessarily represent any gain from the plans. Any gain on subscription rights, is reported separately in the year of exercise.
(2) Ms. Wynne joined IDEX as Interim Chief Financial Officer as of August 15, 2002. Mr. Simms left his position with IDEX as of the same date. Ms. Wynne is an individual contractor and the salary and incentive amounts reported are the gross invoiced amounts.
(3) Ms. Eklof is an individual contractor on assignment for IDEX. The salary and incentive amounts reported are the gross invoiced amounts.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the full year 2022, while pension cost and share-based remuneration are expensed amounts in the year. Gains on exercise of incentive subscription rights, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2022 relate to achievements in 2021.

No officers exercised incentive subscription rights in 2022.

Grants of incentive subscription rights to officers

Year ended December 31,	Grant date	Exercise price (NOK per share)	Number of subscription rights
2023			
Vincent Graziani, CEO	August 11, 2023	0.68	2,500,000
John Kurtzweil, CFO	November 8, 2023	0.46	500,000
Eileen Wynne, former interim CFO			—
Anthony Eaton, CTO	August 11, 2023	0.68	630,900
Catharina Eklof, CCO	August 11, 2023	0.68	630,900
2022			
Vincent Graziani, CEO	August 10, 2022	1.18	1, 210,400
Eileen Wynne, interim CFO			—
James A. Simms, former CFO			—
Anthony Eaton, CTO	February 23, 2022	2.08	836,900
	August 10, 2022	1.18	210,300
Catharina Eklof, CCO	August 10, 2022	1.18	210,300

The table above reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also notes 23 – Share-based compensation and 28 – Subsequent events.

Guidelines for remuneration to officers

IDEX's remuneration policy for the supervisory board and executives as well as guidelines for incentive programs were approved at the Annual General Meeting on May 12, 2021.

Except for appropriate travel advances, IDEX has not made any advance payments or issued loans to, or guarantees in favour of, any members of the management.

Share-based remuneration to officers

The officers participate in the same share-based programs approved by the general meeting, that are in effect for all employees. In 2023 IDEX operated a subscription rights-based incentive program (SR program) and an employee share purchase plan (ESPP).

SR grants are scaled based on position, results and competitive considerations. The purpose of SR grants is to strengthen the company by providing to employees, management and individual contractors additional performance incentive.

The ESPP allows the participant to convert up to 20% of the base salary into shares, by contributing an amount from each paycheck during six months, and purchasing new issue shares at 15% discount on lower of the share price at beginning and end of the contribution period.

Implementation and effect of the policies on remuneration to officers

Salary, pension and any paid bonuses will attract employer's tax which will be expensed simultaneously with the paid or earned remuneration.

Actual incentive payments in the respective years are reported in the tables above. The incentives may have been earned partly or in full in the calendar year before the payment was made. Incentives are paid only after evaluation against criteria has been conducted. Until the evaluation has taken place, an overall accounting accrual covering all participants in the bonus plan has been made. The accrual is not individual and therefore not included in the table of remuneration to officers.

The share-based remuneration reported in the tables is the period's notional cost of the respective officers' subscription rights. The equity effect of this cost is nil because the contra item is a notional equity injection of equal amount. In addition, the cost of employer's tax on the earned intrinsic value on the balance sheet date, is accrued. The value varies with the share price and may entail a net reversal of cost. On exercise, the actual employer's tax is expensed, and the accrual adjusted to cover the remaining outstanding subscription rights. The actual cost of the employer's tax is normally funded by the equity paid in on exercise. Any exercises of subscription rights by officers in the respective years are disclosed above.

For the shareholders, an actual or possible exercise will represent a dilution. At the end of 2022, the number of outstanding subscription rights to present officers including their close associates was 12,341,400, corresponding to 1.1 percent of the share capital (2021: 12,870,900 outstanding subscription rights to then-present officers, corresponding to 1.3 percent of the share capital at the time).

Compensation paid to the board of directors is presented in Note 24.

6. Research and development expenses

Research costs are expensed when incurred. Development costs are capitalized and held in the balance sheet only if they satisfy the criteria for capitalization. The same applies to IDEX Biometrics ASA's patents and other intellectual property rights created by IDEX. IDEX has not capitalised any development costs in 2023 or 2022. Development costs related to creation of intellectual property have been expensed when incurred.

Research and development expenses include the cost of independent contractors assigned to engineering roles.

Government grants recognized by the Company in support of research and development activities are credited against research and development costs when it is realistic that the application or claim will be successful and the amount can be determined reliably.

	Year Ended December 31,	
($000s)	2023	2022
Gross R&D expenses	$ 13,392	$ 16,380
Government grants credited to cost	(480)	(301)
Net R&D expenses	$ 12,912	$ 16,079

7. Government grants

	Year Ended December 31,	
($000s)	2023	2022
SkatteFunn (recognized as cost reduction of R&D expenses)	$ 480	$ 301

The Norwegian SkatteFUNN is a government program supporting research and development activities in Norway. Under the program, the Company, in its current loss position, is eligible for a cash grant in support of approved projects, subject to meeting the requirements of the Research Council of Norway.

The recognized amounts in 2023 and 2022 represent IDEX's claim based on the cost of the approved project applications.

8. Audit and audit fees

Ernst & Young AS (EY) is the auditor of the group as well as the parent company. The audit fees in the respective years are as follows:

	Year ended December 31,	
($000s)	2023	2022
Audit services	$ 141	$ 381
Audit-related services	37	43
Tax services	8	7
Other services	-	4
Total	$ 186	$ 435

Audit services represents the fees for the audit that must be performed by EY in order to issue an opinion on the parent company's financial statements and to issue reports on the company's statutory financial statements. The definition also includes fees for certain other audit services, which are services only the designated independent auditor reasonably can provide, such as the auditing of non-recurring transactions, the application of new accounting policies, and limited reviews of quarterly financial results.

Audit-related services represents fees for other assurance and related services provided by EY, but not limited to those that only reasonably can be provided by EY, which are reasonably related to the performance of the audit.

Tax services represent fees, approved by the Audit Committee, for tax services not related to the audit provided by EY.

Other services represent other fees, approved by the Audit Committee, for services not related to the audit provided by EY.

9. Income tax

Tax expense for the year	Year ended December 31,	
($000s)	2023	2022
Payable taxes on the result of the year	$ —	$ —
Change in deferred tax asset/liability	—	—
Income tax expense	$ —	$ —

Computation of payable taxes for the year	Year ended December 31,	
($000s)	2023	2022
Profit (loss) before taxes	$ (25,141)	$ (31,023)
Permanent differences	(227)	1,656
Changes in temporary differences	370	(170)
Basis for payable taxes	$ (24,998)	$ (29,537)
Calculated payable taxes on current year's loss. 22 % tax, representing payable taxes on current year's loss in Norway	—	—
Payable taxes on current year's result	$ —	$ —

Reconciliation of tax expense (benefit)	Year ended December 31,	
($000s)	2023	2022
Profit (loss) before taxes	$ (25,141)	$ (31,023)
Norway statutory tax rate of 22%	(5,531)	(6,825)
Tax on permanent differences	(50)	364
Change in deferred tax asset not recognized on December 31	5,581	6,461
Actual tax expense	$ —	$ —

The change in deferred tax asset not recognized contains foreign currency exchange effects on the loss carry forward in Norway, denominated in NOK.

There are no deferred tax charges to other comprehensive income in 2023 or 2022 and no tax payable balances.

Elements of deferred tax	Year ended December 31,	
($000s)	2023	2022
Employer's tax on share - based compensation	$ (19)	$ (24)
Fixed Assets differences	715	375
Inventory differences	(869)	(131)
Other differences	(13)	(20)
Losses carried forward	(267,104)	(252,798)
Basis for calculation of deferred taxes	(267,290)	(252,598)
Calculated net deferred tax expense (benefit) 22%	58,804	(55,572)
Unrecognized deferred tax asset	(58,804)	55,572
Deferred tax liability (asset) in the balance sheet	$ —	$ —

The accumulated unrecognized deferred tax assets amounting to $58,804 and $55,572 at December 31, 2023 and 2022, respectively, are related to tax losses carry forward in Norway. IDEX Biometrics ASA has not generated taxable profits in prior years. At December 31, 2023 there was not sufficiently convincing evidence that sufficient taxable profit will be generated, against which the unused tax losses could be applied.

Consequently, no deferred tax asset has been recognized. There are no restrictions as to how long tax losses may be carried forward in Norway.

10. Loss per share

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

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

	Year Ended December 31,		
	2023	2022	2021
Net loss for the year ($000s)	$ (26,629)	$ (32,662)	$ (32,552)
Number of ordinary shares issued at December 31	279,402,130	233,265,317	202,077,691
Weighted average basic number of ordinary shares	253,042,411	205,386,514	183,769,485
Dilution effect (treasury stock method)	1,037,665	1,011,631	4,317,222
Weighted average diluted number of shares	254,080,076	206,398,145	188,086,707
Loss per share for the year (basic and diluted*)	$ (0.11)	$ (0.16)	$ (0.18)

* The effects of potentially dilutive Ordinary Shares issuable upon exercise of outstanding subscription rights are not included in the calculation due to the Company's net losses for the periods presented, as their effect would be anti-dilutive.

11. Goodwill and other intangible assets

	Year ended December 31, 2023		
($000s)	Goodwill	Acquired patents	Total
Cost at December 31, 2022	$ 968	$ 5,173	$ 6,141
Additions	—	—	—
Disposals at cost	—	—	—
Cost at December 31, 2023	968	5,173	6,141
Accumulated amortization at December 31, 2022	—	3,685	3,685
Amortization	—	477	477
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2023	—	4,162	4,162
Carrying amount at December 31, 2023	$ 968	$ 1,011	$ 1,979

	Year ended December 31, 2022		
($000s)	Goodwill	Acquired patents	Total
Cost at December 31, 2021	$ 968	$ 5,173	$ 6,141
Additions	—	—	—
Disposals at cost	—	—	—
Cost at December 31, 2022	968	5,173	6,141
Accumulated amortization at December 31, 2021	—	3,208	3,208
Amortization	—	477	477
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2022	—	3,685	3,685
Carrying amount at December 31, 2022	$ 968	$ 1,488	$ 2,456

There is only one cash generating unit in the Company and goodwill is allocated to this. IDEX performed the annual impairment test on December 31, 2023. Based on the 2023 assessment, no impairment charge has been made. The Company used a discounted cash flow model which utilized Level 3 measures that represent unobservable inputs. Key assumptions used to determine the estimated fair value include: (a) internal cash flows forecasts for 4 years following the assessment date, including expected revenue growth, costs to produce, operating profit margins and estimated capital needs; (b) an estimated terminal value using a terminal year long-term future growth rate of 3.0% determined based on the long-term expected prospects of the Company; and (c) a discount rate (post-tax) of 12 % which reflects the weighted-average cost of capital adjusted for the relevant risk associated with the Company's operations. A stress-test with reasonably possible changes in the key assumptions does not indicate that the carrying amount will exceed the recoverable amount.

Acquired identifiable intangible assets, consisting primarily of patents, are held at cost, less accumulated amortization and impairment charges. Other intangible asset balances as of December 31, 2023, and December 31, 2022, reflected the following activity:

	Year Ended December 31,	
($000s)	2023	2022
Amortization period (straight-line, in years)	*10 - 17*	*10 - 17*
Cost at the beginning of the year	$ 5,173	$ 5,173
Additions	—	—
Impact of currency translation	—	—
Cost at the end of the year	$ 5,173	$ 5,173
Accumulated Amortization at the beginning of the year	$ 3,685	$ 3,208
Amortization	477	477
Impact of currency translation	—	—
Accumulated Amortization at the end of the year	4,162	3,685
Carrying amount at the end of the year	$ 1,011	$ 1,488

Acquired patents are capitalized and amortized over the estimated useful life, which is the lifetime of the respective patent(s).

12. Property, plant and equipment

($000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Total
Depreciation period, straight line, in years	*3 – 10*	*3 – 10*	
Cost at December 31, 2022	$ 679	$ 6	$ 685
Additions	187	—	187
Disposals at cost	—	—	—
Cost at December 31, 2023	866	6	872
Accumulated amortization at December 31, 2022	315	3	318
Amortization	250	1	251
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2023	565	4	569
Carrying amount at December 31, 2023	$ 302	$ 2	$ 304

($000s)	Plant and machinery, fixtures and fittings	Office furniture and office equipment	Total
Depreciation period, straight line, in years	*3 – 10*	*3 – 10*	
Cost at December 31, 2021	$ 679	$ 4	$ 683
Additions	—	2	2
Disposals at cost	—	—	—
Cost at December 31, 2022	679	6	685
Accumulated amortization at December 31, 2021	218	2	220
Amortization	97	1	98
Accumulated amortization of disposed items	—	—	—
Accumulated amortization at December 31, 2022	315	3	318
Carrying amount at December 31, 2022	$ 364	$ 3	$ 367

13. Leases

IDEX Biometrics ASA leases an office in Oslo for use by employees and contractors. There are no exposure to future variable lease payments that are not reflected in the measurement of lease liabilities.

Right-of-use assets	Year ended December 31,	
($000s)	2023	2022
Depreciation period, straight line, years	*3 – 5*	*3 – 5*
Cost at the beginning of the year	$ 76	$ 66
Additions	—	77
Disposals at cost	—	(66)
Currency translation	—	—
Cost at December 31	76	76
Accumulated depreciation at the beginning of the year	14	54
Depreciation	24	25
Accumulated depreciation of disposed items	—	(65)
Currency translation	—	—
Accumulated depreciation at December 31	38	14
Carrying amount at December 31	$ 39	$ 62

Leases included in the statements of profit and loss	Year ended December 31,	
($000s)	2023	2022
Amortization and depreciation	24	25
Finance cost	3	2

Leases included in the statements of financial position	Year ended December 31,	
($000s)	2023	2022
Balance at the beginning of the year	$ 62	$ 10
Additions	—	75
Accretion of interest	3	2
Payments	(26)	(25)
Balance at December 31	$ 39	$ 62
Non-current	13	13
Current	19	49
Balance at December 31	$ 32	$ 62

14. Accounts receivable

Accounts receivable, trade, includes amounts billed and currently due from customers. The amounts due are stated at their estimated realizable value. The Company's payment terms vary by the type and location of its customers and the products or services offered, although terms generally include a requirement of payment within 30 to 60 days. When necessary, the Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments, based on assessments of customers' credit-risk profiles and payment histories. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The Company does not require collateral from its customers, although there have been circumstances when the Company has required cash in advance (i.e., a partial down-payment) to facilitate orders in excess of a customer's established credit limit. To date, such amounts have not been material.

Expected credit loss accrued for at the end of 2023 was 144 thousand, no loss was expected for 2022. There were no other provisions for expected credit losses in 2023 and 2022.

The balances reported as Accounts receivable, other, consist primarily of amounts due to the Company associated with Value Added Tax refund activity and amounts due to the Company from governments associated with approved research and development grants.

Maturity of current receivables

	Year ended December 31, 2023			
($000s)	Less than 3 months	3-6 months	6-12 months	Total
Accounts receivable, other	$ 58	$ —	$ 467	$ 525
Accounts receivable, trade	1,068	—	—	1,068
Receivables from group companies	10,366	—	—	10,366
Total	$ 11,493	$ —	$ 467	$ 11,960

Maturity of current receivables

	Year ended December 31, 2022			
($000s)	Less than 3 months	3-6 months	6-12 months	Total
Accounts receivable, other	$ 164	$ —	$ 301	$ 465
Accounts receivable, trade	1,349	—	—	1,349
Receivables from group companies	7,597	—	—	7,597
Total	$ 9,110	$ —	$ 301	$ 9,412

No group or other receivables were overdue at the end of 2023 or 2022. A significant share of the receivables from group companies is related to IDEX UK. IDEX UK operated at a loss in 2023 and 2022 but is expected to eventually repay the receivable.

15. Other current and non-current financial assets

Non-current receivables

	December 31,	
($000s)	2023	2022
Long-term loans to group companies	$ —	$ —
Non-current receivables	7	7
Balance at December 31	$ 7	$ 7

The receivables are deposits for leasehold payments and are held at nominal value.

IDEX Biometrics ASA had no contingent assets at the end of 2023 or 2022.

16. Payables and Financial Liabilities

Except for the convertible debt in note 17 – Convertible debt, the Company's undiscounted payables and other financial liabilities at December 31, 2023, and December 31, 2022, were as follows:

Payables and Financial liabilities excluding interest-bearing loans

	Maturity as of December 31, 2023					
($000s)	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total
Non-current lease liabilities	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	721	—	—	—	—	721
Current lease liabilities	5	5	9	—	—	19
Short-term payables to group companies	6,794	—	—	—	—	6,794
Other current liabilities	1,087	328	—	—	—	1,414
Total	$ 8,606	$ 332	$ 9	$ —	$ —	$ 8,947

Payables and Financial liabilities

	Maturity as of December 31, 2022					
($000s)	Less than 3 months	3-6 months	6-12 months	1-5 years	More than 5 years	Total
Non-current lease liabilities	$ —	$ —	$ —	$ —	$ —	$ —
Accounts payable	1,400	—	—	—	—	1,400
Current lease liabilities	12	12	23	—	—	46
Short-term payables to group companies	5,057	—	—	—	—	5,057
Other current liabilities	861	324	—	—	—	1,185
Total	$ 7,330	$ 335	$ 23	$ —	$ —	$ 7,688

Other current liabilities include accruals for earned compensation, vacation days not taken, ESPP contributions and accruals for goods and services received but not yet invoiced by the supplier.

Interest expense including interest on lease liabilities and convertible debt in statement of profit and loss in finance expense was $5.3 thousand in 2023 and $2 thousand in 2022. Remaining amount of finance expense is currency losses.

Other current liabilities include the estimated employer's tax liability related to share-based compensation amounted to $19 on December 31, 2023 and $24 on December 31, 2022. The employer's tax will be due only if and when the incentive subscription rights are exercised. The exercise will, in all likely circumstances, fund the payable employer's tax.

Except for the convertible debt in note 17 – Convertible debt, IDEX Biometrics ASA had no other significant current or non-current financial obligations at the end of 2023 or 2022. IDEX Biometrics ASA had no contingent liabilities at the end of 2023 or 2022.

17. Convertible debt

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

In December 2023, IDEX Biometrics ASA entered into a convertible debt financing agreement. The company issued NOK 100 million in convertible bonds at 6.0% interest p.a. The company received NOK 92 million after deduction of the issue discount. The debt will be redeemed every two months in 21 equal installments of NOK 4.8 million plus accrued interest. The lender can request up to two additional installments to be paid in each period between the planned term dates. The loan is denominated in NOK. Transactions and balance amounts are reported in USD at the exchange rates at the respective dates.

The bond holder may elect to convert the outstanding loans into IDEX ordinary shares at any time prior to repayment at a conversion price of NOK 3.655, which is 125% of the Reference Share Price at December 22, 2023, when taking into account the 5:1 share consolidation (reverse split) was effective on the record date of January 10, 2024. This share consolidation was approved by the shareholders on December 21, 2023, along with a share capital reduction which was completed on February 26, 2024. The company may elect to pay the interest payments, principal payments, or both with shares in lieu of cash payments. Any repayment in shares will be converted at 90% of the prevailing market price of the shares.

The convertible bonds are callable by the lender at any point. Because the company does not have an unconditional right to defer payment beyond twelve months, both the host contract and the embedded derivative are classified as current liabilities.

The conversion option was accounted for as an embedded derivative and was recognized separately from the host contract as a financial liability at fair value through profit or loss. The host contract is recognized at amortized cost. At inception, the company determined the value of the conversion option to be NOK 36.8 million and the residual value of the host contract to be NOK 51.2 million, including NOK 4.0 million of transactions costs. During 2023, the company recognized a gain on revaluation of the embedded derivative of approximately NOK 887 thousand that was recorded in financial income, and recorded interest expense of NOK 217 thousand.

18. Fair value measurement

The Company has no financial assets that are measured at fair value and the only financial liability that is measured at fair value at the end of each reporting period is the embedded conversion option in its convertible debt.

The use of different estimation, methodologies and assumptions could have a material effect on the estimated fair value amounts. The methodologies are as follows:

- Cash, cash equivalents, accounts receivable, other receivables, accounts payable and accrued liabilities: due to the short-term nature of these balances, carry amounts approximate fair value.
- At December 31, 2023, the carrying amount of the debt component was calculated using the effective interest rate of the debt component of the convertible note issued in December 2023.
- The fair value of the embedded derivative related to the convertible debt is recalculated at the end of each reporting period. The fair value measured is based on significant observable input (Level 3).

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data

The following table provides a reconciliation of the changes in items measured at fair value and categorized within Level 3. See Note 17 – Convertible debt. There were no items categorized as Level 3 in 2022.

Amounts in USD 1,000	December 31, 2023	December 31, 2022
Convertible debt		
Host contract of convertible debt	5,076	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	—	—
Derivative instrument related to convertible debt	3,545	—
(Gains)/Losses recognized in Consolidated Statements of Profit and Loss	(87)	—
Total:	**8,534**	—

The host contract of the convertible debt, which at initial recognition was the balance of the total convertible debt and the derivative instrument, is held at amortized cost. The valuation of the host contract, which equals its carrying amount, assumes that the discount rate for valuation purposes is equal to the effective interest rate of the convertible debt.

The (gains)/losses included in the Consolidated Income Statements were recognized within financial income for gains and financial costs for losses.

19. Inventory

Inventories consist of raw materials, work in process, and finished goods. Materials and components purchased for use in research and development activities are expensed at the time of purchase and excluded from inventory. Inventory is recorded at the lower of cost and net realizable value, less impairment, if any.

	December 31,					
	2023			2022		
($000s)	Cost	Reserves	Net	Cost	Reserves	Net
Raw materials	$ 3,795	$ —	$ 3,795	$ 2,280	$ —	$ 2,280
Work in progress	102	—	102	1,486	—	1,486
Finished goods	3,356	(869)	2,487	812	(130)	681
Total	$ 7,254	$ (869)	$ 6,384	$ 4,577	$ (130)	$ 4,447

In 2023 and 2022, $251 thousand and $154 thousand of materials, respectively, were used in product development and was charged to development expense.

20. Cash and cash equivalents

Of the cash and cash equivalents, employees' withheld payroll tax deposits amounted to $29 thousand and $26 thousand at the end of 2023 and 2022, respectively. Only the withheld payroll tax deposits were restricted. Deposits for facilities rent or utilities are reported as Non-current receivables and have not been included in cash equivalents.

21. Restricted assets

For the office lease, IDEX Biometrics ASA has placed an amount corresponding to about 3 months' rent and allocations of its leasehold facilities in an escrow account in the landlord's name for the benefit of the landlord. Such escrow accounts and other deposits amounted to $7 thousand at the end of 2023 and $7 thousand at the end of 2022 in non-current receivables.

No other assets have been pledged as security or are otherwise restricted.

22. Share capital and share premium

This note reports the number of shares as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio.

There is one class of shares, and all shares have equal rights and are freely negotiable. The share capital is fully paid in. The par value of the shares was NOK 0.15 per share on December 31. 2023. IDEX does not beneficially own any of its own shares.

	Number of Ordinary Shares
Balance at December 31, 2021	1,010,388,454
Share issues (Employee Share Purchase Plan)	4,947,546
Share issue (exercise of incentive subscription rights)	990,584
Private placement of Ordinary Shares on November 16	150,000,000
Balance at December 31, 2022	1,166,326,584
Share issues (Employee Share Purchase Plan)	4,583,947
Share issue (exercise of incentive subscription rights)	389,608
Private placement of Ordinary Shares on May 24	116,897,492
Private placement of Ordinary Shares on June 16	30,161,332
Private placement of Ordinary Shares on November 16	78,651,685
Private placement of Ordinary Shares on December 22	2
Balance at December 31, 2023	1,397,010,650

As of December 31, 2023 there were 7,733 shareholder accounts on record, compared to 7,430 at December 31, 2022.

Costs related to share issuance have been charged against equity and amounted to $756 thousand in 2023 and $737 in 2022.

Subscription rights are presented in note 23 – Share-based compensation.

Shareholders	As of December 31, 2023	
	Number of shares	Percent of total
Robert Keith	107,813,275	7.7
Sundt AS	106,512,922	7.6
Bank Pictet & Cie (Europe) AG	54,424,605	3.9
Alden AS	52,119,353	3.7
Société Générale	48,390,420	3.5
Sundvall Holding AS	47,791,240	3.4
Euroclear Bank S.A./N.V.	37,679,351	2.7
Ragnvald Gabrielsen AS	28,623,025	2.0
F2 funds AS	22,369,000	1.6
Fender Eiendom AS	22,182,950	1.6
Guttis AS	21,010,226	1.5
RBC Investor Services Trust	17,047,195	1.2
Livermore Invest AS	15,085,800	1.1
Citibank, N.A.	14,905,768	1.1
F1 funds AS	14,873,800	1.1
Nordnet Bank AB	14,251,262	1.0
Toluma Norden AS	13,205,882	0.9
Bergskogen eiendom AS	13,115,212	0.9
Smart Riches Limited	11,968,240	0.9
Goldman Sachs International	11,905,769	0.9
Others	721,735,355	51.7
Total	1,397,010,650	100.0

For practical reasons, IDEX reports shareholders as registered in the VPS and does not combine accounts or prepare a list of beneficial owners of holdings in nominee accounts. Mr. Robert Keith has disclosed to Oslo Børs that, as of June 6, 2023, Mr. Keith, together with his close associates, held 157,873,873 shares in the company, representing 12.3% of the number of shares at that time.

During the years ended December 31, 2023, and December 31, 2022, the Board of Directors approved the transfer of $13.0 million, and $18.0 million, respectively, of Share Premium to absorb uncovered losses as allowed under Norwegian law. As a result, Share Premium has been reduced by a cumulative amount of $300.5 million as of December 31, 2023, and $287.5 million as of December 31, 2022, against Capital Reduction Reserve. The transfer has no impact on the total equity, comprehensive income (loss), assets (including cash), nor liabilities.

Shares and subscription rights held or controlled by board members, officers and their close relations	Year Ended December 31,			
	2023		2022	
	Shares	Incentive Subscription Rights	Shares	Incentive Subscription Rights
Lawrence John Ciaccia, chair (1)	1,040,301	600,000	415,021	600,000
Deborah Davis, board member	564,479	—	564,479	—
Hanne Høvding, board member (2)	na	na	487,778	—
Annika Olsson, board member	52,631	—	52,631	—
Morten Opstad, board member (3)	7,398,916	—	7,398,916	—
Thomas M. Quindlen, board member (4)	na	na	413,981	—
Adriana Saitta, board member (5)	—	—	na	na
Stephen A. Skaggs, board member	1,018,053	—	1,018,053	—
Vincent Graziani, CEO	2,535,444	9,920,800	1,584,290	7,420,800
John Kurtzweil, CFO (6)	—	500,000	na	na
Eileen Wynne, interim CFO (7)	—	—	—	—
Anthony, Eaton, CTO	284,639	3,341,200	284,639	2,710,300
Catharina Eklof, CCO	89,684	2,841,200	89,684	2,210,300
Total	12,984,147	17,203,200	12,309,472	12,941,400

(1) Mr. Ciaccia was board member until May 23, 2023. The grant to Mr. Ciaccia, originally on August 15, 2018, was in his capacity of service provider beyond board duty and not as board remuneration. The grant on June 17, 2020 was made against cancellation of the 2018 grant.

(2) Ms. Høvding left the board on May 23, 2023.

(3) Mr. Opstad was chair of the board until May 23, 2023.

(4) Ms. Wynne joined IDEX as interim Chief Financial Officer as of August 15, 2022. Mr. Simms left his position with IDEX as of the same date.

(5) Mr. Quindlen left the board on May 23, 2023.

(6) Mr. Kurtzweil joined the Company as CFO as of September 25, 2023.

(7) Ms. Wynne was interim CFO from August 15, 2022 until September 25, 2023.

23. Share-based compensation

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. See also note 28 – Subsequent events.

Incentive subscription rights

IDEX follows the practice of renewing its subscription rights plan at each Annual General Meeting, when the preceding plan is closed for further grants and a new plan is established. On May 23, 2023, the Annual General Meeting resolved to adopt the 2023 Subscription Rights Incentive Plan (the "2023 Plan"). At the Extraordinary General Meeting ("EGM") on December 21, 2023, the 2023 Plan was modified to allow a higher maximum number of subscription rights granted, in line with the increase in the share capital in June and December 2023. The Board is responsible for administration of subscription rights plans and approves grants under the plans and the terms of each grant.

Under the amended 2023 Plan, the Board may grant up to 139,701,065 subscription rights, provided the total number of outstanding subscription rights does not exceed 10 percent of the number of registered Ordinary Shares.

Subscription rights may be granted to employees and individuals rendering services to the Company. The exercise price shall be, at a minimum, the higher of the average closing price of an Ordinary Share, as reported on the Oslo Børs, for the ten trading days preceding the date of the grant, or the closing price of an Ordinary Share, as reported on the Oslo Børs, on the trading day preceding the date of the grant. The board may in cases of particular circumstances decide that the exercise price is lower, but not less than the par value of the share. The total number of outstanding such grants may not exceed 1 percent of the number of registered Ordinary Shares Unless resolved otherwise by the Board, 25% of each grant of subscription rights vests per year. The annual vesting dates are the latest of the following dates before the date of grant of the subscription rights; (i) January 15, (ii) April 15, (iii) July 15 or (iv) October 15. The subscription rights expire on the fifth anniversary of the Annual General Meeting at which the shareholders resolved to establish the plan under which the subscription rights were granted. Unvested subscription rights terminate on the holder's last day of employment or, in the case of non-employees, the last day of the individual's service to the Company. Vested subscription rights may be exercised up to 90 days after the holder's last day of employment. There are no cash settlement alternatives for the holders of subscription rights. The Company may elect to settle in cash.

The EGM also resolved that the board could issue replacement subscription rights ("RSR") at an exercise price not lower than NOK 0.445 per share against waiver and cancellation of existing subscription rights. The vesting schedule for such RSRs shall be determined by the board. No RSRs had been granted by December 31, 2023.

Subscription rights activity	2023		2022	
	Number of Subscription Rights	Weighted Average Exercise Price (NOK)	Number of Subscription Rights	Weighted Average Exercise Price (NOK)
Outstanding as of January 1	81,106,631	1.74	71,756,399	1.84
Granted	22,475,200	0.49	19,342,900	1.54
Exercised	(824,021)	0.15	(930,184)	0.29
Terminated	(7,327,449)	1.84	(8,987,484)	2.25
Expired	(595,700)	4.97	(75,000)	8.42
Outstanding as of December 31	94,834,661	1.42	81,106,631	1.74
Subscription rights exercisable as of December 31	50,694,011	1.67	36,416,302	1.65

	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right	Number of Subscription Rights	Weighted Average Fair Value (NOK) per Subscr. Right
Subscription rights granted in the year	22,475,200	0.45	19,342,900	0.82

The fair value of the subscription rights granted in the year has been calculated using the Black-Scholes option pricing model applying the following assumptions:

Black-Scholes option pricing parameters	Year ended December 31,	
	2023	2022
Exercise price (NOK)	0.15 – 0.93	1.03 – 2.08
Weighted average exercise price per share	1.43	1.54
Weighted average share price at date of grant	0.69	1.42
Expected term (years)	4.67	4.45
Weighted average term (years)	3.01	3.27
Share price volatility (percent)	69 – 93	72 – 100
Risk-free interest rate	3.88%	2.65%
Expected dividend payment	-	-
Forfeiture	None	None

Outstanding and vested incentive subscription rights:

	December 31, 2023						
	Outstanding Subscription Rights				Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	11,663,861	0.16	3.38	1.08	2,662,861	0.15	0.36
0.50 - 0.99	13,755,300	0.70	4.11	1.98	420,800	0.71	0.36
1.00 - 1.49	15,749,000	1.13	2.29	1.35	6,750,350	1.12	1.51
1.50 - 1.99	32,657,600	1.70	1.16	0.66	31,666,100	1.70	1.15
2.00 - 2.49	15,545,600	2.28	2.37	1.01	6,450,400	2.33	2.37
2.50 - 2.99	4,864,000	2.65	2.37	1.29	2,432,000	2.65	2.37
3.00 - 4.99	599,300	3.12	1.33	0.54	311,500	3.15	1.30
5.00 - 9.99	—	0.00	—	—	—	-	-
Total	94,834,661	1.43	2.31	1.39	50,694,011	1.67	1.37

	December 31, 2022						
	Outstanding Subscription Rights				Vested (Exercisable) Subscription Rights		
Exercise Price (in NOK)	Number of Subscription Rights Outstanding	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)	Weighted Average Remaining Time to Vest (Years)	Number of Vested Subscription Rights	Weighted Average Exercise Price (NOK)	Weighted Average Remaining Term (Years)
0.00 - 0.49	3,486,882	0.15	1.36	0.00	3,486,882	0.15	1.35
0.50 - 0.99	720,800	0.71	1.36	0.22	515,600	0.71	0.97
1.00 - 1.49	16,507,000	1.14	3.34	1.48	2,759,850	1.11	0.68
1.50 - 1.99	36,300,174	1.70	2.15	0.16	24,589,220	1.70	1.42
2.00 - 2.49	17,218,050	2.28	3.37	1.27	2,732,625	2.40	0.87
2.50 - 2.99	5,412,900	2.65	3.37	1.34	1,353,225	3	0.84
3.00 - 4.99	960,825	3.34	1.96	0.48	479,200	3.52	0.79
5.00 - 9.99	500,000	5.10	0.36	0.00	500,000	5.10	0.35
Total	81,106,631	1.74	2.68	0.74	36,416,602	1.65	1.27

Employee Share Purchase Plan (ESPP)

The Employee Share Purchase Plan ("ESPP") is revolved each year at the Annual General Meeting. The current ESPP was approved at the 2023 Annual General Meeting. Under the ESPP, an IDEX employee based in Norway, the United Kingdom, or the United States may contribute up to 20% of his or her annual base salary, through payroll deductions, toward periodic purchases of new issue Ordinary Shares. Under the ESPP, an option for the purchase of an Ordinary Share is granted to a participating employees on the first day of a 6-months' "offering period" to purchase new issued Ordinary Shares at the end of that offering period at a purchase price equal to 85% of the lesser of the fair market value, based on the closing price of an Ordinary Share reported by the Oslo Børs, on either the first day or the last day of that offering period. The offering periods occur from March through August, and from September through February. The shares are not restricted.

The share-based remuneration cost of the ESPP is calculated at the start of each contribution period, and amortized over that period. The cost is based on the contribution amount and amounts to the discount of 15% at the beginning of the period, plus the option value of an 85% call and 15% put option granted at the beginning of the period. The option value is based on a Black-Scholes option pricing model applying prevailing interest rates and share price volatility at the beginning of the period.

ESPP cost calculation parameters	September 1, 2023	March 1, 2023	September 1, 2022
Expected contribution amount (NOK 1,000)	532	1,078	2,025
Share price on start date (NOK per share)	0.64	0.96	0.83
Share price volatility	59%	80%	68%
Risk-free interest rate	4.24%	3.20%	2.82%
Expected dividend payment	—	—	—
Expected number of shares	972,698	1,321,462	2,854,899
Share-based compensation cost per expected share	0.23	0.40	0.32

In the two offering periods completed within 2023, an average of 28 employees (2022: 43) participated in the ESPP and purchased a total of 4,583,947 Ordinary Shares at a weighted average price of NOK 0.64 (2022: 4,947,546 shares at average NOK 1.08 per share).

24. Related Party Transactions

The Company's significant shareholders, board members and management, as well as related parties of these are considered related parties. Furthermore, the subsidiaries are close relations to the parent company. All transactions with related parties have been carried out on an arm's length principle.

Compensation of key management is disclosed in Note 5 – Compensation and benefits.

There were no overdue balances with any related parties at the end of 2023 or 2022. See also Note 26.

Shareholders

In connection with the private placements in May and November 2023, the Company entered into a share lending agreement with certain shareholders in order to facilitate settlement of the new shares in the private placements. As a fixed fee for the share lending, each lender received a fee equaling 5% per annum of the subscription price per new share in the private placement multiplied by the number of borrowed shares lent by the respective

lender. The fees paid amounted to $0.7 thousand to Alden AS, $1.3 thousand to Mr. Robert Keith, $7.8 thousand to Sundt AS, and $2.7 thousand to Sundvall Holding AS.

Board of Directors

The following board compensation has been paid in 2023 and 2022. The board remuneration is paid in arrears, after approval by the shareholders at the general meeting, covering the period up to that general meeting.

	Year ended December 31, 2023		
($000s)	Cash Compensation	Share-based Compensation	Total
Lawrence John Ciaccia, chair (1)	$ 48	$ —	$ 48
Deborah Davis (2)	62	—	62
Hanne Høvding (3)	50	—	50
Annika Olsson	40	—	40
Morten Opstad	48	—	48
Thomas M. Quindlen (4)	50	—	50
Stephen Andrew Skaggs (5)	57	—	57
Total	$ 355	$ —	$ 355

(1) Mr. Ciaccia was member of the Compensation Committee in the periods that the remuneration paid in 2023 related to.
(2) Ms. Davis was chair of the Compensation Committee and member of the Audit Committee in the period that the remuneration paid in 2023 relates to.
(3) Ms. Høvding was member of the Audit Committee in the period that remuneration paid in 2023 related to.
(4) Mr. Quindlen member of the Audit Committee in the period that remuneration paid in 2023 related to.
(5) Mr. Skaggs was chair of the Audit Committee in the period that remuneration paid in 2023 related to.

	Year ended December 31, 2022		
($000s)	Cash Compensation	Shared-based Compensation	Total
Lawrence John Ciaccia, chair (1)	$ 53	$ —	$ 53
Morten Opstad	53	—	53
Deborah Davis (2)	68	—	68
Hanne Høvding (3)	55	—	55
Annika Olsson	44	—	44
Thomas M. Quindlen (4)	55	—	55
Stephen Andrew Skaggs (5)	62	—	62
Total	$ 390	$ —	$ 390

(1) Mr. Ciaccia was member of the Compensation Committee in the periods that the remuneration paid in 2022 related to.
(2) Ms. Davis was chair of the Compensation Committee and member of the Audit Committee in the period that the remuneration paid in 2022 relates to.
(3) Ms. Høvding was member of the Audit Committee in the period that remuneration paid in 2022 related to.
(4) Mr. Quindlen member of the Audit Committee in the period that remuneration paid in 2022 related to.
(5) Mr. Skaggs was chair of the Audit Committee in the period that remuneration paid in 2022 related to.

The chair of the board is a partner at Ræder Bing advokatfirma AS. The law firm provided services to the Company amounting to $172 thousand in 2023 and $234 thousand in 2022. The recognized amounts include accruals for services received but not yet billed.

Mr. Ciaccia, who was first elected board member at the annual general meeting on May 12, 2015, served on IDEX's Strategy Advisory Council (SAC) from January 2014 through June 2022, when the SAC was discontinued. Mr. Ciaccia also provides consulting services to IDEX. The fees to Mr. Ciaccia for his services beyond board duty amounted to $50 thousand in 2023 and $58 thousand in 2022.

There were no grants of incentive subscription rights to any board member in 2023 or 2022.

Nomination Committee

The following fees has been paid to the nomination committee in 2023 and 2022 for the services up to the 2023 annual general meeting and the 2022 annual general meeting, respectively.2023: Chair Robert Keith $2.4 thousand, members Håvard Nilsson and Harald Voigt $1.4 thousand each. 2022: Chair Robert Keith $2.6 thousand, members Håvard Nilsson and Harald Voigt $1.6 thousand each.

Officers

Remuneration to key management is disclosed in note 5 – Compensation and benefits.

Subsidiaries

The parent company purchases various services from the subsidiaries at arm's length basis. The subsidiaries are funded by adequate equity and interest-free advances in order not encounter thin capitalization issues. Interest-bearing loans at arm's length interest rate have been issued in prior years but all loans were fully repaid in earlier periods.

($000s)	IDEX Biometrics ASA's cost of services from subsidiaries	
Intra-group transactions	**2023**	**2022**
IDEX Biometrics Holding Company Inc.	$ —	$ —
IDEX Biometrics America Inc.	10,251	15,256
IDEX Biometrics UK Ltd. (1)	3,594	2,133
IDEX Electronics (Shanghai) Co., Ltd.	713	1,153
Total	$ 14,559	$ 18,542

(1) The amount in 2021 includes $ 8,317 thousand for the purchase of an IP package.

There were no overdue payables between any of the group companies at the end of 2023 or 2022.

25. Other operating expenses

	Year ended December 31,	
	2023	**2022**
Sales and marketing activities	$ 3,506	$ 2,833
Legal, audit, accounting and other services	1,436	1,507
Office and other expenses, Insurance	1,013	1,215
IT expenses	613	559
Travel expenses	9	39
Intercompany charges other than R&D	3,451	4,790
Total other operating expenses	$ 10,027	$ 10,943

The increase in Sales and marketing activities reflects the increase in the activity level in this function from 2022 to 2023.

26. Board authorizations to issue shares or acquire own shares

This note reports the number of shares and other instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) taking effect on record date January 10, 2024. See also note 28 – Subsequent events.

The board has been authorized by the respective annual or extraordinary general meetings to issue shares upon exercise of incentive subscription rights granted under the various incentive subscription rights programs, and to issue shares under the Employee Share Purchase Plan. See note 23 – Share-based compensation.

Authorizations that were in effect on December 31, 2023

Date and purpose of authorization	**Authorized number of shares**	**Number of shares issued by Dec. 31, 2023**
Extraordinary general meeting December 21, 2023:		
Issue of shares in a private placement to raise additional capital *	139,701,065	—
Issue of shares in a rights issue to raise additional capital *	139,701,065	—
Issue of shares to make the total number of shares divisible by 5	4	2
Issue of shares to settle convertible bond	698,505,324	—

* The combined issue under these two authorisations may not exceed 139,701,065 shares.

At the annual general meeting on May 23, 2023, the board was authorized to acquire up to 116,897,492 of the company's shares. The authorization had not been used by the end of 2023.

27. Subsidiaries

The subsidiaries provide various services to the parent company, mainly within technical development, supply-chain administration and customer interface, and marketing and sales facilitation services to IDEX Biometrics ASA. The accounting year in all subsidiaries is the calendar year, same as in the parent company and the group.

	Ownership	Share of votes	Net profit or (loss)	Equity
	Dec. 31, 2023	Dec. 31, 2023	2023	Dec. 31, 2023
IDEX Biometrics Holding Co. Inc., Delaware, USA	100%	100%	—	(5)
IDEX Biometrics America Inc., Delaware, USA	100%	100%	351	5,487
IDEX Biometrics UK Ltd., England	100%	100%	(1,882)	(8,682)
IDEX Electronics (Shanghai) Co., Ltd, China	100%	100%	46	423
	Dec. 31, 2022	**Dec. 31, 2022**	**2022**	**Dec. 31, 2022**
IDEX Biometrics Holding Co. Inc., Delaware, USA	100%	100%	—	(5)
IDEX Biometrics America Inc., Delaware, USA	100%	100%	1,015	5,136
IDEX Biometrics UK Ltd., England	100%	100%	(2,668)	(6,505)
IDEX Electronics (Shanghai) Co., Ltd, China	100%	100%	16	385

IDEX Biometrics Holding Company Inc. (IDEX Holding) is a holding company for the activities in the USA. The operating company, IDEX Biometrics America Inc. (IDEX America), is held by IDEX Holding. IDEX Holding and IDEX America were established in 2013 when operations commenced. IDEX America's main facilities are in Wilmington, Massachusetts and Rochester, New York.

IDEX Biometrics UK Ltd. (IDEX UK) was incorporated and commenced operations in 2014. The registered office is in Manchester, England and the main facility is in Farnborough, England. IDEX UK was profitable in 2021 but had negative equity at the end of 2021, and made a loss in 2023 and 2022. The parent company has provided funding as needed. It is expected that IDEX UK will eventually become profitable and achieve positive equity from sale of IP development packages.

IDEX Electronics (Shanghai) Co., Ltd. (IDEX China) was established and commenced activities in 2015. The company is registered in Shanghai and has one branch in Beijing and one branch in Shenzhen.

28. Subsequent Events

The Extraordinary General Meeting on December 21, 2023 resolved a five-to-one share consolidation (reverse split). The consolidation was registered on January 8, 2024 and effective at record date January 10, 2024. Following the consolidation, the company's share capital remained NOK 209,551,597.50, but divided into 279,402,130 shares, each with a nominal value of NOK 0.75. The incentive subscription rights plan has adjustment clauses so that the number of subscription rights and the exercise prices are adjusted by the same ratio. The calculation of profit or loss per share in Note 10 – Loss per share calculation has been based on the consolidated number of shares, while the reported number of shares and other instruments in these Financial Statements are the number of shares or instruments as registered as of December 31, 2023, and on earlier dates, i.e., before the 5:1 share consolidation (reverse split) took effect, unless stated otherwise.

For the avoidance of doubt, the number of shares, instruments and prices in the following paragraphs are after the 5:1 share consolidation.

The Extraordinary General Meeting on December 21, 2023 resolved a share capital reduction by reduction of the par value of shares from NOK 0.75 to NOK 0.15 per share. The reduction was registered on February 26, 2024. The number of shares remained unchanged. The reduction amount, NOK 167,641,278.-, was transferred to other equity. The company's net equity remained the same, and there was no distribution of capital. Following the reduction, the Company's share capital was NOK 41,910,319.50 divided into 279,402,130 shares, each with a nominal value of NOK 0.15.

The Board resolved on February 29, 2024, to issue 358,525 shares at NOK 1.32 per share to employees participating in the Company's ESPP. Following the issue, the Company's share capital was NOK 41,964,098.25 divided into 279,760,655 shares, each with a nominal value of NOK 0.15.

The Board resolved on March 19, 2024, to issue in total 365,900 ordinary shares at NOK 0.75 per share to employees who had exercised incentive subscription rights. The incentive subscription rights were issued under the Company's 2019 incentive subscription rights plan, which plan was approved by the Annual General Meeting on May 9, 2019. Following the issue, the company's share capital is NOK 42,018,983.25 divided into

280,126,555 shares each with a nominal value of NOK 0.15. Following the exercise, there are 18,601,032 incentive subscription rights outstanding.

The Board resolved on April 17, 2024, to issue 550,000 incentive subscription rights (SRs) to employees in IDEX. The grant was made under the Company's 2023 incentive subscription rights plan as amended at the extraordinary general meeting on December 21, 2023. The exercise price of the SRs is NOK 0.15 per share and the SRs vest by 50% per year over two years. The SRs expire on May 23, 2028.

The repayment schedule of the convertible loan described in Note 17 - Convertible debt, accrued interest, was initially 21 bi-monthly term payments. The lender can request up to two advanced installments to be paid in each period between the planned term dates. After the term payment on February 28, 2024, the lender made two such requests. All three terms were settled in cash, not shares, by a total combined amount of NOK 15.4 million or $1.4 million in the first quarter of 2024.

The Company continues to focus on reducing expenses and as such in March 2024 provided notice to about 25 employees and or contractors. The Company is also consolidating the majority of its engineering functions to Europe and closing two engineering facilities in the US. These actions are part of the plan to reduce operating expense level below $4 million per quarter. All current actions are expected to be completed by the end of the second quarter of 2024. The Company does not expect any significant restructuring costs, or impairment of the parent company's assets.

There have been no events between December 31, 2023, and the date of these financial statements that have had any material impact on the Company’s results for 2023, or the value of the Company’s assets and liabilities as of December 31, 2023.

RESPONSIBILITY STATEMENT

The board and the managing director have today reviewed and approved this report from the board of directors as well as the annual financial statements for the IDEX group and the parent company IDEX Biometrics ASA as at December 31, 2023.

The consolidated annual financial statements and the annual financial statements for IDEX Biometrics ASA have been prepared on a historical cost basis, and in accordance with IFRS Accounting Standards as adopted by the EU. and the additional requirements in the Norwegian accounting act effective December 31, 2023. The notes are an integral part of the respective financial statements. The report from the board of directors have been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

We confirm, to the best of our knowledge, that the information presented in the financial statements gives a true and fair view of the group's and the parent company's assets, liabilities, financial position and result for the period viewed in their entirety, and that the report from the board of directors gives a true and fair view of the development, performance and financial position of the group and the parent company, and includes a description of the principal risks and uncertainties which the group and the parent company are facing.

April 24, 2024

The board of directors of IDEX Biometrics ASA

/s/ Lawrence John Ciaccia Lawrence John Ciaccia Chair	/s/ Deborah Davis Deborah Davis Board member	/s/ Annika Olsson Annika Olsson Board member
/s/ Morten Opstad Morten Opstad Board member	/s/ Adriana Saitta Adriana Saitta Board member	/s/ Stephen A. Skaggs Stephen A. Skaggs Board member

/s/ Vincent Arthur Graziani
Vincent Arthur Graziani
CEO

REPORT OF INDEPENDENT AUDITOR

Statsautoriserte revisorer
Ernst & Young AS

Thormøhlens gate 53 D, 5006 Bergen
Postboks 6163, 5892 Bergen

Foretaksregisteret NO 976 389 367 MVA
Tlf +47 24 00 24 00

www.ey.no
Medlemmer av Den norske Revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of IDEX Biometrics ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IDEX Biometrics ASA (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group) The financial statements of the Company and the Group comprise statement of financial position as at December 31, 2023, the statement of profit and loss, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at December 31, 2023 and their financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5 1 have been provided.

We have been the auditor of the Company for 24 years from the election by the general meeting of the shareholders on November 13, 2000 for the accounting year 2000.

Material uncertainty related to going concern

We draw attention to Note 3 in the consolidated financial statements and in the parent company separate financial statements. As discussed in the Notes, the Company has incurred significant losses and negative cash flows from operations. Management's evaluation of the events and conditions and management's plans regarding these matters are also described in Notes. These events or conditions, along with other matters as set forth in the Notes, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

EY
Building a better working world

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2023. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Convertible debt financing agreement

Basis for the key audit matter
The company entered into a NOK 100 million convertible debt financing agreement in 2023. The financing agreement included, among others, a conversion right for the lender to convert the outstanding loan into ordinary shares.

Management assessed the accounting of the debt and judgement was required to identify and account for the embedded derivative relating to the conversion right. Furthermore, management judgement was required to determine the initial measurement, subsequent measurement, classification and presentation and disclosure of the embedded derivative and host contract.

Based on the impact of the agreement and management's judgement this was considered as a key audit matter.

Our audit response
We obtained and reviewed the convertible debt financing agreement and discussed with management to understand the key terms in the agreement. We involved an internal specialist evaluating management's model for determining the fair value of the embedded derivative. The evaluation included an assessment of the methodology, assumptions and the valuation model used. Further, we tested the computation of the fair value of the derivative at the initial recognition and at year end. We assessed the presentation in the statement of financial position and company's disclosures in the notes to the consolidated financial statements.

We refer to notes 17 and 18 of the consolidated financial statements and parent company separate financial statements

EY
Building a better working world

Assessment of impairment of goodwill

Basis for the key audit matter
Carrying amount of goodwill was USD 968 thousand as of December 31, 2023, which is unchanged from December 31, 2022.

Management performed an impairment assessment where the recoverable amount was determined based on value in use using a cash flow model. Estimating the value in use requires management judgment, including estimates of future revenues, gross margin, operating costs, capital expenditures and discount rate

Management's assessment of the valuation of goodwill was a key audit matter because the assessment requires significant judgement and implies significant estimation uncertainties.

Our audit response
We evaluated management's assessment of impairment of the goodwill. We tested management's assumptions used in the value in use calculations and corroborated estimates of future revenues, gross margin, operating costs and capital expenditures to the budget approved by the board of directors We further assessed the value to other available external information We evaluated the level of consistency applied in the valuation methodology from previous years and assessed the historical accuracy of management's estimates. We assessed discount rate used and the mathematical accuracy of the valuation model.

We refer to notes 3 and 11 of the consolidated financial statements and parent company separate financial statements

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that the other information is materially inconsistent with the financial statements, there is a material misstatement in this other information or that the information required by applicable legal requirements is not included in the board of directors' report, the statement on corporate governance or the statement on corporate social responsibility, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so

EY
Building a better working world

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

EY
Building a better working world

Report on other legal and regulatory requirements

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of IDEX Biometrics ASA we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name 5967007LIEEXZXHECW11-2023-12-31-en, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation. We conduct our work in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we perform procedures to obtain an understanding of the company's processes for preparing the financial statements in accordance with the ESEF Regulation. We test whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Bergen, April 24, 2024
ERNST & YOUNG AS

The auditor's report is signed electronically

Trine Hansen Bjerkvik
State Authorised Public Accountant (Norway)

ARTICLES OF ASSOCIATION OF IDEX BIOMETRICS ASA

Last amended on March20, 2024 – Office translation from Norwegian

§ 1 The name of the company is IDEX Biometrics ASA and it is a public limited company.

§ 2 The objective of the Company is to deliver identification systems and other activities related to this.

§ 3 The business offices are in the Oslo municipality, Norway.

§ 4 The company's shares shall be registered in the Norwegian Registry of Securities.

§ 5 The share capital is NOK 42,018,983.25 divided into 280,126,555 shares each with a nominal value of NOK 0.15 per share and issued in name.

§ 6 The board of the Company consists of from three to seven members in accordance with the annual general meeting's instruction.

§ 7 The annual general meeting shall convene in or near Oslo at the board's decision, and shall consider:

- Determination of the annual financial statements
- Appropriation of (net) profit or covering of losses
- Election of chair of the board and board members
- Election of chair and members of the nomination committee
- Election of auditor
- Determination of remuneration to the board of directors, members of the nomination committee and the auditor
- Other matters which are governed by law
- Other matters which are mentioned in the notice of the annual general meeting.

§ 8 a. The company shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the annual general meeting for a term of two years.

b. The nomination committee shall:

- Propose candidates for election to the board of directors
- Propose the remuneration to be paid to the board members
- Propose candidates for election to the nomination committee
- Propose the remuneration to be paid to the nomination committee members

c. The guidelines for the nomination committee shall be resolved by the annual general meeting.

§ 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.

§ 10 As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used. Shareholders may present their points of view in the Norwegian or English language.

§ 11 A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

CORPORATE GOVERNANCE

Last updated by the board of directors on April 20, 2022 with editorial updates April 19, 2023 and April 24, 2024

1. IMPLEMENTING AND REPORTING

This statement outlines the position of IDEX Biometrics ASA (IDEX or the Company) in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated October 14, 2021 (the Code). The Code was not updated in 2022 or 2023. The Code is publicly available at www.nues.no. In the following, the Board of Directors (the Board) will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain the underlying reasons for the deviations and any compensating measures where applicable.

2. IDEX'S BUSINESS

In the articles of association, the Company's business is defined as "The objective of the Company is to deliver identification systems and other activities related to this."

The Company's business goals and key strategies are stated in a business plan adopted by the Board. The plan is reviewed and revised annually by the Board. The business goals and key strategies are presented in the annual report.

IDEX seeks to create value for the shareholders in a sustainable manner, while taking into account financial, social and environmental considerations. The Company makes every effort to comply with the wording and intent of the laws, rules and regulations in the countries and markets where it operates. IDEX is not aware of being or having been in breach of any such statutory laws, rules or regulations. The Company pays due respect to the norms of the various stakeholders in the business. In addition to the shareholders, the Company considers its employees, the Company's business partners, the society in general and the authorities as stakeholders. IDEX is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

The Board considers that the Board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. The Board has resolved a code of conduct and ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The code of conduct also incorporates the Company's guidelines on corporate social responsibility. The at all times current code of conduct is available on the Company's website, www.idexbiometrics.com.

3. CAPITAL STRUCTURE, EQUITY AND DIVIDENDS

IDEX was until 2021 a development company and was funded on equity until the fourth quarter 2023, when a convertible bond was issued. The capital structure is likely to change during the commercial growth stage. IDEX's working capital and fixed assets will most likely need to be funded by a combination of supplier credit and borrowing from financial lenders. The Board will target an optimal capital structure that leverages the equity while maintaining a moderate risk.

At several occasions, the Company has been in need of raising equity to fund its activities. Share issues, hereunder private placements, have been resolved by the shareholders at general meetings or by the Board pursuant to authorizations from the general meeting. The Board has annually proposed to the general meeting reasonable authorizations for share issues. Such board authorizations have explicitly stated the type and purposes of transactions in which the authorizations may be applied.

Proposed authorizations to issue shares have been considered and voted separately by each type and purpose. The Board authorizations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The issue of the convertible bond in December 2023 was approved by the extraordinary general meeting on 21 December 2023.

Further, the Company has for many years had in place a moderate incentive scheme for its employees and individual contractors in the form of a subscription rights program, as resolved by the general meeting. The subscription rights program is limited to a number of subscription rights representing 10% of the Company's share capital. The Company implemented in 2020 an employee share purchase plan (ESPP), whereby employees may convert a portion of cash remuneration to shares in the company. The ESPP serves to encourage employee ownership and represents a cash saving for the company.

The shareholders have authorized the Board to acquire up to 10% of the Company's own shares. The authorization ends at the next annual general meeting of shareholders. No such share purchases have been made as yet.

IDEX has not as yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares within the current planning horizon. IDEX intends to retain future earnings, to finance operations and the growth of its business. Any future decision to pay dividends would be based on an amended dividend policy that may be instituted in due course, which policy would reflect the Company's financial condition, results of operation and capital requirements.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

The Company places great emphasis on ensuring equal treatment of its shareholders. There are no trading restrictions or limitations relating only to nonresidents of Norway under the articles of association.

In the authorizations to issue new shares where the shareholders resolve to waive the pre-emptive rights of existing shareholders, the rationale for doing so shall be included as part of the decision material presented to the general meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related party transactions, whether completed, in effect or future, have been and will be carried out on an arm's length basis. Any related-party transactions shall be subject to review by the audit committee or other independent third party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant. The Company has a policy for transactions with related parties, available at the Company's website, www.idexbiometrics.com.

There are no clauses in the articles of association about trading in the Company's own shares. Any such trade must be authorized by the general meeting of shareholders.

5. FREELY NEGOTIABLE SHARES

The Company has one class of shares. Each share carries one vote. There are no restrictions on voting rights of the shares. All shares are freely assignable. The articles of association do not contain any restrictions on the shares.

6. GENERAL MEETINGS

The general meeting of shareholders provides a forum for shareholders to discuss any matters with the Board. To the maximum degree possible, all members of the Board and the chair of the nomination committee shall attend the general meeting. The Company's CEO and the auditor shall also attend the general meeting. The shareholders elect a person to chair the general meeting. The Board will arrange for an independent candidate if so requested by shareholders. Notice of a meeting of the shareholders shall be sent in a timely manner, and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and any documents in English. The documents shall be precise and comprehensive to provide shareholders a basis for voting on the various matters. The articles of association state that documents which deal with matters that are to be handled at the general meeting need not be sent to the shareholders if the documents timely have been made available on the Company's web site, www.idexbiometrics.com..

The Board endeavours to provide comprehensive information in relation to each agenda item in order to facilitate constructive discussions and informed resolutions at the meeting.

The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. Pursuant to the Norwegian public limited companies act (the PLCA), the Board may choose whether to hold a general meeting as a physical meeting or as an electronic meeting. Shareholders who are unable to attend in person will be provided the option to vote by proxy in favor or against each of the Board's proposals. If a general meeting is held as a physical meeting, shareholders have a right to attend by electronic means, unless the Board finds that there is sufficient reason to refuse this. The notice shall contain a proxy form as well as information of the procedure for proxy representation. Advance voting has not been introduced in the articles of association. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in the elections. The notice, as well as the Company's website, will set out that the shareholders have the right to propose resolutions in respect of matters to be dealt with at the general meeting.

7. NOMINATION COMMITTEE

The nomination committee is implemented in the Company's articles of association, and the mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant with the current version of the Code. The annual general meeting elects the chair and two committee members. No current board member or IDEX executive may be a member of the nomination committee. Two nomination committee members were a board members of the Company before 2008 and 2014, respectively.

The mandate states that the nomination committee shall comply with the relevant sections in the Code. The nomination committee shall prepare and present proposals to the annual general meeting in respect of the following matters:

- Propose candidates for election to the Board.
- Propose the remuneration to be paid to the Board members.
- Propose candidates for election to the nomination committee.
- Propose the remuneration to be paid to the nomination committee members.

The nomination committee shall give a brief account of how it has carried out its work and shall substantiate its recommendations.

Information about the nomination committee, including deadlines and contact details, is available on the Company's web site, www.idexbiometrics.com.

8. BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

Currently there are six board members including the chair. The articles of association state that there shall be from three to seven board members. The service period is not stated in the articles of association, hence the Board members stand for election every two years pursuant to the PLCA. It follows from the articles of association that the chair of the Board shall be elected separately.

All board members are required to make decisions objectively in the best interest of the Company. The majority of the members of the Board shall be independent of the Company's executive management, material business contacts and the company's larger shareholders. This is intended to ensure that sufficient independent advice and judgment is brought to bear. The majority of the current Board meets the independence criteria of the Code. The Board meets the statutory gender requirements. The board members' attendance statistics is included in the presentation of the board members in the annual report.

The Board considers that it is beneficial for the Company and its shareholders at large that the Board members hold shares in the Company and encourages such share ownership.

The Board pays attention to ensure that ownership shall not in any way affect or interfere with proper performance of the fiduciary duties which the Board members and the management owe the Company and all shareholders. As and when appropriate, the Board takes independent advice in respect of its procedures, corporate governance and other compliance matters.

9. THE WORK OF THE BOARD OF DIRECTORS

The division of responsibility and duties between the Board and the managing director (CEO) is based on applicable laws and well established practices, which have been stated in board instructions in accordance with the PLCA. The Board instructions also set out the number of scheduled Board meetings per year and the procedures in connection with the Board's work and meetings.

The Board has the ultimate responsibility for the organization and planning of the Company, as well as a control and supervisory function, hereunder a duty to keep itself informed. The Board shall appoint the managing director and determine his or her remuneration, and also possibly give notice or dismiss the managing director. The Board shall approve the CEO's hiring, termination and remuneration of his or her direct reports. The Board shall ensure that the organization of the accounting and management of funds includes adequate control procedures. The Board shall monitor and follow up the status and development of the Company's operational, financial and other results.

The Board sets out an annual plan for its work, focusing on business goals and key strategies as described. Section 2 above. The Board instructions also list, inter alia, the following tasks:

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;

- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;
- Resolve customer-related or revenue-generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the Company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

The Board instructions state that in situations when the chair cannot or should not lead the work of the Board, the deputy chair shall chair the Board. If the deputy chair is also prevented from chairing the Board, the longest-serving board member present shall chair the meeting until an interim chair has been elected by and among the board members present.

The Board conducts a self-evaluation of its performance and expertise annually.

Any and all related party transactions are handled pursuant to the Company's related party transaction policy, to ensure that the Company is made aware of any possible conflicts of interest and to ensure that any such transactions are handled in a sufficiently thorough manner.

The Board has set up an audit committee charter that is compliant with the rules that follows from the Norwegian PLCA and the Code. The audit committee currently consists of four independent Board members. The audit committee is advisory to the Board.

Since 2019, the Board has elected two of its members to serve as a compensation committee. The compensation committee is advisory to the Board, and also serves as an advisory forum to the managing director. The Board has set up a charter for the compensation committee.

Members of the Board and the management are obliged to notify the Board if they have any material direct or indirect interest in any transaction contemplated or entered into by the Company or any other matter that will be considered by the Board.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board has adopted rules and guidelines regarding, amongst other matters, risk management and internal control. The rules and guidelines duly take into account the extent and nature of the Company's activities as well as the Company's corporate values and code of conduct, including corporate social responsibility. The Board conducts an annual review of the Company's most important areas of exposure to risk and its internal control arrangements, including the reporting procedures.

The Board has set up an audit committee charter that is compliant with the rules in the Norwegian PLCA and the Code consisting of four independent Board members. The audit committee is advisory to the Board.

IDEX issues interim financial reports each quarter and an annual financial report. The accounting policies applied when preparing the reports satisfy regulatory requirements. The Board reviews monthly financial reports for the group, comparing actual results to budget or plan. The size of the Company's operation and staff numbers necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiaries are operationally integrated in the parent company, and the group works as one, unified company with staff on several sites. Legal and financial interaction between the group companies is conducted on arm's length terms.

IDEX's activities and financials are controlled by the parent company. The audit committee meets separately with the external auditor at least once per year to review risk factors and measures, and any incidents and issues. The audit committee reviews all interim and annual financial reports before resolution by the Board. The Board has resolved a financial manual, which sets out policies and procedures for financial management and reporting in the group. This manual provides instructions for financial planning, treasury, accounting and reporting. The manual is reviewed annually by the audit committee, and updated as and when appropriate. The Board acknowledges that, having operations outside Norway that are spread over four sites on three continents, business control is a practical challenge. In addition to the financial framework and systems, IDEX has implemented comprehensive IT systems and quality management systems and standardised operating procedures which are intended to ensure adequate business controls.

IDEX does not operate a separate internal audit function or department. The CFO department conducts internal reviews of the group companies. Each review is conducted by a staff member not involved in transaction processing in the entity in question, and the findings are reported to the audit committee.

As regards share trading by IDEX's Board members, employees and individual contractors, as well as their close relations and controlled entities, the Board has adopted an insider manual with ancillary documents. The insider manual is intended to ensure that, among other things, trading in the Company's shares by insiders are conducted in accordance with applicable laws and regulations.

11. REMUNERATION OF THE BOARD OF DIRECTORS

A reasonable cash remuneration to the Board members for their services from the annual general meeting in 2022 until the annual general meeting in 2023 was proposed to and resolved at the 2023 annual general meeting. To lessen the cash outflow and stimulate shareholding among the Board members, the annual general meeting granted an option for the Board members to receive the remuneration partly or fully in the form of shares. No board members took up this option in 2023. The remuneration to the board members is disclosed in the notes to the financial statements and in the annual management remuneration report presented to the annual general meeting.

The nomination committee shall propose to the 2024 annual general meeting the board remuneration for the period between the annual general meetings of 2023 and 2024. No share-based incentives have been granted as board remuneration. Any Board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the Board, without the participation of the interested member, shall approve the terms and conditions of any such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

Ræder Bing advokatfirma AS, in which board member Morten Opstad is a partner, renders legal services to the Company. Mr. Opstad was chair of the board until the annual general meeting on 23 May 2023. In the cases where legal services provided by Ræder Bing are carried out by Mr. Opstad, such services, which are outside Mr. Opstad's duties as chair, are invoiced by Ræder Bing. The legal fees to Ræder Bing are disclosed in the notes to the financial statements.

Larry Ciaccia, who was elected to chair of the board at the annual general meeting on 23 May 2023, has served as board member since 2015. Mr. Ciaccia provides consulting services to IDEX for a fixed annual fee, and he has been granted incentive subscription rights in his capacity as adviser to IDEX. The fees and share-based remuneration to Mr. Ciaccia are disclosed in the notes to the financial statements.

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

Salary and other remuneration to the executive personnel in the Company is determined pursuant to the Company's executive remuneration policy, as approved by the 2021 annual general meeting. The executive remuneration policy is publicly available on the Company's web site, www.idexbiometrics.com. The remuneration to the executives is disclosed in the notes to the financial statements and in the annual management remuneration report presented to the annual general meeting.

The executive remuneration policy seeks to align the interests of the Company's executives and its shareholders, and to continuously improve sustainable performance. Furthermore, the policy is designed to align the interests of the Company and its executives to ensure its contribution to the Company's commercial strategy, long-term interests and financial viability.

On an annual basis the Company's compensation committee shall review the executive remuneration policy, to determine if any revisions are necessary. Where revisions are required, the compensation committee shall make proposals to the Board which, if significant and subject to Board approval, are proposed by the Board to the annual general meeting for approval. In the absence of any significant revisions, the executive remuneration policy shall be presented and explained by the Board to the annual general meeting every four years at minimum. At each annual general meeting, the Board shall present an executive remuneration report for the previous financial year.

In the event of significant changes to the executive remuneration policy, these must be described and explained in the policy document. The policy shall describe and explain how the shareholders' views on the guidelines, the general meeting's vote and the salary reports since the previous vote on the policy have been taken into account.

13. INFORMATION AND COMMUNICATIONS

The Board places great emphasis on the relationship and communication with the shareholders. The primary channels for communication are the interim reports and presentations, the annual report and the associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders and the presentations provide opportunities for shareholders to discuss any matters with the Board.

In December, the Company publishes its annual financial calendar for the following year. All reports and other notices are issued and distributed according to the rules and practices at Oslo Børs. The notices to the market are published on the Oslo Børs newssite, www.newsweb.no. The reports and other pertinent information are also available on the Company's website, www.idexbiometrics.com.

The Board has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside general meetings; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest.

The financial reporting of IDEX is fully compliant with applicable laws and regulations. IDEX prepares and presents its annual financial reports in accordance with International Financial Reporting Standards (IFRS). The content of the interim reports is compliant with IFRS.

The current information practices are adequate under current rules. IDEX complies with the Oslo Børs at all times current code of practice for IR information.

14. TAKEOVERS

There are no takeover defence mechanisms in place. The Board will endeavor that shareholder value is maximised and that all shareholders are treated equally. The Board acknowledges its duty to not obstruct takeover bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the Company's ability to arrange other bids should only be entered into when it is self-evident that such an agreement is in the common best interest of the Company and its shareholders.

The Board will avoid compensation to a bidder whose bid does not complete, and limit any such compensation to the costs the bidder has incurred in making the bid. The Board shall otherwise ensure full compliance with section 14 of the Code.

15. AUDITOR

IDEX's auditor, Ernst & Young AS (EY), is fully independent of the Company. IDEX represents a minimal share of EY's business. IDEX does not obtain business or tax planning advice from its auditor. The auditor may provide certain technical and clerical services in connection with the preparation of the annual tax return and other secondary reports, for which IDEX assumes full responsibility. EY has been the auditor of the Company since 2000. Latest partner rotation was in 2022. Audit firm rotation procedure will need to take place latest in 2026, effective 2027.

The audit committee and the Board reviews the auditor's annual plan, and the auditor presents to the committee and the Board the findings and recommendations after the audits. The auditor communicates in writing with the committee and the Board on all matters brought to light by the audit of which the committee and/or the Board should be apprised in order to be able to discharge its responsibility and functions. The auditor attends the audit committee and board meetings when annual financial statements are considered and resolved, and the committee as well as the board regularly meets separately with the auditor to review risk factors and measures, and any incidents and issues. Accounting policies and any changes are subject to the statutory audit.

Annually, the auditor shall submit an additional report to the Company's audit committee in which the auditor declares its independence and explains the results of the statutory audit carried out by providing a range of information about the audit. The specific information to be provided is regulated by EU's Audit Regulation, which is applicable in Norway in accordance with Section 12-1 of the Auditor's Act.

The Board shall make arrangements for the auditor to attend all general meetings in the Company.

All audit and other assignments to the auditor shall be approved by the audit committee before the assignment begins. The Board shall otherwise ensure full compliance with section 15 of the Code.

BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth information concerning our executive officers and board directors as of December 31, 2023:

Name	Age	Position(s)
Executive Officers:		
Vincent Graziani	63	Chief Executive Officer
John Kurtzweil	67	Chief Financial Officer
Anthony Eaton	51	Chief Technology Officer
Catharina Eklof	54	Chief Commercial Officer
Directors:		
Lawrence J. Ciaccia [2]	65	Chair
Deborah Davis [1,2]	60	Director
Annika Olsson	47	Director
Morten Opstad	70	Director
Adriana Saitta [1]	53	Director
Stephen A. Skaggs [1]	61	Director

1. Member of Audit Committee.
2. Member of Compensation Committee.

Board of Directors

Our Board held 32 meetings during the period since our Annual General Meeting on May 23, 2023, until and including April 24, 2023. The meetings have been conducted by video conference. The very high number of meetings in 2023 was due to the funding situation in the second half, when the the board explored many alternatives which had to be considered on short notice.

Lawrence J. Ciaccia has served on the Board of IDEX since May 2015 and was appointed as Deputy Chair in May 2019. Mr. Caccia was appointed Chair at the Annual General Meeting in 2023. He has broad expertise from the semiconductor industry, most notably playing a pivotal role in transforming AuthenTec from a start-up into a world leading fingerprint sensor supplier. He served as AuthenTec's CEO from September 2010 until the company's acquisition by Apple in October 2012. He remained with Apple through February 2013 to assist in the acquisition integration and transition. Mr. Ciaccia holds a B.S.in Electrical Engineering from Clarkson University and an M.B.A. from the Florida Institute of Technology. Mr. Ciaccia was born in 1958, is a United States citizen, and resides in Florida. Mr. Ciaccia attended 30 board meetings in the period.

Deborah Davis has served as a Board Member since May 2015. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Davis serves on the boards of directors of International Personal Finance Plc, The Institute of Directors, Diaceutics plc, and Lloyds Banking Group Insurance Board. She also serves as a trustee of the Southern African Conservation Trust in South Africa. During her career, she held senior executive leadership roles at PayPal, eBay, Verizon, and Symantec. She holds a Sloan Masters in Science (Management) with Distinction from London Business School and a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne. She also holds a Diploma in Company Direction with distinction from The Institute of Directors. Ms. Davis was born in 1963, is a dual citizen of Australia and the United Kingdom, and divides her time between the United Kingdom, South Africa and Australia. Ms. Davis attended 24 board meetings in the period.

Annika Olsson was elected as a Board Member in May 2021. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms. Olsson is the CEO of Express Bank A/S, a unit of the BNP Paribas Group. Ms. Olsson will step down from the CEO position during 2024. During her 20-year career in consumer financial services, Ms. Olsson has held various executive positions. Before joining Express Bank A/S in 2010, she served as Commercial Director for Resurs Bank, a leader in retail finance in the Nordic region. Ms. Olsson also serves on the board of directors of Finans & Leasing (the Association of Danish Finance Houses), and she has been a board member of Finansbolagens Förening/Finansbolagens Service AB, a branch organization for financial companies, since May 2022. She holds a B.S. in finance and marketing from IHM Business School. Ms. Olsson was born in 1976, is a Swedish citizen, and resides in Copenhagen, Denmark. Ms. Olsson attended 25 board meetings in the period.

Morten Opstad has served as Chair of the Board in IDEX from March 1997 until the Annual general Meeting in 2023, at which time Mr. Opstad became a Board member. Mr. Opstad is a partner in Ræder Bing advokatfirma

AS in Oslo, Norway. He has rendered legal assistance with respect to establishing and organizing several technology and innovation companies. He is a board member in Ensurge Micropower ASA, a publicly listed technology company (where he served as Chair for a number of years until May 2023). Mr. Opstad holds a legal degree (Cand.Jur.) from the University of Oslo and was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953, is a Norwegian citizen, and resides in Oslo. Mr. Opstad attended 28 board meetings in the period.

Adriana Saitta has served as a Board Member since May 2023. She is independent of the Company's executive management, material business contacts, and larger shareholders. Ms Saitta has extensive experience in the banking and business sector, both as a board member and in executive positions. She was from 2015 to 2023 the General Manager of Intesa Sanpaolo Paris, a business operating in the larger corporate business in France. She is currently, and has been since 2020, an independent board member at Covivio Hotels, a listed European investment and development company. Ms. Saitta has formerly been an independent board member at Beni Stabili (Groupe Covivio), located in Italy, chair of the supervisory board at Intesa Sanpaolo Card d.o.o., located in Croatia, and chair of the supervisory board at Consumer Finance Holding, located in Slovakia. In addition, Ms. Saitta has held several other positions within the Intesa Sanpaolo system, prior to this she was Associate Principal at McKinsey. She graduated summa cum laude with a bachelor's degree in business administration from Università Commerciale Luigi Bocconi in 1994, and with a master in business administration from INSEAD in 1998. Ms. Saitta was born in 1970, is an Italian citizen, and resides in France. Ms. Saittas attended 21 board meetings in the period.

Stephen A. Skaggs has served as a Board Member since May 2019. He is independent of the Company's executive management, material business contacts, and larger shareholders. Mr. Skaggs has more than 25 years of experience in the semiconductor industry and most recently served as Senior Vice President and CFO of Atmel, a leading supplier of microcontrollers, prior to its acquisition by Microchip Technology in 2016. Mr. Skaggs served as CEO and, earlier, as CFO of Lattice Semiconductor, a supplier of programmable logic devices and related software. Earlier in his career, he worked for Bain & Company, a global management consulting firm. He currently serves as a non-executive director of Coherent, a global leader in engineered materials, optoelectronics and lasers. Mr. Skaggs holds a B.S. in Chemical Engineering from the University of California, Berkeley, and an M.B.A. from the Harvard Business School. Mr. Skaggs was born in 1962, is a United States citizen, and resides in Nevada. Mr. Skaggs attended 28 Board meetings in the period.

Family Relationships and Selection Arrangements

There are no family relationships between any of the Directors. There are no family relationships between any Director and any member of senior management of our Company. There is no arrangement or understanding with major shareholders, customers, suppliers, or others, pursuant to which Directors were elected or members of management was selected.

Executive officers

Vincent Graziani has served as our Chief Executive Officer ("CEO") since February 2020. He joined IDEX from Infineon Technologies AG, for which he was most recently Vice President of Strategy Development and Implementation, with responsibility for leading new business development and strategic partnerships. Mr. Graziani has also led technology companies from the pre-revenue stage to significant revenues and scale while serving as CEO of Sand 9, Vbrick Systems, and Sandburst. Earlier in his career, he held positions of increasing responsibility in engineering as well as marketing and sales at Intel, Broadcom, and Siemens Semiconductor. Mr. Graziani holds a B.S. in Electrical Engineering from the University of New Hampshire and a M.S. in Electrical Engineering from Northeastern University. Mr. Graziani is located at the Company's offices in Wilmington, Massachusetts.

John Kurtzweil has served as our Chief Financial Officer since September 25, 2023. Prior to joining us, Mr. Kurtzweil served as CFO of Metabolon, a US life science company, where he was pivotal in revitalizing the company. Prior to Metabolon, he has served as CFO for leading technology companies such as CREE, Cirrus Logic and ON Semiconductor where he had key roles in finance operations, leading strategic planning, mergers and acquisitions, as well as growing shareholder value. He currently serves as a non-executive director of Axcelis Technologies, Inc., a global leader in semiconductor capital equipment manufacturing and as a non-executive director of SkyWater Technology, Inc., a US semiconductor foundry. Mr. Kurtzweil holds a B.A. in Accounting from Arizona State University, and an M.B.A from the University of St. Thomas. Mr. Kurtzweil also is a certified public accountant and certified management accountant. Mr. Kurtzweil is born in 1956, located in the United States.

Anthony Eaton has served as our Chief Technology Officer since March 2019. Mr. Eaton served as our Vice President of Systems Engineering from February 2017 to February 2019, and our Senior Director of Engineering from August 2016 to January 2017. Prior to joining us, he 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. Earlier, Mr. Eaton held senior engineering roles at NVIDIA, Mirics Semiconductor and Sony Semiconductor. Mr. Eaton holds Bachelor's and Master's degrees in Engineering from Cambridge University. He is located at the Company's offices in Farnborough, United Kingdom.

Catharina Eklof has served as our Chief Commercial Officer ("CCO") since June 2021. Prior to joining us, Ms. Eklof held the position as Chief Commercial Officer at Defentry, a cyber safety solutions provider, for which she led marketing and sales, leading the company's international expansion. Ms. Eklof has over 20 years of experiences as a global executive leading global business transformation and implementing new business models across financial services, retail, travel, and information security. Notably, she had senior executive roles across strategy, loyalty-data insight solutions and payment technology for 12 years at Mastercard. She was instrumental in launching Mastercard's data SaaS offering to banks and FinTech's globally, commercialization of digital payment and loyalty platform solutions to the banking, retail and travel sector. Ms. Eklof has enjoyed her 4-year tenure with Avanza Bank AB and stepped down from her position on the Board of Directors effective April 11th, 2024 to pursue more global opportunities. Ms. Eklof holds an M.B.A. in International Business and a M.S. in Economics from the University of Uppsala, Sweden. Ms. Eklof is assigned to our office in Oslo, Norway, but works in Belgium.

IDEX Biometrics ASA
Dronning Eufemias gate 16, NO-0191 Oslo, Norway
+47 6783 9119; mailbox@idexbiometrics.com www.idexbiometrics.com
Corp. ID: NO 976 846 923 MVA/VAT

IDEX Biometrics ASA

Vedlegg ved innsendelse av årsregnskapet 2023 til regnskapsregisteret

IDEX Biometrics ASA er børsnotert og kan iht regnskapsloven § 3-9 avlegge konsern- og selskapsregnskap iht IFRS.

Det følger av regnskapsloven §§ 3-9 og 3-1 at bestemmelsen om presentasjonsvaluta i 3-4 ikke gjelder for konsernregnskap og selskapsregnskap avlagt iht IFRS.

Det følger av IFRS at regnskapene kan presenteres i USD som er den valuta selskapet bruker i sin planlegging og drift.