



IDEX ASA ANNUAL REPORT 2014

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Report from the board of directors 2014

IDEX ASA is a Norwegian public company specialising in fingerprint imaging and recognition technology. IDEX's vision is to ensure individuals a safe, secure, and user-friendly use of personal ID. The company has developed the SmartFinger technology platform, including the patented fingerprint imaging principle, sensing scheme and chip design. The parent company is located at Fornebu in Bærum municipality, Norway. IDEX has a subsidiary group in USA conducting technical development and sales and marketing services for the parent company. The IDEX shares are listed at Oslo Axess. The company has about 1,900 shareholders at the time of this report. On 27 March 2015, IDEX applied for its shares to be transferred from listing at Oslo Axess to Oslo Børs.

IDEX has made significant investments in research and product development in biometry and related technology, particularly in polymer-based sensor technology and embedded software solutions for fingerprint verification suitable for mobile phones or other electronic devices, financial tokens or cards and other ID devices. SmartFinger enables on-device enrollment, template storage and verification within the very same module, which can be embedded in any electronic device or an ID card.

IDEX aims to earn revenue from sale of fingerprint sensor units and software as well as licensing of its intellectual property rights. IDEX will have the sensors manufactured in a contracted supply chain and sell fingerprint sensor units directly to original equipment manufacturers (OEMs) in selected segments. The licensing scheme is aimed at volume manufacturers, to develop and manufacture the fingerprint technology leveraging their vertical capabilities.

The markets targeted by IDEX are characterised by massive volumes, and includes the three markets mobile, smart cards and ID cards, and the Internet of Things. IDEX expects there will be mass volumes in all three markets, where IDEX can leverage its low-cost, high-performance sensor solutions across markets.

In January 2015 the reputed analyst company IHS (www.ihs.com) ranked the top 10 technologies transforming the world, and biometrics and sensors were two of those listed. This confirms IDEX's experience that the market opportunity for fingerprint sensors is opening across all three target mass markets.

The mobile market is already adopting the fingerprint sensors on large scale. The turning point was Apple's introduction of a fingerprint sensor in the iPhone 5S in late 2013. Analysts estimate that more than 300 million mobile handsets had integrated fingerprint sensors in 2014, most of which were Apple and Samsung phones. Currently, there is a drive by mobile OEMs to introduce sensors in their handsets, accelerated by the introduction of mobile payment systems such as Apple Pay.

Strengthened and matured product roadmap

IDEX holds early patents and several unique intellectual property and technology blocks for low-cost capacitive fingerprint sensors and has a unique cross-licence with Apple relating to this technology. IDEX has a strong and compelling product roadmap, and in 2014 the company spent considerable resources to develop products tailored to market demand. At the end of 2014 IDEX had a stronger and more mature product roadmap than ever before. IDEX is therefore positioned to secure a significant share of these rapidly developing mass markets.

The most important product development in 2014 was the Eagle touch sensor. This is a ground-breaking off-chip touch sensor where the ASIC (Application Specific Integrated Circuit) has been co-developed with IDEX's partner Cypress Semiconductor Corporation. The unique off-chip architecture has been designed specifically for a small-area touch sensor. IDEX therefore expects that the sensor will have an industry-best performance in combination with a very competitive cost position. The development was completed extremely rapidly applying fast-track methods, and IDEX together with Cypress introduced the sensor to the market at Mobile World Congress 2015 in Barcelona. The company expects to sample the sensor to mobile OEMs during first half of 2015, and it can generate revenues during second half of 2015. In addition to being a product ready for insertion in devices during 2015, the Eagle touch sensor also represents a sensor platform that can be utilised in a range of other application areas in mobile, cards and Internet of Things.

In response to the market demand shifting from swipe to touch sensors, IDEX co-developed the Cardinal sensor in partnership with CrucialTec. Cardinal is a conventional silicon touch sensor. The first version was sampled to mobile OEMs before the summer of 2014, and IDEX achieved a design win from an Asian second-tier OEM as one of two suppliers. However, the design win unit was deferred. Several fingerprint sensor suppliers experienced such delays because demand from mobile OEMs shifted to sensors whose performance would match Apple's TouchID product. IDEX and CrucialTec continue to refine the Cardinal sensor, and believe the sensor is suitable for mobile integration.

In 2014 IDEX also finalised development of the Ciris swipe sensor. This is an off-chip swipe sensor with a very compelling cost point, and the company entered into an agreement with FocalTech for distribution to Asian mobile OEMs. Although there has been a shift in demand from swipe to touch sensors for the flagship and high-end models, IDEX believes there will be a significant market also for for swipe sensors for use in low-end and economy mobile telephones.

The third major product development in 2014 is the swipe in-glass sensor solution. This product is unique. IDEX's IP and patents enables sensing in the glass as different from through the glass. IDEX's technology is the only solution where the sensor is integrated in the glass itself. At the Mobile World Congress 2015 in Barcelona, IDEX showed the new in-glass demonstrator where the sensor sensed using 550 and 700 micron cover glasses, the actual thickness of mobile cover glasses. This represents a major breakthrough for application in mobile devices. Other solutions are dependent on sensing through the glass. The glass represents a physical

barrier distorting the signal and significantly decreases the performance of a fingerprint sensor. Other solutions therefore must reduce the thickness of the cover glass. Glass thinner than 400 microns does not have the structural integrity required in a mobile device. IDEX is extending its mass-production capabilities to in-glass touch sensors.

Continued development of patent and world class matching algorithm acquired

IDEX believes the company has the strongest patent portfolio in the industry next to Apple's portfolio following the AuthenTec acquisition in 2013. IDEX continued to strengthen this portfolio in 2014 by adding 3 new patent families, 7 new patents and 10 new patents pending.

The new patents were added in key areas, most notably in small-area algorithms through the acquisition of several patents and an algorithm at year-end. Following the market shift towards small-area sensors in parallel with increased security requirements due to introduction of mobile payment, the fingerprint sensor industry has had to change from minutia-based matching algorithms to pattern-based matching algorithms. Given the significantly reduced size of the captured image in the small touch sensors there is not sufficient information to do a minutia-based matching, and the sensors must use more information of the pattern in the fingerprint. IDEX's new algorithm delivers superior performance and gives IDEX a complete best-in-class solution to offer to its customers. This is important, as algorithms are increasingly becoming a major point of differentiation.

IDEX has also successfully integrated the IP from the Picofield acquisition in 2013 into the product roadmap. The development of the Eagle sensor is an integration of existing IDEX IP and knowhow and the IP and knowhow acquired from Picofield. The combination is the ground-breaking off-chip sensor with superior performance and very low cost points.

Several first-tier partnerships

IDEX has a partner-intensive business model to keep fixed costs down, ensure the flexibility required to operate in a dynamic industry and be able to get the best quality in the entire value chain. During 2014 IDEX has taken a quantum leap to ensure that the company has the world-class supply chain required and has announced a series of strategic partnerships. IDEX took the step from working with second- and third-tier partners, who were unable to achieve the necessary price points for mass markets, to the first-tier league in terms of partnerships.

IDEX disclosed in 2014 its partnership with CrucialTec Corp., a global leader in mobile input solutions, part of the Crucial Family with headquarters and public listing in South Korea. CrucialTec has a proven mobile track record in mass manufacturing, industrial knowhow and cost-efficient supply to multiple end customers. The partnership includes the joint development of the conventional silicon touch sensor Cardinal as a response to the market shift to touch sensors.

IDEX announced a partnership with Cypress, a world leader in interface touch controllers that has shipped more than a billion capacitive touch controllers globally. Cypress licenses IDEX IP to manufacture the ASIC for the new off-chip Eagle sensor. Cypress provides significant development resources and was able to accelerate and de-risk the development process, in addition to having established relationships with mobile OEMs.

The serviceable market for smartphones in China is forecast to grow to 700 million units in 2015, and to penetrate this market IDEX signed a cooperation and supply agreement for IDEX swipe sensors with FocalTech in September 2014. FocalTech is listed in Taipei, Taiwan, and is the largest touch controller IC provider in Asia, with a dominant market share of 50 per cent in Chinese-manufactured smartphones.

IDEX entered into an agreement with Amkor in November 2014. Amkor is a first-tier supply chain partner for mass production of the company's fingerprint sensors, and IDEX can leverage Amkor's existing customer relationships.

As the first fingerprint sensor provider, IDEX was added to Flextronics Open Innovation Platform. Flextronics is supply chain solutions company that delivers design, engineering, manufacturing and logistics services to a range of industries. Flextronics annual revenue is in the range of USD 27 billion, and the company has significant reach to potential customers. The partnership with IDEX covers both touch and swipe sensors.

IDEX also announced several partnerships that resulted in sensor insertions in products and small-volume sensor shipments. These include insertion of an IDEX swipe sensor into the world's first mass-manufacturable ISO card developed by partner CardTech. This was demonstrated for the first time at the trade fair Cartes in Paris in November 2014. IDEX also shipped both touch and swipe sensors to World Wide Touch Technologies (WWTT) for insertion into its FingerQ mobile accessory product line. These products were showcased during the Consumer Electronics Show in Las Vegas in early 2015.

Strong group of industry experts and managers with strong track record attracted to the company

In 2014, months IDEX has significantly grown the organisation in size, experience and capability. IDEX successfully established a Strategy Advisory Council with former CEO of AuthenTec, Larry Ciaccia, and former chairman of FIDO Alliance, CISO of PayPal and VP of Security of American Express, Michael Barret. The management team has also been strengthened with additions of several long-time industry experts with proven track records, including Larry Hattery; former Vice President of Software at Validity, Art Stewart; former Vice President at Synaptics and AuthenTec, and Lunji Qiu; former General Manager and Vice President of Next Biometrics China and AuthenTec China. IDEX hired Henrik Knudtzon, former McKinsey consultant and Director at private equity firm Herkules Capital, as CFO starting in August 2014.

The total staff of IDEX, including ongoing individual contractors, grew from 28 in December 2013 to 51 at year-end 2014. IDEX believes its ability to attract the top talent in the fingerprint sensor industry is a strong validation of the company's leading position and significant potential, and the addition of such experienced people will ensure that IDEX will commercialise its products sooner.

Funding

In January 2014 funds managed by Invesco Asset Management Limited, a leading global investor, agreed to invest NOK 300.0 million in IDEX, at a price of NOK 5.00 per share. The investment amounted to a holding of 14.8 per cent of IDEX's shares at the time. The Invesco funds also received 30 million warrants in IDEX, exercisable after one year at NOK 7.50 per share. The transaction was resolved by an extraordinary general meeting on 29 January 2014 and completed primo February 2014. Cenkos Securities acted as facilitator of the transaction and took its commission in shares and the company saved NOK 12 million cash outflow.

Exercises of incentive subscription rights have contributed NOK 6.6 million new equity in 2014.

The board of directors

Board member Jon Ola Frankplads stood for election at the annual general meeting 2014. Mr. Frankplads had served on the board since 2010 and had declined re-election. Andrew James (Andy) MacLeod was elected for a period of two years. Morten Opstad (chairman), Frode Haugli, Hanne Høvding and Toril Nag continued for the second year of their tenures and will stand for election in 2015.

Profit and loss statements

The comments regarding the consolidated profit and loss statements, largely applies also to the parent company itself. IDEX America provides development services as well as sales and marketing services to IDEX ASA, and does not trade with external customers. The services are expensed by the parent company as development expense and other expenses.

Revenue: IDEX earned revenue amounting to NOK 1.5 million in 2014. The major part of this revenue originated from sensor sales. The revenue in 2013, NOK 2.5 million, related to government support of research and development (R&D) activities. Such revenue has been recognised corresponding to the expenses that the grants compensate. All external revenue is earned by the parent company.

Cost of goods sold: With only small volumes delivered in 2014, the gross margin is not representative of IDEX's planned business.

Payroll expenses: The payroll expenses have increased due to IDEX's expanded operations. There were 42 employees at the end of 2014, up from 23 at the end of 2013. The payroll cost includes the notional cost of subscription rights including accrued social security cost of same, as well as social security tax on exercised incentive subscription rights. These items amounted to NOK 20.6 million in 2013, more than half of the payroll expenses in that year. In 2014, the cost of share-based remuneration amounted to NOK 10.2 million. The underlying payroll expenses increased from NOK 17.4 million in 2013 to NOK 46.0 million in 2014. In 2014, IDEX capitalised development work for the first time, in an amount of NOK 0.4 million. The increased payroll cost in IDEX ASA from 2013 to 2014 reflects the addition of many employees at the end of 2013 and early 2014, as well as the effects of share-based remuneration, which cost is carried by the parent company.

Research and development expenses: Gross research and development (R&D) expenses were nearly tripled to NOK 53.3 million from NOK 18.6 million in 2013. The increase in activity level relates to product development of the Eagle sensor, industrialisation and ASIC improvements of other sensor products, and activities related to core technology and new sensor materials. NOK 0.3 million development expenses have been capitalised in 2014, for the first time. Contribution from the SkatteFunn R&D grant scheme managed by the Research Council of Norway have been credited to R&D expenses. The contribution amounted to NOK 1.6 million, up from NOK 1.2 million in 2013. Net reported R&D expenses were NOK 51.3 million in 2014 compared to NOK 17.3 million in 2013.

Payroll cost of R&D conducted by IDEX employees are not included in the R&D line, but in the payroll expenses line. Such expenses amounted to about NOK 41.9 million in 2014 versus NOK 26.6 million the year before.

The parent company purchases development services from IDEX America, and thus reports a higher cost than the consolidated group. IDEX America's share of the activity was small in 2013 and increased substantially during the first half of 2014.

Other operating expenses: Other operating expenses at NOK 19.2 million in 2014 increased from 2013 at NOK 11.1 million. The main reason for the increase was expanded sales and marketing activities. Most of the sales and marketing activities as well as general and admin activities are performed by the parent company.

Depreciation amounted to NOK 2.3 million in 2013, up from NOK 0.9 million in 2013. A major reason for the increase is IDEX ASA's acquisition of assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013 in an amount of NOK 23.6 million, of which NOK 15.3 million are depreciable assets. Investments in 2014 amounted to NOK 33.0 million, of which IDEX ASA acquired IP in an amount of NOK 28.3 million in December 2014. IDEX ASA holds all IP and intangible assets in the group.

Net financial items: Net financial items amounted to a net income amounting to NOK 5.8 million in 2014 compared to a loss of NOK 0.1 million in 2013. The interest income was substantial because of the equity injection of more than NOK 300 million in the first quarter of 2014. Strong increase in foreign currency rates in 2014 have caused gains and losses in about equal amounts, mainly

related to USD. In 2013 the modest interest income was exceeded by the net loss on currency. There were no financial items in the subsidiaries in 2014.

Taxes: The group operated at a loss in 2014. However, IDEX America made a profit on its services to the parent company and incurred an income tax amounting to NOK 563 thousand. IDEX ASA did not incur deferred or payable income taxes in 2014 or 2013.

Net result for the year: Net loss for the year was NOK 123.1 million, compared to NOK 65.0 million in 2013. The increased loss was mainly caused by cost increase in payroll and R&D. The cost base was expanded in the second half of 2013 and throughout 2014. Funding for the expansion was obtained in 2013 and in the first quarter of 2014. The group's loss is net of the profit in IDEX America, which amounted to NOK 3.2 million.

Statements of financial position

The comments regarding the consolidated statements of financial position, largely applies also to the parent company itself. IDEX America is funded by IDEX ASA.

Long-term assets have more than doubled, from NOK 24.8 million at the preceding year-end to NOK 57.8 million at the end of 2014, mainly due to the acquisition of intellectual property (IP) and patents from Roger Bauchspies on 30 December 2014. All of the group's IP and patents are held by the parent company. NOK 0.8 million development expenses were capitalised in 2014. During 2014, IDEX America installed a laboratory and acquired various instruments and technical development computers and software in an amount of NOK 4.1 million.

Inventory consist of specific embedded software for resale with sensors. Inventory is held by the parent company only.

Total cash and bank deposits amounted to NOK 228.0 million at the end of 2014, compared to NOK 46.5 million at the preceding year-end. The operations, including the effects of share-based remuneration and working capital changes, consumed cash in an amount of NOK 105.1 million in 2014 and NOK 36.6 million in 2013, largely reflecting the increase in net loss. Investments amounted to NOK 28.8 million in 2014 and NOK 24.4 million in 2013. The major part of the investments, NOK 28.3 million in 2014 and NOK 23.6 million in 2013, were acquisitions of intellectual property and patents.

New funds were obtained by share issues amounting to net cash inflow of NOK 305.3 million in 2014 and NOK 87.6 million in 2013. Cash is held and managed by the parent company and the subsidiaries hold cash for their working capital needs only.

Equity: Equity amounted to NOK 49.9 million at the start of 2014. In January 2014, NOK 300.0 million was added in a private placement to funds managed by Invesco. Exercises of incentive subscription rights added NOK 6.6 million new equity in 2014. The substantial annual losses have debited IDEX's equity, which amounted to NOK 243.4 million, of which NOK 242.1 million in the parent company, at the end of 2014.

Liabilities: IDEX does not have financial debt. The long-term liability at the end of 2014, amounting to NOK 10.1 million, is related to the acquisition of IP from Roger Bauchspies on 30 December 2014, which acquisition is payable over several years. Other liabilities are payables to suppliers and various cost accruals, in a total amount of NOK 45.9 million at the end of 2014, up from NOK 26.1 million at the end of 2013. The accrual for payroll tax on subscription rights varies with the fair value of the outstanding subscription rights. Accruals at year-end 2014 reflected certain purchase and service agreements entered into in December 2014, which were payable in the first quarter 2015.

Liquidity and capital resources: The net current assets less current liabilities at the end of 2014 amounted to NOK 195.6 million (2013: NOK 25.1 million). IDEX does not have financial debt. IDEX has adequate liquidity and equity under current planning assumptions.

Events after 31 December 2014

On 2 January 2015, IDEX announced the acquisition of a pivotal algorithm and patents for touch fingerprint sensors. The purchase price was USD 2 million in cash, and a minimum royalty payment of a further USD 2.5 million over a maximum period of five years. In addition the board issued 500,000 contractually restricted shares to the seller at par value

On 5 January 2015 IDEX announced that it has entered into a partnership with Trustonic, the leading provider of Trusted Execution Environments (TEEs) for smart devices.

At the Consumer Electronic Show in Las Vegas 6-9 January 2015, IDEX demonstrated its range of fingerprint sensors, as well as new products with IDEX sensors showcased by WWTT.

During the Mobile World Congress at Barcelona 2-5 March 2015, IDEX showcased its unique in-glass fingerprint sensor for mobile display integration, and Cypress debuted the ground-braking off-chip touch sensor together with IDEX

The board resolved on 24 February 2015 to grant 1,015,000 incentive subscription rights under the company's 2014 incentive subscription rights plan to employees of the company.

Since 31 December 2014, the board has issued a combined total of 3,131,362 shares to employees who exercised incentive subscription rights which were granted in prior years.

On 26 March 2015, IDEX announced that funds managed by Woodford Investment Management LLP, had agreed to acquire 52,500,000 new shares in IDEX at NOK 5.65 per share. The funds will also receive 26,250,000 warrants at an exercise price of NOK 8.50 per share. The placement and issue of warrants are subject to resolution by the general meeting. The warrants are exercisable between 12 and 24 months after the date of resolution by the general meeting. The board has called an extraordinary general meeting on 29 April 2015 for the purpose of resolving the placement and issue of warrants.

On 27 March 2015 IDEX filed an application for its shares to be listed at Oslo Børs's main list.

Between 31 December 2014 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2014 or the value of the group's assets and liabilities at 31 December 2014.

Going concern

The going concern assumption has been applied for the group as well as the parent company when preparing these financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period longer than 12 months from the date of these financial statements. The group does not have financial debt. The board thus confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2014.

Allocation of net profit (loss) for the year

The net loss for 2014 of the parent company IDEX ASA was NOK 125,724,930.-. The board proposes that the loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2014.

Financial market risk

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk.

Business risk may be summarised in five points: (i) IDEX has to date had minimal revenue compared to costs. IDEX has reported accumulating financial losses and expects future losses. (ii) IDEX's business plan assumes revenue from products which IDEX has not yet traded commercially in large volumes. (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products have entered the commercial stage. (v) IDEX's intended market is immature and undergoing rapid technological changes.

IDEX does not have any significant trade receivables or other receivables with any credit risk. The inventory is current, but not returnable. IDEX does not hold any other financial instruments in the balance sheet or any such instruments outside the balance sheet.

Share capital and shareholders

The issued and fully paid share capital of the company at the end of 2014 amounted to NOK 62,023,329.30, consisting of 413,488,862 ordinary shares, each share having a par value of NOK 0.15. At the end of 2014 there were a total of 2,027 registered shareholder accounts, compared to 1,697 one year earlier.

The closing share price on the last day of trading in 2014 was NOK 2.77, compared to NOK 6.14 at the last trading day of 2013. Highest and lowest share prices in 2014 were 7.98 and 2.32 respectively. There were 56,438 trades in the share, with a total turnover amounting to NOK 812,6 million, up from 32,312 trades and total turnover amounting to NOK 808,3 million in 2013.

Funds managed by Invesco Asset Management Limited acquired 60,000,000 new shares in IDEX at a subscription price of NOK 5.00 per share in January 2014. The pricing of the shares was based on the weighted average price on the 10 trading days to 20 December 2013, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 January 2014. In connection with the placement, the funds managed by Invesco also received 30,000,000 warrants, each at an exercise price of NOK 7.50. The warrants are open to be exercised 12 months after the date of their issue and will expire 24 months after issue.

Cenkos Securities plc. earned 4.0 per cent commission, NOK 12.0 million, on the private placement to funds managed by Invesco. Cenkos requested to receive the commission in the form of shares in IDEX. The shares to Cenkos were issued on 20 March 2014 at the same subscription price as the shares issued to the Invesco funds. 800,000 shares are restricted for six months and 800,000 shares are restricted for 12 months.

Following the annual general meeting on 7 May 2014, board members Hanne Høvding and Frode Haugli elected to receive the board remuneration 2013-2014 fully or partly in shares. Ms. Høvding acquired 43,781 shares and Mr. Haugli acquired 20,116 shares for which they paid the par value in lieu of a cash board remuneration of NOK 185,000 and NOK 85,000 respectively.

The board was authorised by the annual general meeting 2014 to issue up to 41,238,372 shares or 10 per cent of the registered share capital when the resolution was made. The authorisation is valid until the annual general meeting 2015. The authorisation

was used on 30 December 2014 when the company issued 500,000 shares to Roger Bauchspies at par value, as part of the transaction when IDEX acquired IP from Mr. Bauchspies. The shares to Mr Bauchspies are restricted shares on agreed terms. The capital was fully paid in and registered in January 2015.

Various employees exercised vested incentive subscription rights during the year, in a combined total of 5,187,233 shares at average price NOK 1.13 per share.

Under the 2014 subscription rights based incentive programme resolved by the annual general meeting 2014, the board may grant up to 41,238,371 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. In 2014, the board granted 6,450,000 subscription rights, of which 3,210,000 were granted under the 2013 programme that was closed at the annual general meeting 2014. At the end of 2014, there were a total of 26,460,362 subscription rights outstanding under various programmes. Weighted average exercise price was NOK 2.88 per share.

There are no authorisations to the board to purchase own shares.

Organisation; health, safety and environment

At the end of the year IDEX had 42 employees (2013: 23). In addition, IDEX has individual technical/scientific specialists on contract working at its premises. The number of employees increased in 2014 after strong growth also in 2013. All employees but seven are male. In addition to its employees and individual contractors on site, IDEX makes use of various service providers in its development projects, sales and specialist functions like patenting.

The board and the 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, and those who so wish have been equipped with a portable PC and a mobile phone, which enable them to work equally efficiently from other places than the company's facilities. The board has not found reason to implement special measures. 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 0.6 per cent in 2014, and in the parent company the sick leave was 1.0 per cent in 2014 (2013: less than 0.8 per cent). The board has not taken any special measures in these respects.

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: solid state physics, software development and design of electronic components. Because of the highly specialized positions, the candidates available for recruiting have often solely been males. The management structure reflects the composition of the technical staff. The board has not taken any special measures in these respects.

IDEX's activities do not pollute the environment. No hazardous materials are used in the facilities.

Social responsibility

The board resolved ethical guidelines for IDEX in 2009, which guidelines were updated in 2014. The guidelines, which are available at the company's web site, apply to all employed and contracted staff members as well as the elected board members. The ethical guidelines incorporate IDEX's guidelines on social responsibility.

The purpose of IDEX's business is to create value for the shareholders while the business shall also be to the benefit for the customers, employed and contracted staff, suppliers, other business relations and the society at large. 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.

IDEX makes every reasonable effort to secure a healthy, safe and lawful work environment and to comply with all applicable laws, rules and regulations concerning occupational health, safety and environmental protection. IDEX promotes equality and non-discrimination, fairness and ethical behaviour. IDEX offers a pleasant, well equipped and risk-free work environment, maintains fair and balanced employment practices and complies with all applicable labour laws. IDEX encourages and also expects similar commitment from its suppliers, partners and customers.

IDEX fulfills its role as a social responsible member of society by the business it operates and how that business is conducted. If and when publicity, attention and other benefits are evident and expedient for the business, IDEX may be a sponsor. IDEX refrains from charitable donations because such donations are not within the authority from the shareholders to the board and the management. In case IDEX staff or shareholders should want to make such donations it is more effective that they do so directly than via IDEX. Gifts from IDEX may also establish or be considered to represent inappropriate ties.

The board believes that in the present organisation – the IDEX group presently has about 50 staff – the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. IDEX does not operate in or deal with high-risk industries or countries in terms of human rights, employment conditions, environment or corruption. All customers, partners and suppliers to IDEX are well-reputed companies. IDEX takes for its basis that the companies it deals with are operating in compliance with the applicable regulatory framework and paying due respect to the norms of the various stakeholders in their businesses. None of the processes in use by the suppliers are known to be of particular hazard to staff or the environment. The board has not taken any special measures in these respects. If and when the situation or the size of IDEX's operation so warrants, the company will implement appropriate programmes to ensure the integrity of its business.

Corporate governance

The board considers that the increasing attention to corporate governance is beneficial for companies and investors. IDEX seeks to comply with the Norwegian code of practice for corporate governance to the degree possible taking into account the size and maturity of the business. The board's review of corporate governance has been included in the annual report.

Statement on management remuneration

The annual general meetings in 2014 and prior years have considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2014 have been included in a note to the financial statements and will also be presented to the annual general meeting in a separate document. The managing director of the parent company is also CEO for the group, and performs this duty as a part of his employment in the parent company for no additional remuneration.

Outlook

IDEX's strategy is to leverage its core technology across three mass markets: mobile devices, ID & smart cards and devices being part of the Internet of Things. In January 2015 the reputed analyst company IHS (www.ihs.com) ranked the top 10 technologies transforming the world, and biometrics and sensors were two of those listed. This confirms IDEX's experience that the market opportunity for fingerprint sensors is opening across all three target mass markets.

IDEX has very strong IP and technology, positioning the company to take a significant share of this market with its product roadmap, including both swipe and touch sensors. The acquisition of a world-leading software algorithm and key patents for small area fingerprint touch sensors provides IDEX with a key competitive advantage. As touch sensors continue to get smaller, more advanced algorithms become critical in order to deliver reliable fingerprint matching performance.

To successfully bring the technology to market, IDEX has entered into a range of partnerships with first-tier companies across the value chain. These partnerships validate the market's belief in IDEX technology, and enables IDEX to ensure a robust and mass-scalable delivery model. Moreover, these partners have deep customer relationships with OEMs, providing a channel to market and broad distribution of IDEX products. IDEX expects to continue building first-tier partnerships across the value chain to address opportunities in all three mass markets.

IDEX is currently sampling its off-chip swipe sensor Ciris, and the conventional silicon touch sensor Cardinal, both of which have been shipped to customers in small volumes. IDEX is on target for sampling its new off-chip touch sensor, Eagle, in the first half of 2015. This sensor is expected to have very strong biometric performance and ground-breaking cost advantage due to the innovative off-chip architecture. Strong partnerships enables delivery of this new family of sensors to first-tier handset manufacturers. IDEX is targeting deployment from this in mass production later in the second half of 2015. The next step in IDEX's product roadmap is to implement sensors in glass. The company believes that this revolutionary sensor implementation is unique to IDEX and will provide the ultimate solution for integration of fingerprint recognition in mobile devices. Sampling of sensors implemented in glass is expected in 2015, subject to project progress.

The partnership with Card Tech has also resulted in traction in the card market. Card Tech introduced an industry-first ISO compliant biometric card, and the market response has been very positive. IDEX expects that the interest will lead to sensors deployed in card pilot programmes during the second half of 2015 for volume in 2016.


IDEX will continue to strengthen the team with high-calibre individuals in order to support global commercialisation and expected rapid growth. IDEX is solidly funded to exploit the multibillion-dollar market opportunity in the near future, leveraging our differentiated road map underpinned by a strong patent position that is now building customer traction.

The board of directors of IDEX expects 2015 to show continued rapid growth and adoption for biometric authentication, with IDEX establishing a foothold as one of very few serious contenders. IDEX now has a robust financial base for pursuing the commercial opportunities ahead.

Fornebu, 16 April 2015
The board of directors of IDEX ASA



Morten Opstad
Chairman



Andrew James MacLeod
Board member



Frode Haugli
board member



Toril Nag
board member



Hanne Hovding
board member



Hemant Mardia
CEO

Annual financial statements 2014 with notes

Statements of comprehensive income

1 January-31 December		IDEX group		IDEX ASA	
Amounts in NOK 1,000	Note	2014	2013	2014	2013
Operating revenue					
Sales and services revenue		1 423	7	1 423	7
Other income	5	91	2 519	91	2 519
Total revenue		1 514	2 526	1 514	2 526
Cost of goods sold		852	0	852	0
Gross margin		662	2 526	662	2 526
Operating expenses					
Payroll expenses	3	56 194	38 029	42 952	36 970
Research and development expenses	4, 5	51 298	17 340	67 477	17 750
Other operating expenses	6, 7	19 234	11 146	20 135	11 936
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)		(126 063)	(63 989)	(129 902)	(64 130)
Depreciation expenses	10, 11	2 307	929	1 650	788
Profit (loss) before interest and tax (EBIT)		(128 371)	(64 918)	(131 552)	(64 918)
Financial income and expenses					
Interest income		5 667	391	5 667	391
Agio		2 096	47	2 096	47
Interest expenses		(4)	(6)	(4)	(6)
Disagio		(1 932)	(519)	(1 932)	(519)
Net financial items		5 827	(87)	5 827	(87)
Net result before tax (EBT)		(122 544)	(65 005)	(125 725)	(65 005)
Taxes	8	563	0	0	0
Net loss for the year		(123 107)	(65 005)	(125 725)	(65 005)
Profit (loss) per share, basic and diluted	9	(0.30)	(0.20)		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Exchange differences on foreign operations		(1 407)	0	0	0
Total comprehensive income (loss) for the year (net of tax) attributable to equity holders of IDEX ASA		(124 514)	(65 005)	(125 725)	(65 005)

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group 2014	2013	IDEX ASA 2014	2013
Long-term assets					
Goodwill		8 260	8 260	8 260	8 260
Intangible assets		42 805	14 937	42 805	14 937
Total intangible assets	10	51 065	23 197	51 065	23 197
Fixed assets	11	5 588	1 178	1 234	613
Total fixed assets		5 588	1 178	1 234	613
Shares in subsidiaries	1, 12			60	0
Long-term receivables	14, 17	1 143	446	1 143	446
Total financial assets		1 143	446	1 203	446
Total long-term assets		57 796	24 821	53 502	24 256
Current assets					
Inventory	18	7 944	0	7 944	0
Customer receivables		1 070	0	1 070	0
Receivables from group companies				11 528	2 655
Other short-term receivables		2 498	3 445	2 481	3 445
Prepaid expenses		2 044	1 303	2 044	1 212
Total receivables	17	5 612	4 748	17 123	7 312
Cash and bank deposits	13	227 961	46 475	222 690	45 357
Total current assets		241 518	51 223	247 757	52 669
Total assets		299 313	76 044	301 259	76 925
Equity and liabilities					
Equity					
Share capital	15, 16	61 948	51 706	61 948	51 706
Share premium		463 766	168 631	463 766	168 631
Other paid-in capital		32 787	20 183	32 787	20 183
Total paid-in capital		558 501	240 520	558 501	240 520
Other equity		(315 150)	(190 636)	(316 361)	(190 636)
Total equity		243 351	49 884	242 140	49 884
Long-term liabilities					
Other long-term liabilities	17	10 079	0	10 079	0
Total long-term liabilities		10 079	0	10 079	0
Short-term liabilities					
Accounts payable		8 997	4 245	6 692	2 595
Payables to group companies				7 197	2 531
Public duties payable		2 207	2 123	2 207	2 123
Accrued payable income tax	8	652	0	0	0
Notional employer's tax on share-based remuneration	3, 15	2 231	9 711	2 231	9 711
Other short-term liabilities		31 796	10 081	30 713	10 081
Total short-term liabilities	17	45 883	26 160	49 040	27 041
Total liabilities		55 962	26 160	59 119	27 041
Total equity and liabilities		299 313	76 044	301 259	76 925

Fornebu, 16 April 2015
The board of directors of IDEX ASA


Morten Opstad
Chairman


Andrew James MacLeod
Board member


Frode Haugli
board member


Toril Nag
board member


Hanne Hovding
board member


Hemant Mardia
CEO

Statements of changes in equity
IDEX group

Amounts in NOK 1 000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Private placement on 29 Jan.	9 000	278 272			287 272
Private placement on 20 March	360	11 547			11 907
Share issue on 7 May (board remuneration)	9		190		199
Exercises of subscription rights 24 Feb. and 2 Oct.	873	5 316			6 189
Share-based remuneration			12 414		12 414
Profit (loss) for the year				(123 107)	(123 107)
Other comprehensive income				(1 407)	(1 407)
Balance at 31 December 2014	61 948	463 766	32 787	(315 150)	243 351
Balance at 1 January 2013	46 422	86 292	11 235	(125 631)	18 318
Private placement on 16 May	2 815	26 513			29 328
Share issue on 16 May (board remuneration)	53		413		466
Private placement on 1 Sep.	1 105	29 460			30 565
Private placement on 3 Sep.	702	22 689			23 391
Exercises of subscription rights on several dates	609	3 677			4 286
Share-based remuneration			8 535		8 535
Profit (loss) for the year				(65 005)	(65 005)
Other comprehensive income				0	0
Balance at 31 December 2013	51 706	168 631	20 183	(190 636)	49 884

IDEX ASA

Amounts in NOK 1 000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Private placement on 29 Jan.	9 000	278 272			287 272
Private placement on 20 March	360	11 547			11 907
Share issue on 7 May (board remuneration)	9		190		199
Exercises of subscription rights 24 Feb. and 2 Oct.	873	5 316			6 189
Share-based remuneration			12 414		12 414
Profit (loss) for the year				(125 725)	(125 725)
Other comprehensive income				0	0
Balance at 31 December 2014	61 948	463 766	32 787	(316 361)	242 140
Balance at 1 January 2013	46 422	86 292	11 235	(125 631)	18 318
Private placement on 16 May	2 815	26 513			29 328
Share issue on 16 May (board remuneration)	53		413		466
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Exercises of subscription rights on several dates	609	3 677			4 286
Share-based remuneration			8 535		8 535
Profit (loss) for the year				(65 005)	(65 005)
Other comprehensive income				0	0
Balance at 31 December 2013	51 706	168 631	20 183	(190 636)	49 884

Cash flow statements

1 January-31 December	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before interest and taxes	(128 371)	(64 918)	(131 552)	(64 918)
Share-based remuneration (equity part)	12 604	8 948	12 604	8 948
Depreciation	2 307	929	1 650	788
Interest paid	(4)	(6)	(4)	(6)
Change in receivables, inventory	(8 808)	(504)	(17 755)	(3 068)
Change in payables, accruals	19 072	19 443	21 999	20 324
Net other items	(1 950)	(474)	44	(472)
Net cash flow from operational activities	(105 150)	(36 582)	(113 014)	(38 404)
Cash flows from investing activities				
Investments	(4 713)	(1 076)	(1 062)	(372)
Investments in intangible assets	(28 289)	(23 600)	(28 289)	(23 600)
Capitalised development cost	(788)	0	(788)	0
Investment in subsidiaries	0	0	60	0
Changes in long-term receivables	(697)	(114)	(697)	(114)
Interest received	5 667	391	5 667	391
Net cash flow from investing activities	(28 820)	(24 399)	(25 109)	(23 695)
Cash flows from financing activities				
Share issues, net of expenses	305 377	87 623	305 377	87 623
Change in long-term payables	10 079	0	10 079	0
Net cash flow from financing activities	315 456	87 623	315 456	87 623
Net change in cash and bank deposits	181 486	26 642	177 333	25 524
Cash and bank deposits at 1 January	46 475	19 833	45 357	19 833
Cash and bank deposits at 31 December	227 961	46 475	222 690	45 357

Notes

1. Group information

IDEX ASA is a Norwegian Public Limited Company with registered office in the Bærum municipality. IDEX's shares were admitted to listing at the Oslo Axess marketplace of Oslo Børs on 12 March 2010.

IDEX is a technology company specialized in the development of fingerprint recognition technology.

IDEX was incorporated in 1996. The current IDEX group was formed on 3 September 2013 and comprises the parent company IDEX ASA, a sub-group in the USA and a subsidiary in UK. The sub-group in the USA consists of the parent company IDEX Holding Company Inc with subsidiary IDEX America Inc. Both U.S. subsidiaries were incorporated on 3 September 2013 and are 100 per cent owned. IDEX America is the operating entity, providing development services as well as sales and marketing services to IDEX ASA. Formerly, in 2007-2012, IDEX ASA operated a corresponding subsidiary group in the USA. The former subsidiaries had the same names. The former subsidiaries were inactive as of 2010. IDEX Biometrics UK Ltd. was incorporated on 29 August 2014. IDEX UK provides certain management and operating services to IDEX ASA.

The going concern assumption has been applied for the group as well as the parent company when preparing these financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period longer than 12 months from the date of these financial statements. The group does not have financial debt. The board thus confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2014.

The annual financial statements for 2014 were resolved by the board on 16 April 2015 and will be presented to the annual general meeting on 12 May 2015.

2. Accounting principles

Basis of preparation

The accounting year coincides with the calendar year. The annual financial statements have been prepared on a historical cost and accrual basis. The group's financial statements are presented in NOK which is also the parent company's functional currency. All figures in the tables have been rounded to the nearest thousand except where indicated otherwise. The financial statements of the IDEX group and IDEX ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The standards have been applied congruently in the group and in the parent company.

Changes in accounting policies

The accounting policies are consistent with those of the previous financial year.

IDEX does not yet operate business segments, geographical segments or have significant revenue and has therefore not presented segment reports. IDEX will apply IFRS 8 Operating segments in due course.

IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered. None of the new standards, amendments and interpretations that apply as of 1 January 2014 had any impact on the result or equity of IDEX in 2014, or the group does not have transactions or balance sheet items that shall be disclosed under the new or amended rules.

IDEX considers that the new standards which have been resolved by the date of these financial statements and which standards will apply to the accounting year 2015, will not have any significant impact on the annual financial statements for 2015.

Standards and interpretations adopted with effect from 1 January 2014 which have not had any impact on the Group's consolidated financial statements

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27): None of the entities in the Group are investment entities.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32: None of the entities in the Group has such offsetting arrangements.

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39: IDEX has no hedge accounting.

Annual Improvements 2010-2012 Cycle: Included an amendment to IFRS 13 Fair Value Measurement. The amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This is in line with IDEX's accounting practice.

Issued but not effective standards and interpretations that could affect the Group's financial statements:

IFRS 9 Financial Instruments (effective from 1 January 2018, but not approved by the EU): The standard replaces IAS 39. The adoption might have a minor impact on the classification and measurement of the Group's financial assets.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2017, but not approved by the EU): IFRS 15 establish a new five-step model that will apply to revenue arising from contracts with customers. Further analysis is needed to assess the impact, if any.

Amendments to IFRS 11 Joint Arrangements. Accounting for Acquisitions of Interests (effective from 1 January 2016, but not approved by the EU): IDEX does not have any joint operations.

Amendments to IAS 27: Equity Method in Separate Financial Statements (effective from 1 January 2016, but not approved by the EU): Entities will be allowed to use the equity method to account for investments in subsidiaries, etc. in their separate financial statements. Further analysis is needed to assess the impact, if any.

Improvements to IFRSs - 2010-2012 cycle and 2011-2013 cycle (effective from 1 July 2014): The changes are primarily in order to remove inconsistencies and to clarify the wording of standards and interpretations. No effect for the Group.

Improvements to IFRSs - 2012-2014 cycle (effective from 1 July 2016, but not approved by the EU): Minor changes to 4 IFRSs, however these amendments will not have any significant effect for the Group.

IDEX will implement these standards and interpretations in due course.

Significant accounting judgements and estimates

Preparation of financial statements compliant to IFRS implies that the management makes judgements and prepares estimates and assumptions which have an impact on the recognized amounts for assets, liabilities, revenue and costs. The judgments as well as the estimates and related assumptions have been based on the management's best understanding of the situation, knowledge of past and recent events, experience and other factors which are considered reasonable under the circumstances. Actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous evaluation.

Significant accounting judgments for IDEX

Acquired intangible assets: IDEX considers the acquisition of assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013, including the employment of PicoField's staff, to constitute a business combination. For the sake of clarity, IDEX did not acquire the shares of PicoField. The assets have been capitalised in accordance with IFRS, with the pertinent goodwill. The goodwill will be impairment tested annually. There were no indications of impairment of the goodwill at 31 December 2014 or at the date of these financial statements.

Intangible assets: Under IFRS, research costs are expensed as incurred. IDEX's patents and other intellectual property rights created by IDEX are not held in the balance sheet because they do not satisfy the criteria for capitalisation. The same applies to the development costs until and including financial year 2013. Upon commencement of commercial shipments of Cardinal sensors in the fourth quarter of 2014, IDEX has capitalised in 2014 those development expenses incurred in 2014 which were related to Cardinal. All other development costs were expensed also in 2014.

Income taxes: Deferred tax asset related to losses carried forward is recognized when it is convincingly probable that the loss carried forward may be utilised. Judgement of probability is based on historical earnings, expected future margins and the size of the order backlog. Future events may lead to these conclusions being changed. Such changes will be recognized when reliable new estimates can be made.

Significant accounting estimates for IDEX

Share based remuneration: IDEX estimates the fair value of option and subscription rights at the grant date. IDEX has applied a Black & Scholes option pricing model when valuing the subscription rights. The option valuation is based on assumptions about volatility, interest rates and duration of the option. The cost of share based remuneration is expensed over the vesting period. Estimates with regards to future attrition are applied. Such estimates are updated at the balance sheet date. Changes in this estimate will impact the expensed cost of share based remuneration in the period.

Intangible assets: The purchase price of the assets and intellectual property rights acquired from PicoField Technologies, Inc. on 23 September 2013 has been allocated to the various assets based on estimated fair value. The purchase price of the assets and intellectual property rights acquired from Roger Bauchspies on 30 December 2014 has been allocated to the patents.

Goodwill: Goodwill amounts to the fair value of the consideration for the assets less the capitalised value of the identifiable assets and less impairment charges, if any. Impairment testing of goodwill will be based on the estimated fair value or the value in use of the business.

Financial risk, capital management

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk.

The business risk may be summarised in five points: (i) IDEX has to date had minimal revenue compared to costs. The group has reported accumulating financial losses and expects future losses. (ii) IDEX's business plan assumes revenue from products which IDEX has not yet traded commercially in large volumes. (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products have entered the commercial stage. (v) IDEX's intended market is immature and undergoing rapid technological changes.

IDEX does not have any significant trade receivables or other receivables with any credit risk.

IDEX does not hold any other financial instruments in the balance sheet or any such instruments outside the balance sheet.

IDEX manages its liquidity passively, which means that funds are placed in floating-interest bank accounts. Investments in fixed assets are only made when mandatory for the needs of the core business. IDEX has been funded by equity since 2010 and also during most of its preceding years. IDEX will prepare and implement comprehensive capital management and funding policies as and when needed.

The group does not have financial debt and has adequate liquidity and equity under current planning assumptions for a period longer than 12 months from the date of these financial statements.

Summary of significant accounting policies

Consolidation

The Group's consolidated financial statements comprise IDEX ASA and companies in which IDEX ASA has a controlling interest. A controlling interest is normally obtained when the group holds more than 50 per cent of the voting rights or has decisive power on the entity's operational and financial management. Minority interests, if any, are included in the group's equity. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company, using accounting policies consistent with the parent's.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until the control ceases, respectively. Intercompany transactions, balances, revenues and expenses and unrealised Group internal profit or losses are eliminated on consolidation. The acquisition method is applied when accounting for business combinations.

Revenue

Revenue is recognized to the extent that it is probable that an economic benefit will flow to the group and the revenue can be reliably measured. Revenue is recognized at fair value ex works, net of VAT, returns, discounts and rejects.

Delivery of products: Revenue will be recognized at the time of delivery, and when the risk of the goods has passed to the buyer and can be reliably measured.

Development and other rendering of services: Revenue from rendering of services is recognized as the services are performed, on the basis of degree of completion that can be reliably measured. Services delivered on an hourly basis are recognized as delivered.

Licence fees: Licence fees are recognised when they are unconditionally earned by IDEX, i.e. not contingent on further deliveries by IDEX or contingent on income to the licensee or other caveats.

Royalty: Royalty revenue is recognized at the time the licensee generates income on which IDEX shall receive a royalty payment.

Cost of goods sold, cost of services sold

Cost of goods sold is recognised to when the related revenue is earned. Cost of goods sold is the full manufacturing and logistic cost up to the delivery point, including any royalty costs. Licence costs are allocated over time or units of production as applicable. Cost of services sold are recognized in the various operating costs.

Currency

Monetary assets and liabilities denominated in foreign currency are converted using exchange rates of the balance sheet date. Revenues and expenses in foreign currency are converted using the exchange rate at the transaction date. Translation differences on monetary items are recognized in financial items.

Assets and liabilities in foreign operations, including goodwill and fair value adjustments, are translated into NOK using the exchange rates on the balance sheet date. Incomes and expenses relating to foreign operations are translated into NOK using the average exchange rate. Exchange rate differences are recognized in equity.

Translation differences due to the translation of a net investment in foreign operations and from related hedging objects are included in comprehensive income. Translation differences previously recognized in comprehensive income are reversed and recognized in the net result of the year when the foreign operations are disposed of.

Research and development expenses

Research costs are expensed as incurred. Development costs that do not meet the criteria of capitalisation are expensed as incurred. Development expenditures are capitalised only when the criteria for recognition is met, i.e. that it is probable that IDEX will realise future economic benefits from the asset, IDEX has committed itself to complete the asset, the technical feasibility of completing the asset has been demonstrated, and that the cost can be measured reliably. The assets are amortised over their expected useful life once the asset is available for use. Maintenance and training costs, are expensed as incurred.

Fixed assets

Fixed assets are held at cost less accumulated depreciation and impairment charges. When assets are sold or retired, the gross carrying amount and accumulated depreciations are derecognized. Any gain or loss on the sale or retirement is recognized in the income statement.

The capitalised amount of fixed assets is the purchase price, including duties, taxes and direct acquisition costs related to making the asset ready for use. Subsequent costs, such as repair and maintenance expenses, are normally recognized in profit or loss as incurred. When increased future economic benefits as a result of repair or maintenance work can be proven, such expenses will be recognized in the balance sheet as additions to fixed assets.

The assets are depreciated using the straight-line method over each asset's economic life. The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the residual value.

Intangible assets

Acquired identifiable intangible assets are held at cost less accumulated depreciation and impairment charges. Goodwill on acquisitions is held at cost less impairment charges.

Shares in subsidiaries

Shares in subsidiaries are recognized at original cost in the parent company's balance sheet.

Impairment of fixed assets and other long-term assets

An assessment of impairment losses on fixed assets is made when there is an indication of a fall in value. Goodwill is tested minimum annually. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the income statement. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the net amount that can be obtained from a sale to an independent third party. The recoverable amount is determined separately for each asset.

Impairment losses recognized in the income statements for previous periods are reversed when there is information that the need for the impairment loss no longer exists. The reversal is recognized as revenue or an increase in other reserves. Reversal is limited to the updated recoverable amount and limited to the carrying amount that would have been recognised had no impairment losses been recognised for the asset in prior years.

Provisions

Provisions are recognized when and only when the group has a valid liability (legal or constructive) as a result of events that have taken place and it is more probable than not that a financial settlement will take place as a result of the event(s), and that the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will amount to the present value of future payments to cover the liability. Any increase in the provisions due to time is recorded as interest costs.

Accounts payable

Payables are carried at amortised cost. The interest element is disregarded if it is insignificant. Significant customer pre-payments are recognized as payables.

Interest-bearing debt

Loans and credits are initially recognized at cost, which is fair value of the received amount less directly attributable transaction costs. Following the initial recognition, the interest-bearing debts are measured at amortised cost applying the effective interest method. Any difference between amount received and repayment amount is recognized over the duration of the loan. Any transaction costs and discounts are taken into account when calculating amortised cost. Gains and losses are recorded as net gain or loss when the liability is derecognized.

Loans which the lender or IDEX may convert to equity and where the number of issued shares does not change with any change in fair value, are considered composite financial instruments. The equity component is calculated on the issue date as the excess of the amount received and the present value of future interest and repayment amounts, discounted by the market rate for comparable loans without conversion rights. Interest cost is recognized applying the effective interest method.

Inventory

Inventory - raw materials, work in progress and finished goods - for sale is held at the lower of average full acquisition cost and net realisable value.

Accounts receivable

Receivables are carried at amortised cost. The interest element is disregarded if it is insignificant. Should there be evidence of impairment, the receivable is written down to the present value of future cash flows discounted by the receivable amount's effective interest rate. Significant customer prepayments are recognized as payables.

Cash and bank deposits

Cash and bank deposits include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and any bank overdrafts. Bank overdrafts are current liabilities on the balance sheet.

Taxes

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax has been calculated with 27 per cent on the temporary differences between the recorded and tax values, as well as on any tax loss carry-forward at the balance sheet date. Any temporary differences increasing or reducing tax that will or may reverse in the same period, have been netted.

A deferred tax asset will be recognized when it is probable that the group will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, IDEX reviews its unrecognized deferred tax assets and the value it has recognized. The group recognizes an unrecognized deferred tax asset to the extent that it has become probable that the group can utilise the deferred tax asset. Similarly the group will reduce its deferred tax asset to the extent that it can no longer utilise it.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates.

Contingent liabilities and assets

Contingent liabilities are possible obligations resulting from past events which existence depends on future events; obligations that are not recognized because it is not probable that they will lead to an outflow of resources; and obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements, but will be disclosed in the notes if applicable.

A contingent asset is not recognized in the annual financial statements, but is disclosed in the notes if there is a degree of probability that a benefit will accrue to IDEX.

Share-based remuneration

Subscription rights granted to employees and others are recognised as equity-settled share-based remuneration, with the employer's tax cost recognised as a cash-settled element. The cost of equity-settled remuneration is the fair value at grant, which is charged to the profit and loss over the vesting period(s). The fair value is determined using a Black & Scholes option pricing model. The notional employer's tax liability is calculated on the intrinsic value of the subscription rights. The liability is remeasured at each balance sheet date.

Leasing agreements, rentals

Leasing contracts are classified as financial or operational leases based on an individual assessment. Operational lease contracts and rentals are expensed on a straight-line basis through the contract period. Assets financed by financial leases are capitalised and amortised over their economic useful lives. The corresponding lease commitment is reduced by the value of lease payments made, less calculated interest.

Earnings per share

Earnings per share are calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. Earnings per share fully diluted are calculated based on the result for the year divided by the average number of shares fully diluted. The effect of dilution is not counted in when the result is a loss.

Cash flow

The cash flow statement has been drawn up in accordance with the indirect method and reports cash flows during the period classified by operating, investing and financing activities.

Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as a reduction in expense. When the grant can be viewed as payment for a deliverable or performance of a service, it is recognized as other revenue.

Segment reporting

IDEX operates in one business segment, fingerprint imaging and recognition technology, and the parent company and the subsidiaries are managed as one unified entity. IDEX does not have significant revenue. Geographical segmentation has not been part of the management process. The company has therefore not presented segment reports. IDEX will implement segment reporting as and when segment reporting, whether business or geographical, will be informative.

3. Payroll expenses and remuneration

Payroll expense	Amounts in NOK 1,000		IDEX group		IDEX ASA	
	2014	2013	2014	2013	2014	2013
Salaries	39 988	13 952	27 691	12 948		
Social security taxes	4 222	1 701	3 491	1 700		
Pension contribution	322	167	322	167		
Other personnel expenses	1 929	1 584	1 715	1 530		
Capitalised cost of development work	(440)		(440)			
Payroll tax on exercised subscription rights	5 049	1 998	5 049	1 998		
Share-based remuneration (notional salary)	12 604	8 948	12 604	8 948		
Net employer's tax on share-based remuneration	(7 480)	9 679	(7 480)	9 679		
Total	56 194	38 029	42 952	36 970		
Average number of employees	35	13	24	12		

The parent company provides a contribution-based pension insurance scheme for all its employees. The scheme satisfies the mandatory service pension (obligatorisk tjenestepensjon, OTP) in Norway. The contribution is 2 per cent of the employee's annual salary between 2G and 12G. G is the basic amount in the Norwegian social security system, and amounted to NOK 88 thousand in 2014. The pension scheme is a fully insured, defined contribution plan.

Employees of IDEX America are offered coverage in an insured health plan where the employee selects coverage level and inclusion of any family members, and the employee pays the full pre-tax premium. IDEX America contributes a salary supplement up to USD 1,800 per employee per month, depending on family status and chosen plan options. IDEX America does not offer or plan to offer any pension plans.

IDEX UK contributes 2 per cent of basic salary to the employee's personal pension plan or a company plan, subject to employee choice. The pension scheme is thus a defined contribution plan.

All employees but seven (three in the parent company) are male. Salary statistics per gender have not been prepared.

Remuneration for senior managers

The following tables and text covers employees and contractors who are primary insiders at the end of the respective years.

2014

Amounts in NOK 1,000	Incentive pay			Pension cost	Share-based remuneration	Total remuneration
	Salary	(bonus)	Other benefits			
Hemant Mardia, CEO	2 478	2 250	4	incl. in salary	1 990	6 722
Ralph W. Bernstein, CTO	1 525		12	20	354	1 911
Henrik Knudtzon, CFO as of 4 Aug	656		5	8	1 870	2 539
Erling Svela, VP Finance	1 346	63	12	20	84	1 525
Kristian Wiermyhr, VP Sales	1 401	520	12	19	382	2 334
Total	7 406	2 833	44	67	4 680	15 030

Salary, bonus and other benefits in 2014 are the amounts as declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. All amounts exclude employer's tax.

Managers' exercise of incentive subscription rights 2014

Amounts in NOK 1,000	No of subscr. rights	Amount paid	Taxable gain
Ralph W. Bernstein, CTO, 24 February	1 672 960	1 906	10 855
Erling Svela, VP Finance, 24 February	66 668	80	429
Total	1 739 628	1 986	11 284

Ralph W. Bernstein left the CTO position on 31 March 2015, as of which date he serves IDEX as a consultant under contract.

Henrik Knudtzon took office as CFO as of 4 August 2014, as of which date Erling Svela changed position to Vice President of Finance.

Kristian Wiermyhr holds 3,000,000 incentive subscription rights, which were granted on 30 August 2012. The subscription rights originally vested 2012-2014 and were to expire on 30 August 2014. IDEX and Wiermyhr agreed on 17 June 2014 that the expiry date shall be deferred until 15 May 2017, and the vesting shall be 25% at each anniversary from the original grant date.

2013

Amounts in NOK 1,000	Incentive pay		Pension cost	Share-based remuneration	Total remuneration
	Salary	(bonus) Other benefits			
Hemant Mardia, CEO	1 005	2	incl. in salary	2 381	3 386
Ralph W. Bernstein, CTO	1 367	9	20	675	2 071
Erling Svela, CFO	1 249	7	21	177	1 454
Kristian Wiermyhr (Lupum AS), VP Sales and Strategy	1 130	2	9	167	1 308
Total	4 751	0	50	3 400	8 219

Salary, bonus and other benefits in 2013 are the amounts as declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. All amounts exclude employer's tax. None of the senior managers exercised incentive subscription rights in 2013.

Kristian Wiermyhr was employed by IDEX ASA as of 1 July 2013. From 2012 and until 30 June 2013 he was contracted from his company Lupum AS, which invoiced IDEX for the service. The table above includes the invoiced amount in the Salary column. IDEX also paid or refunded out-of-pocket expenses such as travel and telecommunications.

Guidelines for remuneration to senior managers

In order to attract and retain the leadership competence that IDEX needs, the remuneration of senior managers, and all other employees, shall be competitive and comprise a basic salary including standard benefits, which salary may be supplemented by performance-based cash bonus and incentive subscription rights. Cash bonus plans are limited to fixed amounts or fixed percentage of base pay. All parts of the remuneration – fixed as well as variable – shall reflect the responsibility and performance over time of the respective manager and employee. The basic salary is evaluated annually. The board determines the salary and other remuneration to the CEO. The CEO determines the salary and other remuneration of all other employees, within the framework set by the board. There is no post-employment remuneration beyond notice periods of 3-6 months, or shorter when applicable. Certain key managers of IDEX America are employed on fixed-term arrangements until September 2015 whereafter conventional U.S. notice periods apply.

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 senior managers

The company's subscription rights plan(s) as resolved by the general meeting is the same for senior managers as for all employees. Grants are scaled based on position, results and competitive considerations. The purpose of such plans is to strengthen the company by providing to employees, management and individual contractors additional performance incentive.

Implementation and effect of the policies on remuneration to senior managers

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

Bonus payments in the respective years are reported in the tables above. The company's bonus plans generally run from 1 July to 30 June, with a possible mid-term evaluation as at 31 December. The reported bonus payments may thus have been earned partly or in full in the calendar year before payment. Bonuses are paid only after evaluation against bonus criteria has been conducted. Until the evaluation has taken place, an overall accounting accrual covering all participants in the bonus plan has been made. Such accrual has not been included in the table.

The share-based remuneration reported in the tables is the period's notional cost of the respective managers' 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. For the reported managers, the cost accrual for employer's tax on subscription rights in 2014 amounted to a credit of NOK 3,040 thousand and the accumulated accrual amounted to NOK 1,572 thousand at the end of the year (2013: NOK 4,608 thousand cost and the accumulated accrual amounted to NOK 4,612 thousand). The reason for the credit is the lower share price from the preceding year end as well as the reduced number of subscription rights outstanding after the exercise 24 February 2014.

On exercise, the actual employer's tax is expensed and the accrual adjusted to cover the remaining subscription rights. The actual cost of the employer's tax is normally funded by the equity paid in on exercise. In 2014, Ralph W. Bernstein and Erling Svela exercised subscription rights as reported in the table above. None of the senior managers exercised subscription rights in 2013.

For the shareholders an actual or possible exercise will represent a dilution. At the end of 2014, the number of outstanding subscription rights to management including their close associates amounted to 14,140,000, corresponding to 3.4 per cent of the share capital (2013: 12,921,963 outstanding subscription rights corresponding to 3.7 per cent of the share capital at the time).

Board and election committee remuneration

IDEX has no other obligation to remunerate the board or election committee than the remuneration being resolved by the annual general meeting upon completion of each year of tenure. The group has not issued any advance payments or loans to, or guarantees in favour of, any board member or election committee member.

The annual general meeting 2014 resolved a board remuneration amounting to NOK 185 thousand per board member for the period from the annual general meeting 2013 to the annual general meeting 2014. The chairman received an additional NOK 40 thousand for the service as chairman. The board members had the option to receive part or all of the remuneration in the form of shares. The number of shares corresponded to a gross value of 133 per cent of the board remuneration, for which the board member paid the par value and the shares were locked up for one year. Board member Hanne Høvding chose to take the full remuneration in shares, while Frode Haugli took NOK 85 thousand of the board remuneration in shares. The transaction was completed in the second quarter of 2014.

The annual general meeting 2014 resolved a remuneration to the nomination committee for the period from the annual general meeting 2013 to the annual general meeting 2014 amounting to NOK 15 thousand per member and NOK 25 thousand to its chairman.

Based on the resolutions of the annual general meeting 2014, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June-December 2014. The accruals amounted to NOK 679 thousand at the end of 2014. The nomination committee shall propose the remunerations for the period June 2014-May 2015 to the annual general meeting 2014.

The company refunds relevant out-of-pocket expenses incurred by the board members.

The board members of the subsidiaries are executives of IDEX ASA or legal advisers. No board remuneration is paid, but the legal advisers charge normal rates for their time spent.

4. Research and development expenses

Research costs are expensed when incurred. The criteria for capitalisation of development expenses were not met until and including the financial year 2013, because IDEX had not demonstrated its ability to earn revenue from the SmartFinger or other products, or its IP and technology. Upon commencement of commercial shipments of Cardinal sensors in the fourth quarter of 2014, IDEX has capitalised in 2014 those development expenses incurred in 2014 which were related to Cardinal. All other development costs were expensed in 2014. Any grants and contributions to research and development (R&D) that are not revenue, have been credited against costs.

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2014	2013	2014	2013
Research and development expenses				
Gross R&D expenses	53,275	18 589	69 454	18 999
Capitalisation of development expense	(348)		(348)	
Government grants credited to cost	(1 629)	(1 249)	(1 629)	(1 249)
Net R&D expenses	51 298	17 340	67 477	17 750
Estimated payroll expenses related to R&D	41 909	26 620	32 110	25 879
Capitalisation of development work	(440)		(440)	
Net estimated payroll expenses related to R&D	41 469	26 620	31 670	25 879

In addition to the support that has been credited to costs, NOK 91 thousand support under the EuroStars programme has been recognized as other income in 2014 because it is considered related to a delivery of service. In 2013 NOK 2,519 thousand was earned under the VerDIKT and EuroStars programmes.

5. Government grants

Amounts in NOK 1,000	IDEX group and IDEX ASA	
	2014	2013
Grants during the year		
SkatteFunn (recognized as cost reduction)	1 629	1 249
VerDIKT (recognized as other revenue)		890
EuroSTARS (recognized as other revenue)	91	1 629

To receive grants from SkatteFunn, the company has to be a research and development company. It is also required that the company reports progress and achievements as well as project costs to the Research Council of Norway. The Skattefunn grant for 2014 will be paid out in the second half of 2015. There are similar conditions for the EuroStars scheme, where the 2014 amount will be paid out in 2015. The VerDIKT project was completed in 2013 and the EuroSTARS project was extended in 2014. See also note 4.

6. Audit fees

Audit fees for the statutory audit of the IDEX Group in 2014 amounted to NOK 380 thousand (2013: NOK 230 thousand), of which NOK 290 thousand related to IDEX ASA (2013: NOK 230 thousand). Fees for other assurance services amounted to NOK 94 thousand (2013: NOK 41 thousand). Fees related to tax assistance amounted to NOK 101 thousand (2013: NOK 29 thousand) and other services, such as confirmations related to capital increases NOK 53 thousand (2013: NOK 87 thousand). Total fees for 2014 amounted to NOK 628 thousand (2013: NOK 387 thousand). All amounts are excluding VAT.

7. Related party transactions

The company's significant shareholders, board members and management of the group are considered related parties. All transactions with related parties have been carried out on arm's length principle. Salary and board remuneration to related parties has been disclosed in note 3. See also note 15.

The chairman is a partner and chairman of the board in Advokatfirma Ræder DA. The law firm provided services to the company amounting to NOK 3,418 thousand in 2014 (2013: NOK 3,536 thousand). The amount in 2014 includes, among other assignments, Ræder's work with legal assistance in connection with the private placements of shares in the first quarter and in particular preparation of the listing prospectus in connection with the private placement of 60 million shares on 29 January 2014. (2013: private placement in April-May, the private placements in September 2013, and the acquisition of intangible assets from PicoField, also in September 2013.) The amounts includes accruals.

On 24 February 2014, Ralph W. Bernstein, CTO, exercised 1,672,960 subscription rights and acquired the corresponding number of shares at a weighted average price of NOK 1.14 per share. On the same date, Erling Sveta, CFO at the time, exercised 66,668 subscription rights and acquired the corresponding number of shares at a price of NOK 1.20 per share.

The board resolved on 1 April 2014 to grant 1,500,000 incentive subscription rights (SRs) to Henrik Knudtzon, CFO as of August 2014, at an exercise price of NOK 7.03 per share. The board resolved on 15 September 2014 to grant 1,500,000 SRs to Hemant Mardia, CEO, at an exercise price of NOK 4.45 per share. The grants were made under the company's 2013 and 2014 incentive subscription rights plans as resolved at the annual general meetings on 16 May 2013 and 7 May 2014 respectively.

Kristian Wiermyhr holds 3,000,000 incentive subscription rights, which were granted on 30 August 2012. The subscription rights originally vested 2012-2014 and were to expire on 30 August 2014. IDEX and Wiermyhr agreed on 17 June 2014 that the expiry date shall be extended until 15 May 2017, and the vesting shall be 25% at each anniversary from the original grant date.

In the fourth quarter IDEX entered into an addendum to the continuing service agreement with Robert N. Keith who since 2013 has assisted IDEX in strategic analysis and in dealing with larger, international, prospective partners. Under the addendum, Mr. Keith will be paid NOK 2.0 million per year for his services in 2014-2016.

There were no overdue open items with related parties at the end of 2014 or 2013. See also note 17.

The subsidiaries in the UK and the USA are also close relations to the parent company. See note 1, 12 and 17.

The parent company paid all costs on behalf of IDEX Biometrics UK Ltd. in 2014. IDEX UK shall make a cost-based charge to IDEX ASA for its managerial and operational services delivered to IDEX ASA. IDEX ASA had paid NOK 342 thousand to creditors on behalf of IDEX UK, and had a corresponding accrued liability to cover IDEX UK's costs, i.e. a net balance amounting to 0 (nil) at the end of 2014

The parent company purchased sales and marketing services as well as development services from the subsidiary IDEX America Inc. at arm's length basis. The purchases amounted to NOK 42,956 thousand in 2014 (2013: NOK 2,523 thousand). IDEX ASA had advanced NOK 11,186 thousand to IDEX America, and had a payable amounting to NOK 5,542 thousand to IDEX America, i.e. a net advance amounting to NOK 5,644 thousand at the end of 2014 (2013: Net advance NOK 124 thousand). The balances will be settled in 2014 in connection with injection of equity in the subsidiaries.

8. Income tax expense

In 2013 the subsidiaries were inactive and not subject to income tax.

Specification of the tax expense for the year	Amounts in NOK 1,000		IDEX group		IDEX ASA	
	2014	2013	2014	2013	2014	2013
Payable taxes on the result of the year	563	0	0	0	0	0
Change in deferred tax asset/liability	0	0	0	0	0	0
Tax expense on net result	563	0	0	0	0	0

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Computation of taxes payable for the year	2014	2013	2014	2013
Net result before taxes	(122 544)	(65 005)	(125 725)	(65 005)
Permanent differences	(1 757)	6 839	(1 757)	6 839
Changes in temporary differences	(8 856)	8 114	(8 856)	8 114
Basis for taxes payable	(133 157)	(50 052)	(136 338)	(50 052)
Calculated taxes payable on current year's result in the USA	563	0	0	0
27 % tax, representing taxes payable on current year's result in Norway	0	0	0	0
Taxes payable on current year's result	563	0	0	0

Amounts in NOK 1,000	Temporary differences		Change in temporary differences	
IDEX group	31 Dec. 2014	31 Dec. 2013	2014	2013
Temporary differences	658	(8 198)	8 856	(8 114)
IDEX ASA	31 Dec. 2014	31 Dec. 2013	2014	2013
Temporary differences	658	(8 198)	8 856	(8 114)

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Specification of temporary differences	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Employer's tax on share-based remuneration	(2 230)	(9 679)	(2 230)	(9 679)
Fixed Assets	2 888	1 481	2 888	1 481
Total	658	(8 198)	658	(8 198)

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Specification of deferred taxes	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Losses carried forward	(502 599)	(366 261)	(502 599)	(366 261)
Temporary differences	658	(8 198)	658	(8 198)
Basis for deferred taxes	(501 941)	(374 459)	(501 941)	(374 459)
Calculated deferred tax, 27 % Norway	135 524	101 104	135 524	101 104
Deferred tax asset in the balance sheet	0	0	0	0

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Specification of payable taxes in the balance sheet	31 Dec. 2014	31 Dec. 2013	31 Dec. 2014	31 Dec. 2013
Taxes payable on this year's result	563	0	0	0
Total taxes payable	563	0	0	0

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Specification of actual tax expense	2014	2013	2014	2013
Result (loss) before tax	(122 544)	(65 005)	(125 725)	(65 005)
Theoretical tax expense (income), 27 % Norway	(33 946)	(18 201)	(33 946)	(18 201)
Calculated tax expense (income), USA	563			
Tax on permanent differences	(474)	1 915	(474)	1 915
Change in tax rate from 28 % to 27 % in 2013		3 744		3 744
Change in deferred tax asset not recognized on 31 December	34 420	12 542	34 420	12 542
Actual tax expense (income)	563	0	0	0

The accumulated deferred tax asset amounting to NOK 135.5 million is virtually entirely related to tax losses carry forward in Norway (2013: NOK 101.1 million). IDEX has not generated taxable profits in prior years. At 31 December 2014 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 recognised. There are no restrictions as to how long tax losses may be carried forward.

9. Earnings per share

Earnings per share shall be calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding in the year. Earnings per fully diluted share shall be calculated based on the result for the year divided by the weighted average number of fully diluted shares. In case of a net loss, the dilution would reduce the loss per share. In that case the effect of dilution is not taken into account.

	IDEX group	
	2014	2013
Net profit (loss) for the year (NOK 1,000)	(123 107)	(65 005)
Number of ordinary shares in issue at 31 December	413 488 862	344 707 732
Weighted average basic number of ordinary shares	406 478 449	326 183 037
Weighted average diluted number of shares	419 718 850	339 923 615
Basic and diluted profit (loss) per share in the year (NOK per share)	(0.30)	(0.20)

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights exceeds the average share price in the period, the subscription rights or warrants are not counted as being dilutive.

10. Intangible assets

Total intangible assets	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
<i>Depreciation period (straight line, years)</i>	<i>3, 10 and 17</i>	<i>3 and 17</i>	<i>3, 10 and 17</i>	<i>3 and 17</i>
Cost at 1 January	23 600	-	23 600	-
Additions	29 077	23 600	29 077	23 600
Disposals at cost	(0)	(0)	(0)	(0)
Currency adjustment	0	0	0	0
Cost at 31 December	52 677	23 600	52 677	23 600
Accumulated depreciation at 1 January	403	-	403	-
Depreciation and impairment	1 209	403	1 209	403
Accumulated depreciation of disposed items	(0)	(0)	(0)	(0)
Currency adjustment	0	0	0	0
Accumulated depr. and impairmt. at 31 December	1 612	403	1 612	403
Book value at 31 December	51 065	23 197	51 065	23 197

Goodwill

Goodwill	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
<i>Depreciation period (straight line, years)</i>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>	<i>not applicable</i>
Cost at 1 January	8 260	-	8 260	-
Additions	0	8 260	0	8 260
Disposals at cost	(0)	(0)	(0)	(0)
Currency adjustment	0	0	0	0
Cost at 31 December	8 260	8 260	8 260	8 260
Accumulated impairment at 1 January	0	-	0	-
Impairment	0	0	0	0
Accumulated impairment of disposed items	(0)	(0)	(0)	(0)
Currency adjustment	0	0	0	0
Accumulated impairment at 31 December	0	0	0	0
Book value at 31 December	8 260	8 260	8 260	8 260

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013. The acquisition was deemed a business combination. PicoField possessed a patent and pending applications as well as other intellectual property relating to touch sensors. By acquiring the intellectual property from PicoField and employing three of its employees, IDEX enhanced its touch sensor programme. The purchase amount, USD 4.0 million, corresponding to NOK 23.6 million, was allocated to identifiable assets and goodwill as shown in the table below.

Amounts in NOK 1,000	Fair value recognized on acquisition
Patent and pending patent applications	14 160
Customer and supplier files and relationships	1 180
Total identifiable assets	15 340
Goodwill	8 260
Total purchase price	23 600

The goodwill was primarily attributed to the expected benefit from the IP and know-how arriving with the identifiable assets and the employees. Under IFRS goodwill is not depreciated but impairment tested at each year end. For tax purposes, the goodwill will depreciate by 20 per cent annually on declining balance.

Goodwill has not been allocated because there is only one cash generating unit in the group. IDEX performed the annual impairment test on 31 December 2014. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2014. The fair value of the equity at 31 December 2014 was NOK 1,144 million, while the book value of equity was NOK 245 million. No impairment charge has been made. IDEX is not aware of any circumstances that indicate that the goodwill may be impaired at the date of these financial statements.

Other intangible assets

Capitalised development costs	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
<i>Depreciation period (straight line, years)</i>	3		3	
Cost at 1 January	-		-	
Additions	788		788	
Disposals at cost	(0)		(0)	
Currency adjustment	0		0	
Cost at 31 December	788		788	
Accumulated depreciation at 1 January	0		0	
Depreciation	0		0	
Accumulated depreciation of disposed items	(0)		(0)	
Currency adjustment	0		0	
Accumulated depreciation at 31 December	788		788	
Book value at 31 December	788		788	

IDEX's patents and other intellectual property rights created by IDEX are not held in the balance sheet because they do not satisfy the criteria for capitalisation. The same applies to the development costs until and including financial year 2013. Upon commencement of commercial shipments of Cardinal sensors in the fourth quarter of 2014, IDEX has capitalised in 2014 those development expenses incurred in 2014 which were related to Cardinal. The capitalisation amounted to NOK 788 thousand.

Acquired patents	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
<i>Depreciation period (straight line, years)</i>	10, 17	17	10, 17	17
Cost at 1 January	14 160	-	14 160	-
Additions	28 289	14 160	28 289	14 160
Disposals at cost	(0)	0	(0)	0
Currency adjustment	0	0	0	0
Cost at 31 December	42 449	14 160	42 449	14 160
Accumulated depreciation at 1 January	273	-	273	-
Depreciation	820	273	820	273
Accumulated depreciation of disposed items	(0)	0	(0)	0
Currency adjustment	0	0	0	0
Accumulated depreciation at 31 December	1 093	273	1 093	273
Book value at 31 December	41 356	13 877	41 356	13 877

The assets and intellectual property rights acquired from PicoField on 23 September 2013 (see above) have been capitalised in accordance with IFRS and is depreciated over estimated economic useful life, viz. the lifetime of the patent(s), until the end of 2030, and 3 years for the customer files and relationships.

On 30 December 2014, IDEX acquired patents and other IP from Roger Bauchspies in an amount of NOK 28.3 million. The purchase price was allocated to the acquired patents. The patents will depreciate over estimated economic useful life, viz. the lifetime of the patents, until 31 July 2024.

Customer and supplier files and relationships	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2014	2013	2014	2013
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 180	-	1 180	-
Additions	0	1 180	0	1 180
Disposals at cost	(0)	0	(0)	0
Currency adjustment	0	0	0	0
Cost at 31 December	1 180	1 180	1 180	1 180
Accumulated depreciation at 1 January	130	-	130	-
Depreciation	390	130	390	130
Accumulated depreciation of disposed items	(0)	0	(0)	0
Currency adjustment	0	0	0	0
Accumulated depreciation at 31 December	520	130	520	130
Book value at 31 December	660	1 050	660	1 050

11. Tangible fixed assets

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2014	2013	2014	2013
Cost at 1 January	2 407	1 329	1 701	1 329
Additions	4 713	1 076	1 062	372
Disposals at cost	(0)	(0)	(0)	(0)
Currency adjustment	814	2		
Cost at 31 December	7 934	2 407	2 763	1 701
Accumulated depreciation at 1 January	1 229	703	1 088	703
Depreciation	987	526	441	385
Accumulated depreciation of disposed items	(0)	(0)	(0)	(0)
Currency adjustment	130	0		
Accumulated depreciation at 31 December	2 346	1 229	1 529	1 088
Book value at 31 December	5 588	1 178	1 234	613
Depreciation period (straight line), years	3-5	3-5	3-5	3-5

Fixed assets at the end of 2014 comprised upgrades, fixtures and fittings of leased facilities and office furniture, personal computers with professional software, and laboratory instruments.

12. Subsidiaries

The following subsidiaries have been included in the consolidated financial statements.

Amounts in NOK 1,000			Equity	
Subsidiaries as at 31 December 2014	Ownership	Share of votes	Net profit 2014	31 Dec. 2014
IDEX Biometrics UK Ltd.	100 %	100 %	0	0
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	1	74
IDEX America Inc., Delaware, USA	100 %	100 %	1 027	1 286

IDEX Biometrics UK Ltd. (IDEX UK) has been established to employ key specialists and deliver managerial, technical and operational services to IDEX ASA. IDEX UK was incorporated on 29 August 2014 and commenced operations in the second half of 2014.

IDEX Holding Company Inc. (IDEX Holding) is a holding company for the business in the USA. IDEX America Inc. (IDEX America) is held by IDEX Holding and has been established to conduct marketing and sales of IDEX's products in the USA and to perform development activities on assignment from IDEX ASA. IDEX Holding and IDEX America were established on 3 September 2013 and operations commenced in September 2013.

Formerly, in 2007-2012, IDEX ASA operated a corresponding structure of subsidiaries in the USA. The former subsidiaries had the same names and the ownership structure was also the same. The former subsidiaries were inactive as of 2010.

13. Cash and bank deposits

Cash and bank deposits amounted to NOK 227,961 thousand at the end of 2014 (2013: NOK 46,475 thousand). Of this amount, NOK 1,210 thousand (2013: NOK 1,140 thousand) were employees' withheld payroll tax deposits. Only the withheld payroll tax deposits were restricted. The value of NOK 5,274 thousand was held in USD (2013: NOK 1,118 thousand), while the remaining was held in NOK. Deposits for rent of facilities have not been included in bank deposits.

14. Restricted assets

IDEX has placed an amount corresponding to about 6 months' rent, allocations and VAT of its leasehold facilities, and 3 months' rent for the CEO's commuter apartment, into escrow accounts. At the end of 2014, the escrow accounts amounted to NOK 1,143 thousand (2013: NOK 446 thousand).

15. Share capital and shareholder information, warrants and incentive subscription rights

There is one class of shares, and all shares have equal rights and are freely negotiable. There were 413,488,862 shares in the company on 31 December 2014, compared to 344,707,732 shares on 31 December 2013. The share capital is fully paid in. The par value of the shares is NOK 0.15 (15 Norwegian øre) per share. At the end of 2014 there were 2,027 shareholder accounts compared to 1,697 at the end of 2013.

Number of shares, warrants		
	2014	
	Warrants	Shares
Balance at 1 January	0	344 707 732
Private placement on 29 January	30 000 000	60 000 000
Private placement on 20 March		2 400 000
Share issue (board remuneration) on 8 May		63 897
Share issue to Roger Bauchspies, resolved 30 December, not issued		500 000
Exercises of incentive subscription rights on 24 February and 2 October		5 817 233
Balance at 31 December	30 000 000	413 488 862
	2013	Shares
Balance at 1 January		309 479 430
Private placement on 16 May		18 771 250
Share issue (board remuneration) on 16 May		353 157
Private placement on 1 September		7 365 060
Private placement on 23 September		4 680 000
Exercises of incentive subscription rights on several dates		4 058 835
Balance at 31 December		344 707 732

2014:

Funds managed by Invesco Asset Management Limited acquired 60,000,000 new shares in IDEX at a subscription price of NOK 5.00 per share in January 2014. The pricing of the shares was based on the weighted average price on the 10 trading days to 20 December 2013, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 January 2014. In connection with the placement, the funds managed by Invesco also received 30,000,000 warrants, each at an exercise price of NOK 7.50. The warrants are open to be exercised 12 months after the date of their issue and will expire 24 months after issue.

Cenkos Securities plc. earned 4.0 per cent commission, NOK 12.0 million, on the private placement to funds managed by Invesco. Cenkos requested to receive the commission in the form of shares in IDEX. The shares to Cenkos were issued on 20 March 2014 at the same subscription price as the shares issued to the Invesco funds. 800,000 shares are restricted for six months and 800,000 shares are restricted for 12 months. The shares were issued under the authorization to the board to issue shares, resolved by the annual general meeting on 16 May 2013. The board chose to apply the existing shareholders' waiver of preemptive right to subscribe for shares because the share issue settled a payable debt and constituted an integral part of the transaction with the Invesco funds.

In connection with the acquisition of patents and other IP from Roger Bauchspies on 30 December 2014, the board resolved a private placement of 500,000 new shares to Roger Bauchspies. The shares are restricted on agreed terms, and issued at a subscription price equalling par value per share of NOK 0.15. The subscription amount was paid and the shares were issued in January 2015.

Several employees exercised vested incentive subscription rights on two occasions in 2014, in a combined total of 5,817,233 shares at average price NOK 1.13 per share.

2013:

Following a book building in April, IDEX completed a successful private placement of shares 16 May 2013. The book building resulted in more than twice the planned maximum and the placement amount was increased to better accommodate the investors' demand for IDEX shares. The annual general meeting resolved to issue 18,771,250 shares at a subscription price of NOK 1.60 per share.

Following the annual general meeting on 16 May 2013, the chairman Morten Opstad and board members Hanne Høvding, Joan Frost Urstad and Harald Voigt elected to receive the board remuneration 2012-2013 fully or partly in shares. Mr. Opstad acquired 119,940 shares for which he paid the par value in lieu of a cash board remuneration of NOK 180,000. Mesdames Høvding and Urstad both acquired 93,287 shares each for which they paid the par value in lieu of a cash board

remuneration of NOK 140,000 each, and Mr. Voigt acquired 46,643 shares for which he paid the par value in lieu of a cash board remuneration of NOK 70,000.

On 1 September and 23 September 2013 IDEX conducted two separate private placements to World Wide Touch Technology (Holdings) Limited ("WWTT"); 7,365,060 shares at NOK 4.15 per share and 4,680,000 shares at NOK 5.04 per share respectively. The capital was fully paid in and registered in 2013.

Several employees exercised vested incentive subscription rights during 2013, in a combined total of 4,058,835 shares at average price NOK 1.10 per share.

Shareholders registered at 31 December 2014	Number of shares	Percent of shares
Sundvall Holding AS	69 210 643	16.7
Charles Street International Ltd	37 107 236	9.0
Invesco Perpetual High Income Fund	35 485 594	8.6
Euroclear Bank S.A./N.V. (nominee)	32 945 482	8.0
The Bank of New York Mellon SA/NV (nominee)	24 514 406	5.9
Colargol Invest AS	17 000 318	4.1
Smart Riches Ltd (World Wide Touch Technology (Holdings) Ltd)	13 613 617	3.3
MP Pensjon PK	8 250 773	2.0
Six Sis AG (nominee)	5 288 045	1.3
Blue Ocean Marine Invest AS	5 000 000	1.2
Carnegie Investment Bank AB (nominee)	4 675 880	1.1
Marc O'Polo Norge AS	4 613 148	1.1
Alden AS	4 585 821	1.1
Commerzbank AG	4 067 943	1.0
Banque Lombard Odier and Cie (nominee)	4 042 000	1.0
Stålhe Invest AS	4 001 944	1.0
Lupum AS	3 762 235	0.9
Sven Chr. F. Rønne	3 612 016	0.9
Giant Leap International Ltd	3 383 802	0.8
Jens Andreas Henriksen	3 006 354	0.7
Others	125 321 605	30.3
Total	413 488 862	100.0

Note: For practical reasons, IDEX does not prepare a list of beneficial owners of holdings in nominee accounts.

Shares and subscription rights held or controlled by primary insiders and their close relations	31 December 2014		31 December 2013	
	Shares	Incentive subscription rights	Shares	Incentive subscription rights
Morten Opstad, chairman	6 867 165	0	6 867 165	0
Jon Ola Frankplads, board member	na	na	3 792 382	0
Frode Haugli, board member	176 366	0	156 250	0
Hanne Høvdning, board member	241 474	26 532	197 693	26 532
Andrew James MacLeod, board member	56 000	0	na	na
Toril Nag, board member	0	0	0	0
Hemant Mardia, CEO	265 625	7 000 000	265 625	5 500 000
Ralph W. Bernstein, CEO/CTO	681 799	2 000 000	334 638	3 672 960
Henrik Knudtzon, CFO	0	1 500 000	na	na
Erling Svela, VP Finance	26 667	640 000	0	706 668
Kristian Wiermyhr, VP Sales and Strategy	3 762 235	3 000 000	3 762 235	3 000 000
Total	12 077 331	14 166 532	15 375 988	12 906 160

Note: na indicates that the person was not a primary insider at the end of the respective years.

In 2014 the board granted incentive subscription rights to employees and individual contractors under the 2013 programme in the period 1 January-7 May 2014, and made grants under the 2014 programme in the period 8 May-31 December 2014. The 2013 programme, which had rules corresponding to the 2014 programme (see below), was closed for further grants at the annual general meeting 2014.

Under the 2014 subscription rights-based incentive programme resolved by the annual general meeting on 7 May 2014, the board may grant up to 41,238,371 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. The exercise price shall be minimum the higher of the average closing price of the IDEX share on ten trading days preceding the date of the grant, or the closing price of the IDEX share on the trading day preceding the date of the grant. Unless resolved otherwise by the board, 25 per

cent of each grant of subscription rights vest 12 months after the date of the grant. The subscription rights lapse on the fifth anniversary after the annual general meeting that resolved the programme. Grants under programmes for prior years have similar pricing rule, vesting schedule and duration. Unvested subscription rights terminate on the holder's last day of employment. Vested subscription rights may be exercised up to 90 days after the holder's last day of employment. There are no cash settlement alternatives.

	2014		2013	
	Number of subscription rights	Weighted average exercise price	Number of subscription rights	Weighted average exercise price
Incentive subscription rights				
Outstanding at 1 January	28 186 318	1.93	17 745 259	1.28
Granted	5 700 000	5.48	16 810 000	2.36
Exercised	(5 817 206)	1.13	(4 058 835)	1.10
Forfeited	(1 608 750)	1.63	(2 212 500)	1.19
Expired	0		(97 606)	9.17
Outstanding at 31 December	26 460 362	2.88	28 186 318	1.93
Number which were exercisable at 31 December	10 652 737	2.14	11 981 903	1.53
Weighted average fair value of subscription rights granted in the year	6 450 000	2.46	16 810 000	1.33

The fair value for the subscription rights granted in the year has been calculated by use of the Black & Scholes option pricing model applying the following assumptions applied in 2014:

- Exercise price NOK 3.60-7.03 per share, weighted average NOK 5.48 per share
- Weighted average actual share price at date of grant NOK 5.40 per share
- Duration up to 4.9 years, weighted average 4.5 years
- Volatility of share price based on share price history 85 per cent
- Weighted average risk free interest rate of 1.7 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

Incentive subscription rights held by primary insiders and employees at 31 December 2014

	Grant date	Expiry date	Grantee capacity	Number of subscription rights	Exercise price NOK
Hanne Høvdning, board member	11 May 2010	11 May 2015	board remun.	26 532	1.20
Hemant Mardia, CEO	28 Feb. 2013	15 May 2017	employee	1 000 000	1.23
	6 May 2013	15 May 2017	employee	4 000 000	1.80
	15 Sep. 2014	7 May 2019	employee	1 500 000	4.45
close relation of H.M.	10 Dec. 2013	15 May 2017	employee	500 000	5.24
Ralph W. Bernstein, CTO	2 Nov. 2010	11 May 2015	employee	250 000	1.02
	2 Nov. 2010	11 May 2015	employee	250 000	1.50
	10 Apr. 2011	11 May 2015	employee	500 000	1.96
	9 Jan 2013	15 May 2017	employee	200 000	1.00
	9 Jan 2013	15 May 2017	employee	200 000	1.30
	6 May 2013	15 May 2017	employee	600 000	1.80
Henrik Knudtzon, CFO	1 Apr. 2014	16 May 2018	employee	1 500 000	7.03
Erling Svela, VP Finance	10 Apr. 2011	11 May 2015	employee	640 000	1.96
Kristian Wiermyhr,	30 Aug. 2012	15 May 2017	contractor	1 500 000	1.00
VP Sales and Strategy	30 Aug. 2012	15 May 2017	contractor	1 500 000	1.30
Other employees	11 May 2010	11 May 2015		66 330	1.20
and contractors	16 Dec. 2010	11 May 2015		590 500	1.60
	10 Apr. 2011	11 May 2015		659 500	1.96
	23 Oct. 2011	19 May 2016		187 500	0.94
	9 Jan. 2013	15 May 2017		1 193 750	1.00
	9 Jan. 2013	15 May 2017		1 193 750	1.30
	28 Feb. 2013	15 May 2017		2 000 000	1.23
	13 Aug. 2013	16 May 2018		300 000	4.07
	19 Aug. 2013	16 May 2018		50 000	4.62
	23 Sep. 2013	16 May 2018		1 500 000	4.67
	4 Oct. 2013	16 May 2018		1 225 000	5.42
	12 Nov. 2013	16 May 2018		500 000	4.76
	10 Dec. 2013	16 May 2018		157 500	5.24

(table continues)

(continued table)

Incentive subscription rights held by primary insiders and employees at 31 December 2014

	Grant date	Expiry date	Grantee capacity	Number of subscription rights	Exercise price NOK
	2 Jan. 2014	16 May 2018		500 000	5.28
	20 Jan. 2014	16 May 2018		70 000	6.70
	1 Apr. 2014	16 May 2018		390 000	7.03
	17 Jun. 2014	7 May 2019		550 000	5.83
	15 Sep. 2014	7 May 2019		700 000	5.83
	14 Nov. 2014	7 May 2019		460 000	3.60
Total				26 460 362	

16. Board authorisations to issue shares or acquire own shares

Only authorisations valid on 31 December 2014 have been included. The authorisations were resolved at the annual general meeting 2014 and are valid until the annual general meeting 2015 but no longer than 30 June 2015. The combined issue under both authorisations may not exceed 41,238,371 shares.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital	41 238 371	500 000
Issue of shares in a rights issue to raise additional capital	41 238 371	0

There were no authorisations to acquire own shares in effect at the end of 2014.

17. Receivables and payables; Financial obligations; Contingent assets and liabilities

IDEX group and IDEX ASA Amounts in NOK 1,000	Total in NOK	NOK equivalent of amounts denominated in foreign currency		
		EUR	GBP	USD
Long-term receivables	1 143	0	0	0

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

IDEX group and IDEX ASA Amounts in NOK 1,000	Total in NOK	NOK equivalent of amounts denominated in foreign currency		
		EUR	GBP	USD
Customer receivables				
Due in less than 3 months	1 070			1 070
Due in 3-6 months				
Due in 6-12 months				
Total	1 070	0	0	1 070

IDEX ASA Amounts in NOK 1,000	Total in NOK	NOK equivalent of amounts denominated in foreign currency		
		EUR	GBP	USD
Receivables from group companies				
Due in less than 3 months	11 528		341	11 187
Total	11 528		341	11 187

IDEX group		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Other short-term receivables	Total in NOK	EUR	GBP	USD
Due in less than 3 months	791			
Due in 3-6 months	90			
Due in 6-12 months	1 617			17
Total	2 498	0	0	17

IDEX ASA		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Other short-term receivables	Total in NOK	EUR	GBP	USD
Due in less than 3 months	791			
Due in 3-6 months	90			
Due in 6-12 months	1 600			
Total	2 481	0	0	0

IDEX group and IDEX ASA		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Long-term payables	Total in NOK	EUR	GBP	USD
	10 079	0	0	10 079

The payable relates to the acquisition of IP from Roger Bauchspies, and is held at net present value (rate 12 per cent p.a.).

IDEX group		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Accounts payable	Total in NOK	EUR	GBP	USD
Due in less than 3 months	8 997	1 224	75	7 200
Total	8 997	1 224	75	7 200

IDEX ASA		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Accounts payable	Total in NOK	EUR	GBP	USD
Due in less than 3 months	6 692	1 224	75	4 895
Total	6 692	1 224	75	4 895

IDEX ASA		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Payables to group companies	Total in NOK	EUR	GBP	USD
Due in less than 3 months	7 197		341	6 856
Total	7 197		341	6 856

The estimated employer tax liability related to share-based remuneration will be due only if and when the pertaining subscription rights are exercised.

IDEX group		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Other short-term liabilities	Total in NOK	EUR	GBP	USD
Due in less than 3 months	21 029		257	16 079
Due in 3-6 months	679			
Due in 6-12 months	10 088			3 321
Total	31 796	0	0	4 204

IDEX ASA		NOK equivalent		
Amounts in NOK 1,000		of amounts denominated in foreign currency		
Other short-term liabilities	Total in NOK	EUR	GBP	USD
Due in less than 3 months	19 946		257	15 010
Due in 3-6 months	679			
Due in 6-12 months	10 088			3 321
Total	30 713	0	257	18 321

IDEX had no other significant short-term financial obligations at the end of 2014. The parent company's leasehold agreement for offices at Fornebu, ends in January 2017. IDEX America rents offices in Tewksbury, Mass. The leasehold agreement ends in August 2017. The office rental agreement at Pleasanton, Calif. is a revolving one-year agreement.

Amounts in NOK 1,000

Minimum future lease/rental payments	IDEX group	IDEX ASA
Not later than one year	3.803	2 135
Later than one year and not later than five years	4.588	2 220
Later than five years	0	0

IDEX had no contingent assets or liabilities at the end of 2014 or 2013.

18. Inventory

Inventory, consisting of purchased licences-to-use of embedded software, which are intended for resale with fingerprint sensors, is held at cost, which is less than recoverable value.

19. Events after 31 December 2014

The board of directors of IDEX ASA resolved on 27 January 2015 to issue 237,500 shares to an employee who had exercised incentive subscription rights which were granted in 2011 and 2013 under the company's incentive subscription rights plans in the respective periods. The weighted average exercise price per share was NOK 0.98.

The board of directors of IDEX ASA resolved on 24 February 2015 to issue 2,893,862 shares to employees who had exercised incentive subscription rights which were granted in 2010, 2011 and 2013 under the company's incentive subscription rights plans for 2010 and 2012. The weighted average exercise price per share was NOK 1.72. Of the total number of exercised subscription rights, 1,666,532 were held by primary insiders who sold 1,147,700 shares to cover the exercise and tax amounts associated with the exercise.

The board of directors of IDEX ASA resolved on 24 February 2015 to grant 1,015,000 incentive subscription rights to new employees in the company. The grant was made under the company's 2014 incentive subscription rights plan as resolved at the annual general meeting on 7 May 2014. The exercise price of the subscription rights is NOK 4.90 per share. 25 % of the subscription rights vest on each anniversary from the date of the grant. The subscription rights expire on 7 May 2019.

On 26 March 2015, IDEX announced that funds managed by Woodford Investment Management LLP, had agreed to acquire 52,500,000 new shares in IDEX at NOK 5.65 per share. The funds will also receive 26,250,000 warrants at an exercise price of NOK 8.50 per share. The placement and issue of warrants are subject to resolution by the general meeting. The warrants are exercisable between 12 and 24 months after the date of resolution by the general meeting. The board has called an extraordinary general meeting on 29 April 2015 for the purpose of resolving the placement and issue of warrants.

Following the share issues above, the company's share capital is be NOK 62,493,033.60 divided into 416,620,224 registered shares each with a nominal value of NOK 0.15. Following the grant and exercises there will be 24,344,000 incentive subscription rights and 56,250,000 warrants outstanding.

On 27 March 2015 IDEX filed an application for its shares to be listed at Oslo Børs's main list.

Between 31 December 2014 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2014 or the value of the group's assets and liabilities at 31 December 2014.

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 ASA as at 31 December 2014.

The consolidated annual financial statements and the annual financial statements for IDEX ASA have been prepared in accordance with IFRS as adopted by the EU and the additional requirements in the Norwegian accounting act. 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.

Fornebu, 16 April 2015
The board of directors of IDEX ASA



Morten Opstad
Chairman



Andrew James MacLeod
Board member



Frode Haugli
board member



Toril Nag
board member



Hanne Hovding
board member



Hemant Mardia
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Idex ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Idex ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2014, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements for the Parent Company and the Group.

A member firm of Ernst & Young Global Limited

Opinion

In our opinion, the financial statements of IDEX ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

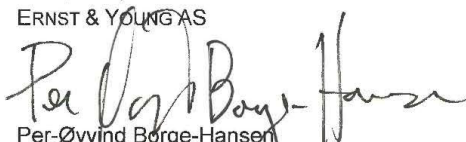
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, 16 April 2015

ERNST & YOUNG AS



Per Øyvind Borge-Hansen

State Authorised Public Accountant (Norway)

Articles of association

Office translation for information purposes.

IDEX ASA, company register number NO 976 846 923 VAT, last amended on 24 February 2015.

- § 1 The name of the company is IDEX ASA and it is a public limited company.
- § 2 The objective of the company is to deliver computer-based identification systems and other related activities.
- § 3 The business offices are in the Bærum municipality, Norway.
- § 4 The company's shares shall be registered in the Norwegian Registry of Securities.
- § 5 The share capital is NOK 62,493,033.60 divided into 416,620,224 shares each with a nominal value of NOK 0.15 per share.
- § 6 The board of the company consists of from 3 to 7 members.
- § 7 The ordinary general meeting shall handle and decide:
- Determination of the profit and loss account and balance sheet
 - Appropriation of (net) profit or covering of losses
 - Election of board and determination of board remuneration
 - Election of chairman and members of the nomination committee, and determination of remuneration to the members of the nomination committee
 - Election of auditor and determination of auditor's remuneration
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the meeting
- § 8 a. IDEX 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 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.
- § 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

Update resolved by the board of directors of IDEX ASA on 16 April 2015.

This statement outlines the position of IDEX ASA ("IDEX" or "the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 ("the Code"). The Code is publicly available at www.nues.no and from Oslo Børs. In the following, the board of directors 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.

1. Implementation and reporting on corporate governance

IDEX seeks to create sustained shareholder value. 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 in the present organisation 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 ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The ethical guidelines also incorporate the Company's guidelines on corporate social responsibility.

2. IDEX's business

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

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

3. Equity and dividends

The board is aware of and acknowledges the equity requirements and duty of action in connection with loss of equity, as set out in the Norwegian Public Limited Companies Act.

In the past, the Company has on several occasions been in need of raising equity to fund its activities. The board has proposed to the general meeting only reasonable authorisations for share issues and moderate incentive schemes. Such board authorisations have explicitly stated the type and purposes of transactions in which the authorisations may be applied. Proposed authorisations to issue shares have been considered and voted separately by each type and purpose. The board authorisations 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 Company has not had in place any authorisation to the board to acquire own shares. As and when such authorisation is adopted, the board will propose that the length of the authorisation be limited to a period ending at the next annual general meeting of shareholders.

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 in the next few years. IDEX intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future decision to pay dividends will be based on a dividend policy to be instituted in due course, which policy will 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. The Company has one class of shares. There are no trading restrictions or limitations relating only to non-residents of Norway under the articles of association of the Company. Each share carries one vote. There are no restrictions on voting rights of the shares.

In the authorisations to issue new shares where the shareholders resolves 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 arm's length basis. Any not immaterial future related-party transactions shall be subject to an independent third-party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant.

There are no clauses in the articles of association about trading in the Company's own shares, nor has the general meeting issued any such authorisations.

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.

5. *Freely negotiable 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 raise issues with the board. To the maximum degree possible, all members of the board shall be present at the general meeting. The Company's CEO and the auditor shall also be present at 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 general meeting has included in the articles of association of the Company that documents which deal with matters that are to be handled at the general meeting need not be sent to the Company's shareholders if the documents timely have been made available on the Internet site of the Company.

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. Shareholders who are unable to attend in person will be provided the option to vote by proxy in favour or against each of the board's proposals. The notice shall contain a proxy form as well as information of the procedure for proxy representation. The company has not included electronic voting or advance votes in the articles of association because there are as yet no reliable systems or practices for such voting. 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. The mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant to the current version of the Code. The annual general meeting elects the chairman and two committee members. No current board member or IDEX executive is a member of the nomination committee. The current chairman of the nomination committee was formerly a board member of the company.

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 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

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

8. Corporate assembly and board of directors; composition and independence

IDEX does not have a corporate assembly because it is exempted from having a corporate assembly.

The board acknowledges the Code's recommendation that the majority of the members of the board shall be independent of the Company's management and material business contacts. All board members are required to make decisions objectively in the best interest of the Company, and the majority of independent directors 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 for the board. The board's attendance statistics is included in the presentation of the board members in the annual report.

The articles of association state that there shall be from three to seven board members. The service period is not stated in the articles, hence the board members stand for election every two years.

The board considers that at this stage of IDEX's development, it is beneficial for the Company and its shareholders that the board members are shareholders in the Company and encourages the members of the board to hold shares in the Company.

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 is based on applicable laws and well-established practices, which have been formalized in writing through board instructions in accordance with the Norwegian Public Limited Companies Act. 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 instructions state that 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 ensure that the organization of the accounting and funds management includes adequate control procedures. The board shall monitor and follow-up the status and development of company's operational, financial and other results.

The board instructions list inter alia the following responsibilities:

- 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 chairman cannot or should not lead the work of the board, the longest-serving board member shall chair the board until an interim chairman has been elected by and among the board members present.

The board shall evaluate its performance and expertise annually. Moreover, the board will resolve an annual plan for its work, with particular emphasis on objectives, strategy and implementation.

With a compact board of five members and in view of the size of the Company, the board has not hitherto determined a need for sub-committees. The future need for any sub-committees is considered at least annually in connection with the annual review of the Company's corporate governance.

IDEX is not obliged to have a separate audit committee and in view of the small number of board members, the board holds the opinion that the audit committee shall consist of all board members who are not also executives or have similar roles in the Company. The board instructions include instructions for the audit committee.

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 ethical guidelines, including the 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.

In view of the size of the Company and the number of board members, the board has chosen to elect the full board to constitute the audit committee. The audit committee policies and activities are compliant with the Norwegian Public Limited Companies Act.

IDEX issues interim financial reports each quarter and annual financial report according to the published financial calendar. The accounting policies are applied when preparing the reports, which satisfy the regulatory requirements. The board reviews monthly financial reports for each entity as well as the group, comparing actual results to budget. The size of the company's operation and staff number necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiary group in USA which was established in September 2013 is operationally integrated as if it was a branch of the parent company, with legal and financial interaction being conducted on arm's length terms.

IDEX's activities and financials are controlled by the parent company. The audit committee regularly meets separately with the external auditor to review risk factors and measures, and any incidents and issues. The audit committee reviews all 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. It is reviewed annually by the audit committee, and updated as and when appropriate. Due to the expanded number of staff in 2014 and into 2015, the capacity of the financial and administrative functions has also been expanded, and thus enabled implementation of higher degree of segregation of duties. In entering the commercial, operational stage of its business, IDEX is currently implementing more comprehensive IT systems and also quality management systems and standardised operating procedures which will strengthen the business controls.

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 board members, executives and/or employees, including close relations to the aforementioned, 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 2012 until the annual general meeting in 2013 was proposed to and resolved at the annual general meeting 2013. To lessen the cash outflow, the annual general meeting granted an option for the board members to receive the remuneration partly or fully in kind in the form of shares. Four of the board members took up this option in 2013. Amount details are disclosed in the financial statements. The nomination committee shall propose board remuneration for the period between the annual general meetings of 2013 and 2014.

Advokatfirma Ræder DA, in which the IDEX chairman, Morten Opstad, is a partner, renders legal services to the Company. Generally, such services are largely undertaken by lawyers at Ræder other than Morten Opstad. In the cases where legal services provided by Ræder are carried out by Morten Opstad, such services, which are outside Morten Opstad's duties as chairman, are billed by Ræder. Amount details are disclosed in the financial statements.

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 such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

12. Remuneration to the management

IDEX offers market-based compensation packages for the executives and employees in order to attract and retain the competence which the Company needs. The exercise price for any subscription rights is in line with the share price at the time of the grant. The subscription rights vest in tranches over four years unless a special vesting schedule is deemed appropriate by the board and resolved upon grant. No so-called golden parachutes are in effect, and post-employment pay will only apply in case the Company invokes contractual non-competition clauses.

The board shall determine the compensation of the CEO. There cash incentive remuneration per calendar year is limited to an amount or a percentage of annual base pay. It follows from the nature of the incentive subscription rights programme resolved by the annual general meeting that the limit does not apply to the possible gain on subscription rights. The board has adopted a policy for the CEO's remuneration of the employees.

At the annual general meeting, the board will present to the shareholders a statement of remuneration to the management in a separate document attached to the notice of the annual general meeting. The statement shall clearly state which aspects of the guidelines are advisory and which are binding, and the general meeting will resolve the aspects separately.

The resolution by the annual general meeting is binding to the extent it relates to share-based compensation and advisory in other aspects.

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, the annual report and the associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders provides a forum for shareholders to raise issues with the board. All reports and notices are issued and distributed according to the rules and practices at Oslo Axess marketplace of Oslo Børs. The Company publishes an annual financial calendar for the following year; setting forth the dates for major planned events such as its annual general meeting, publication of interim reports, any scheduled public presentations, any dividend payment date if applicable, etc. The reports and other pertinent information are also available on the Company's website, www.idex.no.

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 IFRS. The content of the interim reports are compliant with IFRS.

All reports are issued on the Oslo Axess marketplace of Oslo Børs (www.oslobors.no and www.newsweb.no). The reports and other pertinent information are also available at www.idex.no. The current information practices are adequate under current rules. IDEX complies with the Oslo Børs code of practice for IR information.

14. Take-overs

There are no takeover defence mechanisms in place. The board will endeavour that shareholder value is maximised and that all shareholders are treated equally. The board acknowledges its duty to not obstruct take-over 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 where 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 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 is fully independent of the Company. IDEX represents a minimal share of the auditor'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.

The board has established written guidelines to the CEO in respect of assignments to the auditor other than the statutory audit.

The board shall otherwise ensure full compliance with section 15 of the Code.

Board of directors

There are presently five board members including the chairman. The current board but one member was elected at the annual general meeting 2013 for a period of two years, and thus stand for election at the annual general meeting 2015. Andy MacLeod was elected at the annual general meeting 2014 for a period of two years. There are no family relationships among the board members or between board members and management. There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which members of the board or management was selected.

The board has held 11 meetings, of which 5 were held by telephone conference, in the period after the annual general meeting on 7 May 2014 and until and including 16 April 2014.

Morten Opstad, Chairman

Mr. Opstad has served as chairman of the board in IDEX since 1997. Mr. Opstad is a partner and chairman of the board in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organising several technology and innovation companies. His directorships include inter alia current board positions in Thin Film Electronics ASA (chairman) and cXense AS (chairman). Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953 and is a Norwegian citizen. He resides and works in Oslo. Mr. Opstad attended all of the board meetings in the period. On 31 December 2014 Mr. Opstad and close relations held or controlled 6,867,165 shares and 0 (nil) rights to shares in IDEX.

Frode Haugli, Board member

Mr. Haugli has served on the board of IDEX since May 2013. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. Haugli works as professional board member and management consultant. He holds a Master's degree in business management from the Oslo Business School (Handelsakademiet) and has attended management studies at Henley Business School and the Solstrand programme of the Institute for Administrative Research (AFF) at the Norwegian School of Economics and Business Administration. In 2006-2010 he was CEO for Software Innovation AS (formerly ASA and publicly listed). Previously, Mr. Haugli worked for Hewlett-Packard where he was president for the Norwegian operations and also managed the Nordic, Benelux and Baltic businesses. Mr. Haugli is a board member of, among others, the following companies: Bluegarden AS, Netledger AS, Health and Fitness Nordic AS, Off-piste AS (Chairman) and Phonect AS (Chairman). Former board positions include, inter alia: Basefarm AS (Chairman), Digitalpenn AS (Chairman), Interplaza AS, Network Norway AS, Selmer Holding AS, and Elixia AS. Mr. Haugli was born in 1960. He is a Norwegian citizen and resides in Bærum and works in the Oslo area. Mr. Haugli attended 10 of the board meetings in the period. On 31 December 2014 Mr. Haugli and close relations held or controlled 176,366 shares and 0 (nil) rights to shares in IDEX.

Hanne Høvding, Board member

Ms. Høvding has served on the board of IDEX since 2007. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Høvding has a Bachelor's Degree from the Norwegian School of Economics and Business Administration. In her professional career Ms. Høvding has held several management positions within personnel administration, finance, credit card administration and debt collection. Ms. Høvding was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvding attended all of the board meetings in the period. As of 24 February 2015 Ms. Høvding and close relations held or controlled 268,008 shares and 0 (nil) rights to shares in IDEX.

Andrew James (Andy) MacLeod, Board member

Mr. MacLeod was elected to the board of IDEX in May 2014. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. MacLeod is CTO for Vodafone plc.'s Africa, Middle East and Asia-Pacific region, responsible for all technology activities in the operating companies in the region. He is a Fellow of the Royal Academy of Engineering and a Chartered Engineer (metals materials and mining), holds an MBA from Warwick Business School and an MA in Materials Science from Keble College, Oxford University. Previously, Mr. MacLeod was Group Chief Networks Officer at Vodafone responsible for its network policy and operational activities worldwide. He has since the early 1990's held CEO, COO and CTO positions at major telecommunication companies. He is a board member of Vodafone Australia and Indus. Mr. MacLeod was born in 1957, is a British Citizen and resides in Winchester, England. Mr. MacLeod attended 8 of the board meetings in the period. As of 26 January 2015 Mr. MacLeod and close relations hold or control 231,000 shares and 0 (nil) rights to shares in IDEX.

Toril Nag, Board member

Ms. Nag has served on the board of IDEX since May 2013. Ms. Nag is executive vice president for the telecom business in Lyse Energi AS, an energy and telecom company. She holds a Master's degree (Honours degree) in Computer Science from University of Strathclyde and management training from Norwegian Business School BI. Ms. Nag has for about fifteen years held various senior management positions in the technology and telecom industries, the financial industry and audit, inter alia

Tandberg (now: Cisco), Telia, KPMG and Fokus Bank (now: Den Danske Bank). Ms. Nag was a board member in Tandberg Television ASA 2005-2007. Current board positions include: companies related to Lyse Energi AS and Dolphin Group ASA. Ms. Nag was born in 1964. She is a Norwegian citizen and resides and works in the Stavanger-Sandnes area. Ms. Nag attended 10 of the board meetings in the period. On 31 December 2014 Ms. Nag and close relations did not hold or control shares or rights to shares in IDEX.

Management

Hemant Mardia, Managing director/CEO

Dr. Mardia serves as Managing director of tIDEX and CEO for the group. He joined IDEX in March 2013 on a part-time basis and on a full-time basis from 1 August 2013. Dr. Mardia became Managing director/CEO as of May 2013. Dr. Mardia was President and founder of Axxcss Wireless Ltd., a subsidiary of the Moseley Wireless Group for the period from October 2012 to July 2013. Dr. Mardia was formerly CEO of Filtronic Plc, a London Stock Exchange listed business in the telecoms sector, for five years up to July 2013, and his career includes various management roles in telecoms, security and defense equipment companies. Dr. Mardia holds a Ph.D in electronics. Dr. Mardia was born in 1961. He is a British citizen and resides in England and Oslo. On 31 December 2014 Dr. Mardia and close relations held or controlled 265,625 shares and 7,000,000 rights to shares in IDEX.

Henrik Knudtson, Chief Financial Officer

Mr. Knudtson joined IDEX as Chief Financial Officer (CFO) in August 2014. Prior to joining IDEX, Mr. Knudtson was a Director at the private equity firm Herkules Capital, where he worked for six years. From 2004 to 2008 Mr. Knudtson was a consultant at McKinsey & Company. Mr. Knudtson holds a MSc degree in Economics and Business Administration, with a specialization in finance, from the Norwegian School of Economics and Business Administration. Mr. Knudtson was born in 1980. He is a Norwegian citizen and resides in Oslo. As at 31 December 2014 Mr. Knudtson and close relations held or controlled 0 (nil) shares and 1,500,000 rights to shares in IDEX.

Preeti Mardia, Senior Vice President of Operations Management

Ms. Mardia has varied executive management and operations expertise across semiconductors, telecoms, aerospace, and food industry sectors. Ms. Mardia joined IDEX ASA as Senior Vice President of Operations on a part-time basis in February 2014 and on full-time from July 2014. Mrs. Mardia is a board member of Thin Film Electronics ASA. Ms. Mardia previously worked within Moseley Wireless Group and Filtronic Plc as Operations Director and established commercial and supply relationships with first-tier OEMs for mobile telecoms infrastructure and implemented a world-class highly automated electronics manufacturing plant and established global supply chain partnerships. She scaled a semiconductor foundry from technology phase to high volume manufacturing of Gallium Arsenide semiconductor devices for the mobile handset, aerospace, and base-station markets. Mrs. Mardia has experience in fast-moving consumer goods, in manufacturing, product development and quality assurance with Cadbury Schweppes Plc. Mrs. Mardia holds a degree in Food Science & Technology and is completing her Masters Degree in Executive Management at Ashridge, UK. Ms. Mardia was born in 1967 and is a British citizen. On 31 December 2014 Ms. Mardia and close relations held or controlled 265,625 shares and 7,000,000 rights to shares in IDEX.

Erling Sveta, Vice President of Finance

Mr. Sveta served as IDEX' chief financial officer (CFO) 2008-2014, when he assumed the position of Vice President for Finance. From 2006 until 2011 Mr. Sveta was also on part-time basis the CFO of Thin Film Electronics ASA, which is listed on Oslo Axess. From 2006 to 2008, he was CFO and corporate vice president in Kitron ASA, a company listed on Oslo Børs. Previously, he was finance director in Opticom AS and Thin Film OldCo AS, and earlier he worked for Elkem, Thorn EMI and Hewlett-Packard. Mr. Sveta holds a MSc. in Forest Economy and Management from the Norwegian University of Life Sciences (1985), an MBA from Henley Business School and he is a certified European financial analyst from the Norwegian School of Economics and Business Administration. He has also completed the IFRS Academy by the Norwegian Institute of Public Accountants. Mr. Sveta was born in 1958. He is a Norwegian citizen and resides in Oslo. As of 24 February 2015 Mr. Sveta and close relations held or controlled 203,167 shares and 0 (nil) rights to shares in IDEX.

Kristian Wiermyhr, Vice President Strategy and Sales

Mr. Wiermyhr joined IDEX in August 2012 to support and advice the company on strategic partner projects. He was appointed Vice President of Strategy and Sales in January 2013. He has more than twenty years' experience in the financial sector in Norway and internationally. Mr. Wiermyhr has extensive experience in investment banking, portfolio management and proprietary trading. Mr Wiermyhr has served as a senior partner at investment banks RS Platou Markets and ABG Sundal Collier. Mr. Wiermyhr was born in 1970 and is a Norwegian citizen. He resides in Bærum. On 31 December 2014 Mr. Wiermyhr and close relations held or controlled 3,762,235 shares and 3,000,000 rights to shares in IDEX.



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