



# IDEX

INTERIM REPORT FOR FIRST HALF 2022

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## IDEX BIOMETRICS

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IDEX Biometrics ASA is a leading provider of biometric identification and authentication solutions, based on patented and proprietary fingerprint sensor technologies, integrated circuit designs, and software, targeting card-based applications for payments and digital authentication. We partner with leading card manufacturers and other industry experts to bring our solutions to market.

IDEX is incorporated in Norway, where our ordinary shares are listed on the Oslo Børs. Our American Depositary Shares are listed on Nasdaq in New York. Our corporate headquarters is in Oslo, and we have operations in Farnborough, England, Rochester, New York, Wilmington, Massachusetts, and Shanghai, China.

### Products and Technology

In 2020 and 2021, we introduced our biometrics technology solution, the TrustedBio® and TrustedBio Max families of products. This generation of products was specifically designed to substantially reduce biometric payment cards costs and manufacturing challenges, while significantly improving both performance and security.

Our products are based on a portfolio of proprietary technologies, many of which are patented, including fingerprint sensors, fingerprint ASICs (application specific integrated circuits executing a range of functions), biometric software and matching algorithms, card operating system and applet software, and remote enrollment solutions. Our fingerprint solutions can be used in dual interface, contactless-only, and contact-only payment cards, offering a complete biometric authentication capability, integrating fingerprint image sensing, biometric processing, system power management, and encryption functions. IDEX Biometrics enables cost effective biometric smart cards with industry-leading performance.

Using our proprietary remote enrollment solutions, cardholders can easily store their fingerprints and activate their cards remotely without the need to visit a bank branch or ATM, without communicating sensitive biometric information to third parties. As with all of our innovations, we are committed to investing in patents and other intellectual property protection measures that ensure that our products are, and remain, unique in our target markets.

## Competitive Positioning

Our core competencies are based on proven expertise in biometric applications including integrated system design, software development, circuit design, and manufacturing and packaging. We are adept at problem-solving and creative collaboration with customers and partners across the card industry.

Our mission is to let people use their fingerprints to prove their identity in a simple, secure and personal way. To do so, IDEX enables digital authentication with biometric sensors and related technologies and applications. We are focusing on biometrically enabled authentication applications, primarily delivered in card form factors with no batteries. Our solution is powered through harvesting energy emitted by point-of-sale terminals or other card reading devices. Our solutions fit in various applications in payments as well as digital authentication.

The Company's solutions use a patented sensor design, which separates the fingerprint sensor into two components sharing a single package: A flexible, polymer-based sensor array and a separate ASIC, delivering demonstrably superior performance and compelling economics.

In January 2022, Samsung Electronics introduced a module integrating a SE, a biometric MCU, and a sensor. We welcome this development, as we see Samsung's entry into the market as a confirmation of the compelling opportunity before us. Samsung follows the single-module strategy that we established in our TrustedBio product family.

With our technology solution, our customers benefit from having integration opportunities with multiple secure elements, inlay technologies, card manufacturing methods and software operating systems. This provides flexibility to card manufacturers who have established supply chain partners and manufacturing methods.

## Our Opportunity

The company's goal is to enable biometric smart cards with a seamless user experience, at a price point that enables mass market adoption. With TrustedBio and other technologies we offer a high level of performance at a compelling price point. We are positioned to achieve our objective of becoming the leading provider of fingerprint biometric solutions for payment cards and digital authentication applications.

At present, seven programs with biometric payment cards have been launched in the market. IDEX's sensor are included in two of these programs. In addition, six planned launches

have been announced. Five of these launches will use IDEX biometric solutions. We expect to see additional launches with IDEX technology coming to the market through 2022.

In July 2021, IDEX Biometrics announced the integration of the TrustedBio module and the SLC38, the latest SE from Infineon Technologies AG, the market leader in secure elements, SEs, for smart cards. In May 2022, IDEX Biometrics joined the ecosystem of Infineon's Security Partner Network, ISPN, as a preferred partner. We have developed a proprietary card operating system and will use a third-party customized inlay and antenna design, both of which are optimized for the combined TrustedBio and SLC38 reference design. We have achieved seven smart card design wins.

### Note Regarding Global Events

Lockdowns related to Covid restrictions, the invasion of Ukraine by Russia, and the subsequent global economic slowdown have led to delays in activities and supply chain issues for many businesses. We have not experienced any significant delays in development projects. However, the pandemic and the war has caused some delays in card certification and we have experienced postponement of customer activities like card pilot launches. We believe the uncertainties brought about by the pandemic have contributed to greater caution across the market segments we target, delaying customer commitments.

The pandemic continues to impact our supply chain and our assembly subcontractor continues experiencing some production delays. Covid-related lockdowns in Shanghai, China, resulted in supply chain delays that deferred shipments of \$166 thousand from occurring in the second quarter of 2022. We continue to monitor this situation closely. If our assembly subcontractor continues to experience production delays, our future revenue might be further impacted. We cannot now reliably determine the impact, if any, on our revenues for the second half of 2022.

## CEO'S COMMENTS

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August 10, 2022

Investment in the biometric payment card industry continues to grow, but widespread deployment of biometric cards by banks and issuers is taking longer than industry participants and analysts predicted. Banks cite several reasons for these delays with the ongoing chip shortage being the main culprit. Secure element chips for standard contactless payment cards are in short supply and many banks are delaying the introduction of new payment card products as a result. However, with consumer interest growing, issuer banks are introducing biometric payment cards to segments of their card portfolios. 2022 has become the year for initial scaling with segment launches, leading to a broader roll-out during 2023.

During the second quarter of 2022, IDEX continued to make commercial progress with our fingerprint solution with three new commercial bank launches. Fintech companies and challenger banks seeking security for their clients and product differentiation have been adopters of biometric smart cards. In 2022 Rucker, Manager.one, Fidor and an issuing bank based in Turkey have launched, or will soon launch, biometric payment cards embedding IDEX Biometrics sensor solutions.

We also entered into an important agreement with Linxens, the leading supplier of EMV® modules and interconnect technology, for the manufacturing of smart cards. Under the agreement, Linxens will bundle biometric solutions from IDEX with an EMV module and interconnect technology from Linxens providing card makers a complete, ready to assemble, solution for biometric smart cards.

IDEX markets to all levels of the payment ecosystem and value chain. We work directly with banks and card issuers, card manufacturers, and value-added resellers such as Zwipe. Our solutions are optimized for biometric payment cards, enabling flexibility for our customers and a seamless user experience for consumers. We support multiple secure element chips, card inlay designs, and card manufacturing methods enabling card manufacturers to optimize their supply chains and manufacturing methods.

Revenues in the second quarter increased both sequentially and year-over-year despite supply chain disruptions as a result of Covid-19 related restrictions in China that delayed shipments from one of our suppliers. As we had pre-ordered inventory in anticipation of longer lead times, our quarterly revenue was less negatively impacted than would other-

wise been the case. In the second half of 2022, we expect our revenue figures to be negatively impacted as our shipments from our assembly subcontractor will most likely continue to be constrained.

The gross margin was 6.6% in the second quarter, and 18.5% for the first six months of 2022. Our margins were 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 product mix changes, and a write-off of inventory of a discontinued product.

We expect that the gross margins will increase to industry standard levels when we reach full operational scale. Our long-term gross margin target, above 50%, reflects a full card solution and cost leadership in mass production.

In response to uncertainty around the timing of revenue as a result of the factors discussed above, IDEX has implemented measures to contain costs and the number of staff will be reduced during the second half of 2022.

As of August 15, 2022, CFO Jamie Simms will leave IDEX. We thank Mr. Simms for his contribution to IDEX and wish him success in his endeavors. Ms. Eileen Wynne who has been engaged with IDEX on a consulting basis since December 2020 will serve as interim CFO. Ms. Wynne has previously served as Executive Vice President and Chief Accounting Officer at Analog Devices, Inc., a major US-based semiconductor company listed on Nasdaq in New York.

Vince Graziani  
Chief Executive Officer

## FINANCIAL REVIEW

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### Statements of profit and loss

For the second quarter ended June 30, 2022, IDEX Biometrics recorded consolidated revenue of \$1.1 million. Sequentially, second quarter revenue increased approximately 12% from the first quarter of 2022, reflecting the increased shipments to our primary customer in the payment card segment. By comparison, second quarter 2021 revenue was \$697 thousand, for a year-over-year quarterly increase of 59%.

For the first half of 2022, the Company recorded consolidated revenue of \$2.1 million, compared to \$1.3 million for the same period in 2021, representing an increase of 59%.

During the second quarter of 2022, the Company incurred delays in customer shipments due to supply chain constraints. China reimposed severe Covid-related restrictions during the first half of 2022, and, as a consequence, a subcontractor is experiencing delays in production. \$166 thousand of orders were not shipped due to these delays. While the subcontractor has expressed confidence that it will be able to meet its ongoing commitments to us, we are monitoring this situation closely. We believe that the delays will impact our shipping schedule for the remainder of 2022. The size of the impact is uncertain at this time.

Sequentially, Cost of materials increased 53%, partially reflecting increased sales, but primarily due to large shipments of payment cards during the quarter at lower margins than prior periods. Cost of materials increased by \$730 thousand, compared to \$304 thousand for the second quarter of 2021, reflecting higher consumption of inventories associated with increased product sales, as well as the aforementioned sales mix.

Cost of materials totaled \$1.7 million for the first half of 2022, compared to \$524 thousand for the first half of 2021, reflecting the circumstances that influenced the second quarter total.

Gross profit margin, as a percentage of revenue<sup>1</sup>, was approximately 7% for the second quarter of 2022, compared sequentially to approximately 32% in the first quarter of 2022. For the second quarter of 2021, a similarly calculated gross profit margin was approximately 56%, with the higher figure reflecting sales mix. The lower margin for the second quarter of 2022 reflected a shift in mix to lower margin payment card products and higher costs of wafers, assembly services, and certain components, as well as the write-off of previous-generation products held in inventory. On a year-to-date basis, gross profit margin for the first half of 2022 was approximately 18%, compared to 60% for the first half of 2021, also reflecting the shift in product mix toward payment cards in 2022 as well as the aforementioned cost increases.

Compensation and benefits expenses totaled \$4.8 million for the second quarter of 2022, up slightly from \$4.7 million for the second quarter of 2021. Payroll expenses totaled \$9.8 million in both the first six months of 2022 and 2021.

Share-based compensation expense, which is non-cash, totaled \$538 thousand for the second quarter of 2022, in contrast to \$558 thousand recorded for the second quarter of 2021 and \$504 thousand recorded for the first quarter of 2022. Quarterly variances in share-based compensation are attributable to the number of subscription rights vesting in the period, and changes in the price of an ordinary share which influences the accrual of estimated employer's tax which will be due when a subscription right is exercised.

Share-based compensation expense totaled \$1.0 million for the first six months of 2022, in contrast to \$1.4 million recorded for the first six months of 2021, primarily because of reduced tax accruals due to lower share prices in 2022.

Our staff is made up of employees and individual contractors. On a full-time equivalent (FTE) basis, our staff totaled 106 on June 30, 2022, same as at the beginning of 2022, and down from 109 on June 30, 2021. The year-over-year decrease of staff reflects the net of personnel additions in marketing and sales and attrition in R&D, which are

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<sup>1</sup> The gross profit and gross profit margin figures are alternative performance measures (APM) under International Financial Reporting Standards (IFRS). IDEX is a fabless developer of semiconductor-based products and outsources its manufacturing operations. The gross profit and gross profit margin is measured as Revenue less the Cost of materials, net of inventory change. The cost of materials is the purchased cost of manufactured finished goods shipped to customers. Supply chain staff compensation is included in Compensation and benefits, and other expenses related to supply chain and procurement activities are included in Other operating expenses.



associated with the organizational rebalancing of the Company from development activities to a commercial focus.

In response to uncertainty around the timing of revenue, IDEX is implementing cost containment measures in order to reduce operating expenses, including the reduction of staff numbers. These measures will take effect during the second half of 2022 and the full impact will be realized from the first quarter of 2023.

Research and development (R&D) expenses, as presented, include the costs of product development, prototype manufacturing, and pre-release product testing. The cost of employees engaged in R&D is included in Compensation and benefits. R&D expenses are net of earned government grants in support of R&D activities. Timing of the receipt of such grants are generally subject to the completion of qualifying activities. Net R&D expenses, as presented, totaled \$958 thousand for the second quarter of 2022, in contrast to \$881 thousand for the second quarter of 2021 and \$1.0 million for the first quarter of 2022. R&D expenses totaled \$2.0 million for the first half of 2022, in contrast to \$1.5 million for the first half of 2021, primarily due to higher software development costs and costs related to patents during the period.

Other operating expenses, primarily expenses associated with marketing, sales, and administrative activities, totaled \$2.2 million for the second quarter of 2022, in contrast to \$1.8 million for the second quarter of 2021. Other operating expenses totaled \$1.9 million for the first quarter of 2022. The year-over-year increase is associated largely with higher marketing and sales costs, reflecting the expansion of our commercial activities. Other operating expenses totaled \$4.1 million for the first half of 2022, in contrast to \$3.5 million for the first half of 2021, on similar factors to the quarter.

Amortization and depreciation charges<sup>2</sup> totaled \$334 thousand for the second quarter of 2022, in contrast to \$460 thousand for the second quarter of 2021 and \$369 thousand for the first quarter of 2022. The decreased level of depreciation charges is primarily associated with lower depreciation of right-of-use assets. Amortization and depreciation

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<sup>2</sup> Under IFRS 16 Leases, leased assets are capitalized, with corresponding assets and liabilities recorded on the Statements of financial position. The right of use assets are depreciated over the lease period. The payments on lease obligations are not recorded as a combination of down payment of the lease liability and Financial cost. The amount of cash lease payments is reported in the Consolidated statements of cash flows as a component of Financing activities.

charges totaled \$703 thousand for the first half of 2022, in contrast to \$914 thousand for the first half of 2021.

Net financial items, consisting primarily of the net effect of currency adjustments and the net amount of interest income and interest expense, totaled expense of (\$936 thousand) for the second quarter of 2022, in contrast to income of \$156 thousand recorded for the second quarter of 2021. Net financial items totaled to an expense of (\$120 thousand) for the first quarter of 2022. The variation in net financial items between periods primarily is the result of fluctuations of the exchange rate of the U.S. Dollar to other currencies of countries in which IDEX Biometrics has operations. Net financial items totaled expense of (\$1.1 million) for the first half of 2022, compared to income of \$100 thousand in the first half of 2021. The variation in 2022 was driven primarily by foreign exchange revaluation expense of British Pounds to the U.S. dollar during the second quarter.

The company did not record any income tax expense for either of the second quarters of 2022 or 2021, nor the first quarter of 2022. While IDEX operates at a loss and has a substantial tax loss carryforward position in Norway, it has not recognized to date any deferred tax assets in its Statements of financial position.

Net loss for the second quarter of 2022 totaled (\$9.2 million), representing a loss per share of (\$0.01), in contrast to a net loss of (\$7.2 million) for the second quarter of 2021, representing a loss per share of (\$0.01), and a net loss of (\$8.1 million) for the first quarter of 2022, representing a loss per share of (\$0.01).

Net loss for the first half of 2022 totaled (\$17.4 million), representing a loss per share of (\$0.02), in contrast to a net loss of (\$14.8 million) for the first half of 2021, representing a loss per share of (\$0.02).

## Cash Flows

The company incurred an operating cash outflow of (\$9.0 million) for the second quarter of 2022, in contrast to operating cash outflows of (\$6.7 million) for the second quarter of 2021 and (\$8.4 million) for the first quarter of 2022. The increased cash outflow for the second quarter was a consequence of the quarter's higher net loss and increases in

working capital. The operating cash outflow for the first half of 2022 totaled (\$17.4 million), in contrast to a outflow of (\$13.6 million) for the first half of 2021.

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

Total cash flow from financing activities, including the net proceeds from the issuance of shares and the net proceeds from the exercise of subscription rights, net of payments associated with lease liabilities, totaled (\$103) thousand for the second quarter of 2022, in contrast to \$79 thousand for the second quarter of 2021.

For the first half of 2022, cash flow from financing activities totaled \$132 thousand, in contrast to \$25.6 million for the first half of 2021. IDEX Biometrics completed private placement transactions with net proceeds of approximately \$28.5 million and \$25.5 million, during the fourth quarter of 2021 and the first quarter of 2021, respectively.

The company's cash balance totaled \$16.3 million as of June 30, 2022, in contrast to \$19.3 million as of June 30, 2021, and \$33.8 million as of December 31, 2021.

### Financial position

The largest assets held on the company's Statements of financial position as of June 30, 2022, were cash of \$16.3 million and acquired intangible assets of \$2.7 million, representing 64% and 11% of total assets, respectively. Total intangible assets included goodwill of \$968 thousand.

IDEX Biometrics has developed intellectual property and has incurred product development costs, the value of which generally are not recorded on the Statements of financial position, because it does not satisfy accounting criteria for capitalization. No development costs were capitalized during the quarter ended June 30, 2022.

Tangible fixed assets, including the right-of-use value of leased assets, totaled, net of accumulated depreciation, \$1.3 million as of June 30, 2022, in contrast to \$2.1 million as of June 30, 2021. Other than right-of-use leased assets, Tangible fixed assets are comprised of scientific and test equipment, engineering tools, leasehold improvements, office equipment, and furniture with useful lives of three to seven years.

Inventory totaled \$2.0 million as of June 30, 2022, in contrast to \$998 thousand as of June 30, 2021, and \$1.2 million as of December 31, 2021. IDEX Biometrics is a fabless developer of semiconductor-based products, and its manufacturing operations are outsourced. Inventory consists of raw materials (primarily semiconductor components and substrates), work-in-progress (primarily incomplete assemblies), and finished goods (completed fingerprint sensing devices available for sale). A large share of the inventories are physically located at the contract manufacturing partners' sites.

As a result of significant and uncertain lead times across the electronics industry, the company may hold additional quantities of raw materials to satisfy expected manufacturing requirements. Similarly, given recent uncertainties associated with wafer foundry capacity and contract manufacturer scheduling, IDEX may continue to hold relatively large quantities of finished goods so that customer delivery schedules can be met. Inventory levels may continue to expand because of order backlog increases and expectations of higher orders and shipments.

Customer accounts receivable totaled \$1.4 million as of June 30, 2022, in contrast to \$724 thousand as of June 30, 2021, and \$801 thousand as of December 31, 2021. The increase in accounts receivable was the result of increased product shipments during the second quarter of 2022. No customer accounts necessitated a bad debt reserve as of June 30, 2022.

Total short-term liabilities totaled \$2.7 million as of June 30, 2022, compared to \$3.2 million as of June 30, 2021, and \$4.3 million as of December 31, 2021. Quarterly variations in short-term liabilities are the result of activity levels like increased accounts payable levels associated with higher purchases of inventories and the timing of expense accruals and the settlement of payables.

Net working capital (i.e., short-term assets, excluding cash, less short-term liabilities) totaled \$4.6 million as of June 30, 2022, \$2.7 million as of June 30, 2021, and \$2.9 million as of December 31, 2021. Should revenue continue to increase, net working capital will increase as levels of inventory and customer accounts receivable, partially offset by an increase in trade accounts payable.

Equity totaled \$22.8 million as of June 30, 2022, in contrast to \$25.0 million as of June 30, 2021, and \$37.7 million as of December 31, 2021. The change during the periods was primarily the result of the private placement of shares in the fourth quarter of 2021, offset by the net losses in the respective periods.

At the end of 2021, IDEX Biometrics allocated \$46.0 million of Paid-in capital against Accumulated losses. Total equity was not affected by the allocation.

As of June 30, 2022, the Company had no debt to financial institutions or lenders.

### Liquidity

IDEX incurred an operating cash deficit of (\$9.0 million) for the second quarter of 2022, in contrast to operating cash deficits of (\$6.7 million) for the second quarter of 2021 and (\$8.4 million) for the first quarter of 2022. The operating cash deficit for the first half of 2022 totaled (\$17.4 million), in contrast to a deficit of (\$13.6 million) for the first half of 2021.

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

The Company incurred capital expenditures of \$51 thousand for the second quarter of 2022, in contrast to capital expenditures of \$39 thousand for the second quarter of 2021, and \$51 thousand for the first quarter of 2022.

The Company's balance sheet solvency, defined as the value of cash and accounts receivable, less short-term liabilities, totaled \$15.6 million as of June 30, 2022, in contrast to \$17.9 million as of June 30, 2021, and \$31.8 million as of December 31, 2021.

### U.S. regulatory matters

The Company maintains a listing of American Depositary Shares (each representing 75 of the Company's ordinary shares, which are listed on the Oslo Børs) on the Nasdaq

Capital Market under the ticker symbol IDBA. In connection with this listing, the Company is subject to securities regulations in the United States.

Pursuant to the Jumpstart Our Business Startups Act of 2012 (JOBS Act), IDEX Biometrics is considered an “emerging growth company,” and thereby is exempt from various certain U.S. reporting requirements. These exemptions allow for reduced disclosure in periodic U.S. filings and deferral of the auditor attestation requirements of Section 404(b) of the U.S. Sarbanes-Oxley Act of 2002. The Company will remain an emerging growth company until 2025, unless it reaches certain revenue, market capitalization, or debt issuance thresholds beforehand. As of June 30, 2022, the Company continued to be considered an emerging growth company.

Similarly, the Company is considered a “foreign private issuer” pursuant to SEC rules, promulgated under the U.S. Securities Exchange Act of 1934, as amended, (Exchange Act). As such, the Company is not required, among various exemptions, to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. registrants. Notably, IDEX Biometrics currently is not required to file quarterly reports with the SEC on Form 10-Q or current reports on Form 8-K. The Company is required to file a Form 6-K in association with the disclosure of significant events, including the filing of this report with Norwegian regulatory authorities. Companies utilizing the foreign private issuer exemptions must confirm their status at the conclusion of their second fiscal quarter. As of June 30, 2022, the Company met the criteria to remain considered a foreign private issuer.

August 10, 2022

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

## CONSOLIDATED INTERIM FINANCIAL INFORMATION (UNAUDITED)

### CONSOLIDATED STATEMENTS OF PROFIT AND LOSS

Amounts in USD 000s	Note	Quarters		YTD	
		Q2 2022	Q2 2021	2022	2021
<b>Operating revenue</b>					
Product revenue	4	1,005	696	1,994	1,319
Service revenue	4	103	1	103	2
Total revenue		1,108	697	2,097	1,321
<b>Operating expenses</b>					
Cost of materials, net of inventory change		1,034	304	1,710	524
Compensation and benefits	5	4,776	4,682	9,754	9,783
Research and development	6	958	881	1,987	1,489
Other operating expenses	7	2,314	1,763	4,252	3,476
Amortization and depreciation	8	334	460	703	914
Total operating expenses		9,416	8,090	18,406	16,186
<b>Loss from operations</b>		<b>(8,308)</b>	<b>(7,393)</b>	<b>(16,309)</b>	<b>(14,865)</b>
Financial income	9	17	165	23	120
Financial cost	9	(953)	(9)	(1,079)	(20)
<b>Loss before tax</b>		<b>(9,244)</b>	<b>(7,236)</b>	<b>(17,365)</b>	<b>(14,765)</b>
<b>Income tax benefit (expense)</b>	<b>10</b>	<b>-</b>	<b>-</b>		
<b>Net loss for the period</b>		<b>(9,244)</b>	<b>(7,236)</b>	<b>(17,365)</b>	<b>(14,765)</b>
<b>Loss per share, basic and diluted</b>	<b>11</b>	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.02)</b>

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Amounts in USD 000s	Quarters		YTD		Full year
	Q2 2022	Q2 2021	2022	2021	2021
<b>Net loss for the period</b>	<b>(9,244)</b>	<b>(7,236)</b>	<b>(17,365)</b>	<b>(14,765)</b>	<b>(32,552)</b>
<b>Foreign currency translation adjustment</b>	<b>397</b>	<b>(60)</b>	<b>694</b>	<b>(151)</b>	<b>10</b>
<b>Total comprehensive income (loss) for the period, net of tax</b>	<b>(8,847)</b>	<b>(7,296)</b>	<b>(16,671)</b>	<b>(14,916)</b>	<b>(32,542)</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Amounts in USD 000s	Note	June 30, 2022	June 30, 2021	December 31, 2021
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill		968	968	968
Intangible assets		1,727	2,204	1,965
<b>Total intangible assets</b>		<b>2,695</b>	<b>3,172</b>	<b>2,933</b>
Property, plant and equipment		1,150	1,524	1,301
Right-of-use assets		115	604	357
Non-current receivables		75	79	87
<b>Total non-current assets</b>	8	<b>4,035</b>	<b>5,379</b>	<b>4,678</b>
<b>Current assets</b>				
Prepaid expenses		1,126	869	851
Inventory	13	2,023	998	1,234
Accounts receivable, trade		1,410	724	801
Accounts receivable, other		617	1,103	703
Cash and cash equivalents		16,325	19,255	33,759
<b>Total current assets</b>		<b>21,501</b>	<b>22,949</b>	<b>37,348</b>
<b>Total assets</b>		<b>25,536</b>	<b>28,328</b>	<b>42,026</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		20,447	18,787	20,410
Share premium		9,783	28,132	9,452
Other paid-in capital		22,788	20,028	21,414
<b>Total paid-in capital</b>	12	<b>53,018</b>	<b>66,947</b>	<b>51,276</b>
Foreign currency translation effects		(11,618)	(12,473)	(12,312)
Accumulated loss		(18,604)	(29,452)	(1,239)
<b>Total equity</b>		<b>22,796</b>	<b>25,022</b>	<b>37,725</b>
<b>Non-current liabilities</b>				
Non-current lease liabilities		-	150	11
<b>Total non-current liabilities</b>		<b>-</b>	<b>150</b>	<b>11</b>
<b>Current liabilities</b>				
Accounts payable		592	995	685
Current lease liabilities		119	486	362
Public duties payable		343	310	393
Other current liabilities		1,686	1,365	2,850
<b>Total current liabilities</b>		<b>2,740</b>	<b>3,156</b>	<b>4,290</b>
<b>Total liabilities</b>		<b>2,740</b>	<b>3,306</b>	<b>4,301</b>
<b>Total equity and liabilities</b>		<b>25,536</b>	<b>28,328</b>	<b>42,026</b>



## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Amounts in USD 000s	Note	Share capital	Share premium	Other paid-in capital	Foreign currency translation effects	Accumulated loss	Total equity
<b>Balance at January 1, 2022</b>		<b>20,410</b>	<b>9,452</b>	<b>21,414</b>	<b>(12,312)</b>	<b>(1,239)</b>	<b>37,725</b>
Mar 9th: Share issue	12	6	15	-	-	-	21
May 31st: Share issue	12	1	15	-	-	-	16
Employee Share Purchase Program	5,7,12	30	301	-	-	-	331
Share-based compensation	5,7,12	-	-	1,374	-	-	1,374
Loss for the period		-	-	-	-	(17,365)	(17,365)
Other comprehensive income		-	-	-	694	-	694
<b>Balance at June 30, 2022</b>		<b>20,447</b>	<b>9,783</b>	<b>22,788</b>	<b>(11,618)</b>	<b>(18,604)</b>	<b>22,796</b>
<b>Balance at January 1, 2021</b>		<b>17,251</b>	<b>3,608</b>	<b>18,664</b>	<b>(12,322)</b>	<b>(14,687)</b>	<b>12,514</b>
Feb 15th: Share issue	12	1,485	24,070	-	-	-	25,555
Mar 10th: Share issue	12	5	20	-	-	-	25
May 12th: Share issue	5,7,12	10	-	-	-	-	10
Employee Share Purchase Program	5,7,12	36	434	-	-	-	470
Share-based compensation	5,7,12	-	-	1,364	-	-	1,364
Loss for the period		-	-	-	-	(14,765)	(14,765)
Other comprehensive income		-	-	-	(151)	-	(151)
<b>Balance at June 30, 2021</b>		<b>18,787</b>	<b>28,132</b>	<b>20,028</b>	<b>(12,473)</b>	<b>(29,452)</b>	<b>25,022</b>
<b>Balance at January 1, 2021</b>		<b>17,251</b>	<b>3,608</b>	<b>18,664</b>	<b>(12,322)</b>	<b>(14,687)</b>	<b>12,514</b>
Feb 15th: Share issue	12	1,485	24,070	-	-	-	25,555
Mar 10th: Share issue	12	5	20	-	-	-	25
May 12th: Share issue	5,7,12	10	-	-	-	-	10
Aug 20th: Share issue	12	6	31	-	-	-	37
Nov 12th: Share issue	12	1,601	27,084	-	-	-	28,685
Employee Share Purchase Program	5,7,12	52	639	-	-	-	691
Share-based compensation	5,7,12	-	-	2,750	-	-	2,750
Loss for the period		-	-	-	-	(32,552)	(32,552)
Allocation of Share Premium		-	(46,000)	-	-	46,000	-
Other comprehensive income		-	-	-	10	-	10
<b>Balance at December 31, 2021</b>		<b>20,410</b>	<b>9,452</b>	<b>21,414</b>	<b>(12,312)</b>	<b>(1,239)</b>	<b>37,725</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Amounts in USD 000s	Note	Quarters		YTD	Full year	
		Q2 2022	Q2 2021	2022	2021	2021
<b>Operating activities</b>						
Loss before tax		(9,244)	(7,236)	(17,365)	(14,765)	(32,462)
Amortization and depreciation expense	8	334	460	703	914	1,802
Share-based compensation expense		594	558	1,374	1,364	2,750
Other non-cash operating expenses		456	59	598	(159)	95
Increase in inventories		(13)	(87)	(789)	(139)	(375)
Increase in accounts receivables		(104)	(186)	(609)	(236)	(314)
(Increase) decrease in accounts payable		(220)	402	(91)	363	53
Change in other working capital items		(806)	(653)	(1,232)	(900)	482
Interest expense	9	(17)	(2)	(23)	(7)	(11)
Change in income taxes		-	-	-	-	447
<b>Net cash flow used in operating activities</b>		<b>(9,020)</b>	<b>(6,685)</b>	<b>(17,434)</b>	<b>(13,565)</b>	<b>(27,533)</b>
<b>Investing activities</b>						
Purchases of property, plant and equipment	8	(51)	(39)	(102)	(109)	(141)
Settlements of non-current receivables		7	-	7	(4)	-
Payments on non-current receivables		(6)	-	-	-	(13)
Interest received	9	17	3	23	7	11
<b>Net cash flow used in investing activities</b>		<b>(33)</b>	<b>(36)</b>	<b>(72)</b>	<b>(106)</b>	<b>(143)</b>
<b>Financing activities</b>						
Net proceeds from issuance of shares		(1)	295	368	26,050	54,992
Payments on lease liabilities	8	(102)	(216)	(236)	(431)	(844)
<b>Net cash flow from financing activities</b>		<b>(103)</b>	<b>79</b>	<b>132</b>	<b>25,619</b>	<b>54,148</b>
<b>Net change in cash and cash equivalents</b>		<b>(9,156)</b>	<b>(6,642)</b>	<b>(17,374)</b>	<b>11,948</b>	<b>26,472</b>
Effect of foreign exchange rate changes		(51)	5	(60)	9	(11)
Opening cash and cash equivalents balance		25,532	25,892	33,759	7,298	7,298
<b>Cash and cash equivalents at period end</b>		<b>16,325</b>	<b>19,255</b>	<b>16,325</b>	<b>19,255</b>	<b>33,759</b>

# NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## 1 The Company and its business

IDEX Biometrics ASA (the Company) specializes in the design, development, and sale of fingerprint identification and authentication solutions based on patented and proprietary sensor technologies, circuit designs, software and algorithms, and enrolment techniques. IDEX Biometrics' largest potential market is the biometric payment card market. The Company is a public limited liability company incorporated and domiciled in Norway. The address of the head office is Dronning Eufemias gate 16 at NO-0191 Oslo, Norway. There is one class of ordinary (i.e., common) shares, and all shares have equal rights. The Company's Ordinary Shares are listed on the Oslo Børs, the stock exchange in Oslo, Norway, under the ticker IDEX. As of March 1, 2021, the Company registered 60,000,000 Ordinary Shares with the U.S. Securities and Exchange Commission, in association with the listing of 800,000 American Depositary Shares (each representing 75 of the Company's Ordinary Shares) on the Nasdaq Capital Market, under the ticker IDBA.

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

## 2 Basis of preparation and accounting policies

These Consolidated interim financial statements for the three and six-month periods ended June 30, 2022, have been prepared in accordance with IAS 34 *Interim Financial Reporting* and have not been subject to audit. These interim financial statements should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in conformity with IFRS as adopted by the European Union. The accounting policies applied herein are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2021. Amounts presented may not sum precisely due to rounding.

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

Pursuant to IAS 1 *Presentation of Financial Statements*, a going concern assumption has been applied in the preparation of these interim financial statements. The current revenue is insufficient to cover the Company's operating expenses and the Company generates a significant loss. The Company expects to establish further revenue generation through increased sales of its products and monetization of intellectual property. The board is considering various options for strengthening the balance sheet and is confident that the Company will obtain further financing for its planned growth and working capital requirements.

These interim financial statements and the accompanying report were approved by the Board of Directors on August 10, 2022.

### 3 Risks

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

The Company's assets primarily consist of cash, working capital, and intangible assets. As of June 30, 2022, the Company had no indebtedness to financial institutions or other third-party lenders. The Company maintains liquidity by investing available funds in readily accessible, floating-interest rate bank accounts. The Company's exposure to currency exchange rate changes is managed by maintaining an appropriate mix of cash deposits in the various currencies it utilizes for its operations. The Company does not engage in any active hedging strategies. The U.S. Dollar is the dominant currency of the Company's receivables and payables.

During the first half of 2022, the Company experienced vendor shipment delays associated with supply chain constraints within the semiconductor industry. Due to mitigating actions taken by the company, the impact to first half revenue was limited to \$166 thousand. Continued supply chain constraints may further affect future inventory planning and timing of customer shipments. Semiconductor component availability may become a more significant risk factor as the Company's backlog and unit volumes expand.

#### **COVID-19 risk:**

The future progression of the COVID-19 pandemic and its effects on the Company's business and operations are unknown and not predictable. There have not been any significant delays in development projects due to COVID-19. However, the pandemic did cause certain, short-term delays in 2021, and 2022, including card certifications and the temporary postponement of customer activities (e.g., the start date of certain biometric card pilots).

The Company continues to monitor the potential impact of COVID-19 on its business and consolidated financial statements. Should governments in the countries in which IDEX Biometrics, its suppliers or customers operate reimpose restrictions on interpersonal contact, workplace access, and travel, IDEX may experience reduced productivity, customers and potential customers may delay orders, or there may be delays in the supply chain.

### 4 Revenue from contracts with customers

The Company records revenue from the sale of biometric fingerprint sensor products and the delivery of technical development and other engineering services to its customers. Product-related revenue is recognized upon shipment, generally on an Incoterms EXW (i.e., ex-works) basis. Revenue is recognized according to the criteria of IFRS 15 Revenue from Contracts with Customers.

The balances of customer accounts receivable as of June 30, 2022, June 30, 2021, and December 31, 2021, were \$1.4 million, \$724 thousand, and \$801 thousand, respectively. There were no contract asset or contract liability balances at either of these dates.

Amounts in USD 1,000	Quarters		YTD		Full year
	Q2 2022	Q2 2021	2022	2021	2021
EMEA	1,004	686	1,948	1,298	2,807
Americas	1	-	5	-	-
Asia-Pacific	-	10	41	21	30
<b>Product revenue</b>	<b>1,005</b>	<b>696</b>	<b>1,994</b>	<b>1,319</b>	<b>2,837</b>
EMEA	3	1	3	2	3
Americas	100	-	100	-	-
Asia-Pacific	-	-	-	-	-
<b>Service revenue</b>	<b>103</b>	<b>1</b>	<b>103</b>	<b>2</b>	<b>3</b>
<b>Total revenue</b>	<b>1,108</b>	<b>697</b>	<b>2,097</b>	<b>1,321</b>	<b>2,840</b>

## 5 Compensation and benefits

Amounts in USD 1,000	Quarters		YTD		Full year
	Q2 2022	Q2 2021	2022	2021	2021
Salary, payroll tax, benefits, other	4,238	4,124	8,712	8,419	18,197
Share-based compensation	538	558	1,042	1,364	2,910
<b>Compensation and benefits</b>	<b>4,776</b>	<b>4,682</b>	<b>9,754</b>	<b>9,783</b>	<b>21,107</b>

Compensation and benefit expenses consist of costs for direct employees of the Company. Individual contractors are classified as Research and development expenses or Other operating expenses, as applicable.

The table below sets forth the number of employees and individual contractors by their function. Certain individuals are contractors because they live in countries in which the Company does not have a business presence.

	June 30, 2022		June 30, 2021		December 31, 2021	
	Employees	Contractors	Employees	Contractors	Employees	Contractors
Research and development	77	7	79	8	77	8
Marketing and sales	7	11	8	7	6	9
General and administrative	6	1	9	1	8	1
Supply chain and distribution	2	-	2	-	2	-
<b>Total staff</b>	<b>92</b>	<b>19</b>	<b>98</b>	<b>16</b>	<b>93</b>	<b>18</b>

IDEX presents operating expenses by nature, in contrast to function. Accordingly, Compensation and benefits expenses includes the compensation and benefit costs for all employees. Cost of materials, net of inventory change does not include the cost of personnel engaged in supply chain and distribution activities. Research and development expenses does not include the cost of personnel assigned to departments engaged in research and development activities, and Other operating expenses does not include the cost of personnel assigned to marketing, sales, general, and administrative activities.

## 6 Research and development expenses

Research costs are expensed when incurred. Development costs are expensed unless they qualify for capitalization. The Company's patents and other intellectual property rights created are capitalized and recorded on the Statement of financial position only if they satisfy the criteria for capitalization. The

Company has not capitalized development costs in any of the periods presented. Development costs related to the creation of intellectual property have been expensed when incurred.

Amounts in USD 1,000	Quarters		YTD	Full Year	
	Q2 2022	Q2 2021	2022	2021	2021
Gross R&D expenses	958	881	1,987	1,489	3,356
Government grants credited to cost	-	-	-	-	(676)
<b>Net R&amp;D expenses</b>	<b>958</b>	<b>881</b>	<b>1,987</b>	<b>1,489</b>	<b>2,680</b>

UK R&D tax relief is recorded as grants and credited to Research and development expenses. Government support is recognized when it is probable the Company will qualify and receive support, and the amount can be measured reliably. Norwegian SkatteFUNN grants are recorded in the fourth quarter each year.

## 7 Related party transactions

The chair of the Board of Directors, Morten Opstad, is a partner in the law firm Advokatfirma Ræder AS (Ræder). Ræder provided legal services to the Company during the first six months of 2022, resulting in charges of \$117 thousand. Mr. Opstad's work on behalf of the Company beyond his Director duties is invoiced by Ræder.

Lawrence J. Ciaccia, a member of the Board of Directors, has served on the Company's Strategy Advisory Council (SAC) since 2014, and is compensated \$15 thousand per year for such service. Mr. Ciaccia also provides to the Company, pursuant to a written agreement, other consulting services, outside of his service on the SAC, for a fixed fee of \$50 thousand per year.

## 8 Non-current assets

Amounts in USD 1,000	Goodwill	Intangible assets	Property, Plant, and Equipment	Right-of-use assets	Non-current receivables	Total non-current assets
<b>Balance at January 1, 2022</b>	<b>968</b>	<b>1,965</b>	<b>1,301</b>	<b>357</b>	<b>87</b>	<b>4,678</b>
Additions	-	-	104	-	-	104
Settlements	-	-	-	-	(7)	(7)
Depreciation and amortization	-	(239)	(239)	(225)	-	(703)
Effects of changes in foreign currency	-	1	(16)	(17)	(5)	(37)
<b>Balance at June 30, 2022</b>	<b>968</b>	<b>1,727</b>	<b>1,150</b>	<b>115</b>	<b>75</b>	<b>4,035</b>
<b>Balance at January 1, 2021</b>	<b>968</b>	<b>2,442</b>	<b>1,667</b>	<b>1,016</b>	<b>75</b>	<b>6,168</b>
Additions	-	-	110	79	1	190
Depreciation and amortization	-	(238)	(254)	(421)	-	(913)
Effects of changes in foreign currency	-	-	1	(70)	3	(66)
<b>Balance at June 30, 2021</b>	<b>968</b>	<b>2,204</b>	<b>1,524</b>	<b>604</b>	<b>79</b>	<b>5,379</b>
<b>Balance at January 1, 2021</b>	<b>968</b>	<b>2,442</b>	<b>1,667</b>	<b>1,016</b>	<b>75</b>	<b>6,168</b>
Additions	-	-	142	158	13	313
Depreciation and amortization	-	(477)	(507)	(818)	-	(1,802)
Effects of changes in foreign currency	-	-	(1)	1	(1)	(1)
<b>Balance at December 31, 2021</b>	<b>968</b>	<b>1,965</b>	<b>1,301</b>	<b>357</b>	<b>87</b>	<b>4,678</b>

Acquired intangible assets and intellectual property rights have been capitalized at the time of acquisition. These assets are depreciated over their respective economic lives. The major items depreciate over 9.5 years and 17.3 years from acquisition, through July 2024 and to the end of 2030, respectively. Goodwill is not

amortized, but is tested for impairment at least annually or more frequently, if circumstances merit. The Company is one cash generating unit for purposes of impairment testing.

## 9 Financial items

Amounts in USD 1,000	Quarters		YTD	Full year	
	Q2 2022	Q2 2021	2022	2021	2021
Interest income	17	2	23	7	11
Currency exchange gain	-	163	-	113	-
<b>Total financial income</b>	<b>17</b>	<b>165</b>	<b>23</b>	<b>120</b>	<b>11</b>
Interest expenses on lease liabilities	1	9	5	20	31
Currency exchange loss	952	-	1,074	-	1,092
<b>Total financial expense</b>	<b>953</b>	<b>9</b>	<b>1,079</b>	<b>20</b>	<b>1,123</b>

## 10 Income tax expense

The Company has significant accumulated tax losses. No deferred tax asset associated with these accumulated tax losses has been recorded on the Statement of financial position, as there is not sufficient evidence that taxable profit will be generated, against which the unused tax losses could be applied. There are no restrictions as to how long tax losses may be carried forward in Norway.

## 11 Loss per share

	First Six Months		Full year	
	2022	2021	2021	2021
Profit (loss) attributable to the shareholders (USD 1,000)	(17,365)	(14,831)	(32,552)	
Weighted average basic number of shares	1,011,851,645	893,994,292	918,847,427	
Weighted average diluted number of shares	1,020,036,606	915,258,202	940,433,535	
<b>Profit (loss) per share, basic and diluted</b>	<b>USD (0.02)</b>	<b>USD (0.02)</b>	<b>USD (0.04)</b>	

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

## 12 Shares and subscription rights

Number of financial instruments	Incentive subscription rights	Shares
<b>Balance at January 1, 2022</b>	<b>71,756,397</b>	<b>1,010,388,454</b>
Mar 3rd: Share issue		394,409
May 20th: Share issue		60,400
Employee Stock Purchase Plan		1,765,791
Granted incentive subscription rights	8,374,700	
Exercised incentive subscription rights	(454,809)	
Expired/forfeited incentive subscription rights	(3,386,933)	
<b>Balance at June 30, 2022</b>	<b>76,289,355</b>	<b>1,012,609,054</b>
<b>Balance at January 1, 2021</b>	<b>56,344,093</b>	<b>832,146,748</b>
Feb 15th: Share issue		83,214,674
Mar 10th: Share issue		298,884
May 12th: Issued shares in lieu of board remuneration		535,583
Employee Stock Purchase Plan		2,032,821
Granted incentive subscription rights	3,934,900	
Exercised incentive subscription rights	(246,734)	
Expired/forfeited incentive subscription rights	(1,141,497)	
<b>Balance at June 30, 2021</b>	<b>58,890,762</b>	<b>918,228,710</b>
<b>Balance at January 1, 2021</b>	<b>56,344,093</b>	<b>832,146,748</b>
Feb 15th: Share issue		83,214,674
Mar 10th: Share issue		298,884
May 12th: Issued shares in lieu of board remuneration		535,583
Aug 20th: Share issue		365,280
Nov 12th: Share issue		90,881,266
Employee Stock Purchase Plan		2,946,019
Granted incentive subscription rights	21,885,200	
Exercised incentive subscription rights	(4,705,015)	
Expired/forfeited incentive subscription rights	(1,767,881)	
<b>Balance at December 31, 2021</b>	<b>71,756,397</b>	<b>1,010,388,454</b>

From time to time, on a discretionary basis, IDEX Biometrics awards subscription rights for the purchase of Ordinary Shares to employees and individual contractors, pursuant to the terms of an annual subscription rights program approved by shareholders at that year's annual general meeting (AGM). Such subscription rights are denominated in Norwegian Krone. Unless specifically resolved otherwise by the Board of Directors, 25% of each grant of subscription rights vests per year, and the grant expires on the fifth anniversary of the AGM at which the program was approved. Unvested subscription rights terminate on the holder's last day of employment or termination of contract. Vested subscription rights may be exercised up to 90 days after such termination date. The weighted average exercise price of outstanding incentive subscription rights on June 30, 2022, was NOK 1.87 per share.

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



Since 2020, IDEX Biometrics has operated an employee stock purchase plan (ESPP), whereby employees may elect to invest a portion of their after-tax compensation in newly issued ordinary shares. Employees make payroll contributions to the ESPP over the course of six-month contribution periods, after which they purchase shares at a 15% discount to the lesser of the share price at the beginning and ending of the offering period. On February 28, 2022, employees acquired 1,765,791 shares at NOK 1.70 per share.

The fair value at grant date of ESPP shares are expensed over the course of the six-month 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.

### 13 Inventory

Amounts in USD 1,000	June 30, 2022			June 30, 2021			December 31, 2021		
	Cost	Reserves	Net	Cost	Reserves	Net	Cost	Reserves	Net
Raw Materials	984	-	984	497	-	497	562	-	562
Work in progress	675	-	675	123	-	123	107	-	107
Finished Goods	445	(81)	364	393	(15)	378	570	(5)	565
<b>Total Inventory</b>	<b>2,104</b>	<b>(81)</b>	<b>2,023</b>	<b>1,013</b>	<b>(15)</b>	<b>998</b>	<b>1,239</b>	<b>(5)</b>	<b>1,234</b>

Inventory, consisting of raw materials (primarily semiconductor components and substrates), work-in-progress, and finished goods (completed fingerprint sensing devices available for sale), is valued at the lower of cost or recoverable value, reflecting reserves based on aging and obsolescence. Period to period variations in reserve balances are caused by differences in the times between the identification of an impairment (i.e., the calculation of a reserve charge) and the physical disposal of the inventory in question. As of June 30, 2022, the Company maintained an inventory reserve of \$81 thousand, reflecting a discontinued product.

### 14 Events after the balance sheet date

The board of directors resolved on August 10, 2022 to issue 8,498,200 incentive subscription rights to 97 new and continuing employees and individual contractors of IDEX Biometrics. The grant was made under the Company's 2022 Subscription rights plan. The exercise price of the subscription rights is NOK 1.18 per share, they vest by 25% per year, and they will expire on May 15, 2027. Following the grants, there are 84,787,755 subscription rights outstanding.

There have been no events between June 30, 2022, and the approval of these interim financial statements by the Board of Directors that have had any material impact on the Company's results for the three and six months ended June 30, 2022, or the value of the Company's assets and liabilities as of June 30, 2022.

## RESPONSIBILITY STATEMENT

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The Board of Directors and the Chief Executive Officer have today reviewed and approved the IDEX Biometrics ASA consolidated unaudited interim financial statements as of June 30, 2022.

To the best of our knowledge, we confirm the following:

- The interim condensed consolidated financial statements with notes for the first half of 2022 have been prepared in accordance with IAS 34 *Interim Financial Reporting* and additional disclosure requirements as stated in the Norwegian Securities Trading Act section 5-6.
- The interim condensed consolidated financial statements for the first half calendar year of 2022 give a true and fair view of the Company's assets, liabilities, financial position, and results for the period viewed in their entirety.
- The report from the Board of Directors issued in concert with these condensed financial statements gives a true and fair view of the development, performance, and financial position of the Company, and a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements.
- A description of the principal risks and uncertainties for the remaining six months of the financial year have been disclosed in note 3 to the financial statements.
- Major related party transactions have been disclosed in note 7 to the financial statements.
- The report from the Board of Directors has been prepared in accordance with the Norwegian accounting act and generally accepted accounting practice in Norway.

August 10, 2022

### The Board of Directors of IDEX Biometrics ASA

/s/ Morten Opstad  
Chair

/s/ Lawrence John Ciaccia  
Deputy chair

/s/ Deborah Davis  
Board member

/s/ Hanne Høvding  
Board member

/s/ Annika Olsson  
Board member

/s/ Thomas M. Quindlen  
Board member

/s/ Stephen A. Skaggs  
Board member

/s/ Vincent Graziani  
Chief Executive Officer