



IDEX ASA
ANNUAL REPORT

2017

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REPORT FROM THE BOARD OF DIRECTORS 2017



In 2017, IDEX made significant progress on commercialisation of its sensor solutions for biometric cards. The company's first priority is to strengthen its leadership position in the biometric cards market and to drive increased adoption. IDEX will also target its other biometric applications, including solutions for the IoT and mobile markets, when the company can leverage the products and technology designed for the biometric card market. IDEX recorded revenues of NOK 17.5 million in 2017 compared with NOK 38.6 million in 2016, primarily reflecting reduced sales into the mobile market.

IDEX ASA is a Norwegian public company, founded in 1996, specialising in fingerprint imaging and recognition technology. IDEX's ambition is to secure market leadership through innovation in fingerprint sensors. The parent company is located at Fornebu, near Oslo, in the Bærum municipality, Norway. IDEX has a subsidiary group in the USA that conducts technical development and marketing services for the parent company. The company also has subsidiaries in the UK and in China, which provide various technical, commercial and administrative services to the parent company.

IDEX's business model includes the design, development and sale or licensing of fingerprint sensor IP and products. Manufacturing is outsourced. The company is typically paid either a contracted price for its fingerprint sensors and solutions, a royalty on each device that incorporates its technology, or a combination of the two.

IDEX develops fingerprint sensors and system solutions to a range of biometrically-enabled applications, providing both hardware and software fingerprint solutions suitable to being embedded into products in

order to improve security, user interface and convenience. IDEX's broad product portfolio includes full-featured, biometric authentication solutions, which enable on-device fingerprint enrolment, template storage and verification. IDEX is growing and broadening its product portfolio of fingerprint sensors by developing next-generation products for its target markets.

The company's current activity primarily focuses on the commercialisation of fingerprint sensor solutions targeted at the biometric card market. In this market, IDEX's target customers are leading card integrators and card manufacturers. In addition, the company is leveraging its sensor solutions into the IoT market, targeting providers of various IoT applications where the company's off-chip technology offers a strong value proposition. IDEX's off-chip technology is also uniquely suited for integration into the smartphone display, and the company considers this an exciting future opportunity. The interest for fingerprint sensors in all three markets is significant.

The IDEX share is listed at the Oslo Børs. As of 31 December 2017, the company had 2,636 shareholders.

TECHNOLOGY

COMPLETE PORTFOLIO OF CAPACITIVE SENSOR PRODUCTS

IDEX's portfolio of fingerprint sensor products is based on capacitive sensor technologies, which is the most commonly used fingerprint technology today due to its superior performance, high level of security and cost.

The mass adoption of fingerprint sensors was initiated by Apple in 2013 with its iPhone 5s, after which fingerprint sensors become a mainstream feature in mobile handsets. In 2017, industry analysts estimated

that OEMs deployed almost a billion fingerprint sensors.

IDEX is one of only a few vendors possessing core IP and patents for this technology, and today the company has a comprehensive portfolio of capacitive fingerprint sensors and solutions. Additionally, IDEX is the only supplier in the industry capable of offering both differentiated off-chip polymer sensors and conventional silicon-based sensors.

OFF-CHIP SENSORS

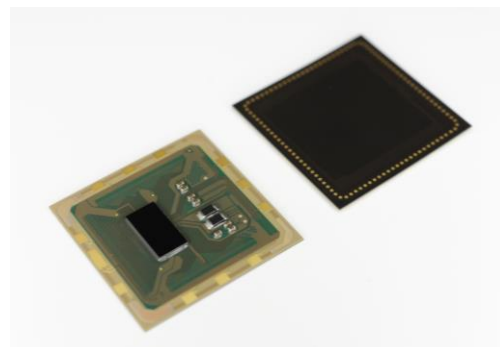
IDEX is one of only two vendors with commercially proven and patent-protected off-chip capacitive sensing technology. Off-chip technology means that the ASIC is separated from the sensing array, which provides several advantages to the customers.

Off-chip technology is a key differentiator in IDEX's target markets for biometric cards, IoT applications and smartphones, providing unique adaptability in design and architecture, as well as favorable cost profiles for medium- and large-area sensors. In the cards market, where larger area sensors with low power requirements are preferred, the off-chip technology has significant cost advantages over

silicon-based sensors, while also enabling the use of bendable sensors that are compatible with industry specific ISO ID-1 form factor requirements. In addition, off-chip sensors have a more flexible architecture, enabling the unique optimization of integrated system solutions. IoT applications often share similar limitations and requirements as biometric cards when it comes to power, processing and the need for flexibility in form factor, which provides IDEX the opportunity to leverage its sensors solutions for biometric cards in the IoT market. In the market for smartphones, off-chip sensors are also well suited for potential future integration into flexible OLED display.

New ASIC platform and sensor for contactless cards

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



The completion of the new ASIC was a significant milestone for IDEX and in June 2017, the company launched a groundbreaking flexible, low power fingerprint sensor for contactless cards built on the new ASIC platform. The sensor has state-of-the-art power management and supports dual-interface biometric card operation without an internal power source. During the second half of 2017, the sensor was sampled and demonstrated to card customers with excellent feedback.

SILICON SENSORS

In addition to the differentiated off-chip sensors, IDEX has an offering of silicon-based sensors, called the Cardinal product family. Silicon-based sensors represent the first generation of capacitive fingerprint sensor products and are the most commonly used sensors in mobile handsets.

Sensor size is the primary driver of the cost for silicon-based sensors, which has led the industry to pursue and introduce smaller area sensors, while simultaneously attempting to overcome the negative impact on biometric performance with more sophisticated algorithms and increased processing resources.

SOFTWARE AND ALGORITHMS

Software is an essential integrated element of the biometric solutions that IDEX develops and sells. The software components range from elements such as on-sensor firmware to enrolment software as well as extracting and matching algorithms.

In 2017, IDEX developed its third generation of software optimised for dual-interface biometric cards. The company designs system software to be very power and memory efficient. Flexible and comprehensive software development kits and tools enable customers to rapidly design complete, secure and batteryless solutions leveraging a highly optimised proprietary matching algorithm.

IDEX's proprietary matcher algorithm for biometric cards was introduced in August 2017.

IDEX partners with TSMC as the foundry for volume manufacturing of the new ASIC. TSMC is the leading company in its field with customers such as Apple, Qualcomm and Mediatek. This relationship provides IDEX customers with the potential for significant capacity from the leading semiconductor manufacturer in the world, at the highest quality levels and with advanced features.

In 2016, IDEX secured several design wins for mobile handsets with its Cardinal sensors, and three tier-one OEMs launched handsets featuring IDEX's silicon sensors. The shipment of the company's silicon sensors generated the majority of the company's revenues for 2016.

In 2017, the market for fingerprint sensors in mobile handsets was highly competitive and price sensitive, resulting in lower than expected shipments of sensors and lower revenues for IDEX. A majority of IDEX's 2017 revenues related to product sales came from silicon sensors.

The patented algorithm is ideal for biometric cards and designed for real-world usability in both card and IoT applications, being rotation insensitive and accepting of partial touches.

IDEX used an industry-respected independent third-party test house to test its card solution, including the matcher and the sensor for dual-interface cards. A population of more than 250 users participated in field tests, which is more challenging than laboratory testing. The solution achieved False Rejection Rate (FRR) results below three per cent at 1:10,000 False Acceptance Rate (FAR). The algorithm's uniquely efficient code and template size enable fast image processing delivering a reliable, secure and seamless user experience.

INTELLECTUAL PROPERTY

IDEX's technology is founded on a strong portfolio of proprietary technology. As of 31 December 2017, IDEX ASA held 58 patent families with 132 granted patents and 103 pending patent applications. IDEX's IP rights cover complete biometric systems ranging from measurement principles, algorithms, sensor design and system solutions. The company holds

patents in a wide range of territories including the US, Europe, China, Korea, Japan, Taiwan and India. IDEX also holds a cross-license to certain fundamental fingerprint sensor patents held by Apple. IDEX intends to seek patent protection for all aspects of its technology that provide significant competitive advantage.

SUPPLY CHAIN AND DISTRIBUTION CHANNELS

ESTABLISHED VOLUME PRODUCTION SUPPLY CHAIN

IDEX's strategy is to design its products for standard high-volume manufacturing to ensure competitive cost levels. The company has a fabless strategy and enters into partnerships with manufacturing companies.

Early in 2017, IDEX partnered with TSMC, the leading company in its field, as the foundry for volume manufacturing of its newest ASIC platform. The relationship provides IDEX's customers with the potential for significant capacity from the leading semiconductor manufacturer in the world and a competitive cost structure. This ASIC will be used for IDEX's current and future generation of sensors for

cards, both contact-based and contactless. In addition, the ASIC is applicable for IoT applications.

For IDEX's first generation off-chip sensor, the company has licensed its IP to Cypress Semiconductor to manufacture the ASIC.

IDEX also has an agreement with Amkor Technology, one of the world's largest providers of contract semiconductor assembly and test services, for production of off-chip sensors to the cards, mobile and IoT markets. The company is partnering with additional packaging companies to secure diversification and additional manufacturing capacity.

SALES ORGANISATION AND DISTRIBUTION CHANNELS

Historically IDEX's main distribution channel was through partners. Since 2016, IDEX has expanded its direct sales capabilities in order to increase interaction with and more closely manage customer relationships. As a result of this direct approach, the company has gained improved visibility into the sales channel as well as valuable real-time customer

feedback in support of ongoing technology and solutions development.

At the end of 2017, IDEX had sales resources and business development capabilities in China, Korea, Taiwan, the United States and in Europe to cover the main target customers.

END MARKETS

BIOMETRIC CARDS

Mastercard partnership

For several years, IDEX has been working with Mastercard to develop biometric card solutions, and together with other partners the companies have taken a leading role in advancing the first commercial rollouts of biometric enabled cards.

In April 2017, Mastercard unveiled its next-generation biometric card, attracting widespread interest in the payment card industry. IDEX provides the flexible off-chip sensor for fingerprint matching and security, while IDEMIA contributes biometric card software and manufacturing capacities.

The partners completed three end-consumer trials during 2017, with the retailer Pick n Pay and the ABSA Bank in South Africa, as well as UniCredit Bulbank in

Bulgaria. The trials received extremely positive customer feedback, which focused on the convenience, security and ease of use of the card – indicating a high likelihood of upgrading to a smartcard with biometric security. Following these live pilots, the partners have optimised the solution based on feedback from the trials to ensure a superior user experience.

IDEX also expanded its long-time partnership with IDEMIA in 2017. In addition to collaborating closely on contact-based card solutions, the partners are now actively working to deliver advanced solutions for contactless cards, including IDEMIA's F-Code biometric card solution.

Market expansion with other partners

IDEX is also experiencing strong commercial interest for its biometric solutions across the broader card ecosystem, particularly in the Asia Pacific.

In the fourth quarter, IDEX announced its partnership with Feitian Technologies for the commercialisation of dual-interface (contact-based and contactless) biometric cards. Leveraging IDEX's market leading off-chip biometric sensor technology, Feitian has developed a biometric card for use in a variety of government ID, access control and payment use cases.

Feitian's international business serves over 100 countries and the company is a leading provider of

user authentication and transaction security solutions, with close to 1,000 employees worldwide.

IDEX also announced the extension of its partnership with Card Tech to collaborate with a top-tier card integrator to deliver a biometric card module. The solution leverages IDEX's off-chip sensor and Card Tech's electronic system expertise and patented technology for secure biometric card products. The programme targets mass deployable smart card programmes in the government ID and banking markets.



Technology developments for biometric cards

As previously mentioned, IDEX introduced its new ASIC platform early in 2017, enabling the launch of a sensor for contactless cards in June 2017.

Further development of IDEX's contactless cards solution progressed significantly during the second half of 2017. More specifically, the company was able to accelerate certain development activity as a result of the knowledge and feedback gained during end-customer trials with its contact-based solution. The company now anticipates initial proof of concept pilots leveraging its contactless solution to commence in the first half of 2018.

Another important milestone for the contactless cards solution was the company's completion of its

ultra-compact matcher algorithm, delivering a step-function improvement in performance for applications with demanding power, processing and memory restriction.

In November 2017, IDEX introduced a new proprietary enrolment solution for biometric cards, allowing end users to conveniently and remotely enrol on the card. This innovative wireless solution doesn't require the use of any other device or even an internet connection for enrolment, and it also eliminates the need to visit a branch office. The enrolment process is fast, simple and provides a highly secure enrolment for the user, as the entire enrolment takes place within the card itself.

INTERNET OF THINGS (IOT) APPLICATIONS

The market potential for biometrics-enabled IoT products is large, and IDEX's off-chip touch sensor is ideally suited for these products due to its flexibility and best-in-class performance. However, the IoT market is very fragmented, and therefore IDEX is focusing on selective vertical opportunities where its off-chip fingerprint sensors offer the strongest value proposition. The off-chip sensor uniquely combines excellent biometric performance from medium to large area sensors with a very compelling cost point. The off-chip technology also enables greater flexibility in terms of sensor material and form factors compared to competing sensors.



IDEX shipped its off-chip fingerprint sensor to several IoT customers during 2017, from which the company received repeat orders for the integration of its sensors into different application areas.

During 2017, BIO-key International, an innovative provider of biometric software and hardware solutions, introduced several products featuring IDEX's off-chip sensor, including USB fingerprint readers for Windows and Android devices, a line of biometric padlocks, and its TouchLock TSA luggage padlock featuring IDEX's fingerprint sensor. The TouchLock TSA padlock is only one example of the vast opportunities for IDEX's fingerprint solutions in the emerging IoT market,

SMARTPHONES

During 2017, the market for silicon sensors in mobile applications continued to be highly competitive and price-sensitive. After IDEX achieved multiple commercial design wins with its silicon-based Cardinal sensor across three customers in 2016, the commoditisation of silicon sensors in mobile applications has reduced the attractiveness of this market.

As OEMs increasingly launch new, premium flagship models with infinity displays, potential new

opportunities are expected to emerge in the mobile market. This trend represents a unique future opportunity for IDEX, as the company's off-chip technology enables sensing arrays to be integrated into mobile OLED displays. Given the company's strong research and development team with deep experience in display integration, IDEX will continue to allocate resources towards developing future mobile in-display sensor solutions. This development is also relevant for continued innovation of next generation card solutions.

FINANCIAL REVIEW

The comments regarding the consolidated profit and loss statements, as well as the consolidated statements of financial position, largely apply to the parent company itself. IDEX America is the largest subsidiary. The subsidiaries provide development services, market facilitation services and/or supply-chain support services to IDEX ASA and do not trade with external customers. The parent company recognises these services as development expense and other expenses. The entities are funded through a combination of equity and loans, as required.

PROFIT AND LOSS STATEMENTS

Revenue

IDEX recorded revenue amounting to NOK 17.5 million from in 2017. NOK 16.1 million of the revenues recorded relates to product sales, while NOK 1.4 million is defined as other operating income, mainly relating to sale of services generated from the company's innovation agreement with its global payment provider.

The revenue in 2016 amounted to NOK 38.6 million, mainly from Cardinal sensor sales. The parent company earns all external revenue.

Cost of goods sold

Gross margin was NOK 3.8 million in 2017, representing 21.7 per cent for the full year. The margin reflects the previously mentioned services income, which was effectively recognized as being at 100 per cent margin. The gross margin from product sales only was 14.6 per cent in 2017, reflecting inventory adjustments in the fourth quarter, and compared with 15.2 per cent in 2016.

The gross margins in 2017 and 2016 reflect a majority of total revenue being generated from the company's co-developed Cardinal sensor product. This early stage product is not expected to be an area of focus for the company in the future, and therefore historical gross margins are not representative of IDEX's forward-looking business model.

Payroll expenses

The payroll expenses have increased due to IDEX's expanded operations. The average number of full-

time equivalents (FTE) was 100 in 2017, up from 64 in 2016. At the end of 2017, the company had 104 FTE IDEX employees, up from 78 at the end of 2016. The total payroll expenses amounted to NOK 149.3 million in 2017, up from NOK 91.7 million in 2016.

The underlying payroll expenses excluding share-based pay increased to NOK 133.3 million in 2017 from NOK 85.2 million in 2016. Most of this increase was in IDEX UK and IDEX America. IDEX did not capitalise payroll costs related to development work in 2017 or 2016.

Total payroll cost also includes the notional cost of subscription rights including accrued or reversed social security cost of same, as well as social security tax on exercised incentive subscription rights. In 2017, the cost of share-based remuneration amounted to NOK 16.0 million, representing 11 per cent of the total payroll expenses, compared to NOK 6.6 million or 7 per cent in 2016. The increase is caused by more subscription rights being exercised and a larger outstanding stock of granted subscription rights in 2017 than 2016 and that the share price movement caused a larger reversal of social security accrual in 2016. The cost of the share-based remuneration is carried by the parent company.

Research and development (R&D) expenses

Gross development expenses for materials, processing and development services amounted to NOK 61.3 million in 2017, a reduction of 28 per cent, from NOK 85.6 million in 2016. This is a reflection of increased internal development capacity, and also due to the phasing of development projects.

In 2017, IDEX did not capitalise any development expenses, while development expenses of NOK 0.3 million related to the Cardinal product were capitalised in 2016. Contribution from the government supported R&D grant scheme called SkatteFunn has been credited to development expenses. The contribution amounted to NOK 5.0 million in 2017, compared to NOK 4.0 million in 2016.

Net reported development expenses were considerably lower in 2017 than in 2016, down from NOK 81.4 million in 2016 to 56.3 million in 2017.

Payroll costs of development work conducted by IDEX employees are not included in the development expenses, but in the payroll expenses line. Such expenses were estimated to NOK 122.4 million in 2017 compared to NOK 65.7 million in 2016.

The parent company purchases development services from the subsidiaries, and thus reports a higher cost than the consolidated group.

Other operating expenses

Other operating expenses comprise sales, marketing and general administrative expenses. These costs amounted to NOK 39.8 million in 2017, compared to NOK 28.9 million in 2016, chiefly because of expanded sales and marketing activities.

Depreciation

Depreciation amounted to NOK 7.5 million in 2017, compared to NOK 7.3 million in 2016. Total investments amounted to NOK 7.2 million in 2017, up from NOK 1.6 million in 2016. Most of the investments were in IDEX America and IDEX UK.

Net financial items

Net financial items amounted to a negative NOK 2.3 million in 2017, compared to NOK 1.0 million in 2016. The interest income is higher due to higher market rates. A weakening of the Norwegian krone in 2017, i.e. a strong increase in foreign currency rates, caused a net currency loss of NOK 4.5 million in 2017, mainly related to liabilities in USD. In 2016, the currency gains and losses balanced.

There were only insignificant financial items in the subsidiaries in 2017 and 2016. IDEX ASA earned interest in an amount of NOK 482 thousand from the subsidiaries in 2017, up from NOK 357 thousand in 2016.

Taxes

The group operated at a loss in 2017 and 2016. However, IDEX America and IDEX UK made a profit on services to the parent company and incurred an income tax amounting to NOK 4.2 million in 2017 and NOK 790 thousand in 2016. IDEX ASA did not incur deferred or payable income taxes in 2017 or 2017.

Net result for the year

The group's net loss in 2017 was NOK 255.5 million, compared to NOK 203.3 million in 2016. The increased loss was caused by lower revenues from the shift from mobile to cards, as well as higher costs resulting from expanded operations.

IDEX America and IDEX UK made a profit while IDEX China incurred a loss, amounting to a combined net profit in the subsidiaries amounting to NOK 2.4 million in 2017, compared to a net profit of NOK 2.9 million in 2016.

STATEMENTS OF FINANCIAL POSITION

Fixed assets

Long-term assets amounted to NOK 48.0 million at the end of 2017, down from NOK 49.1 million at the end of 2016. Intangible assets were depreciated from NOK 34.8 million at the end of 2016 to NOK 30.5 million at the end of 2017 because there minimal investments, while fixed assets increased from NOK 4.7 million to NOK 8.0 million in the same period due to new facilities and equipment in the subsidiaries.

All of the group's intangible assets, including intellectual property (IP) and patents are held by the parent company. IDEX acquired in 2017 the full rights to formerly jointly held patents, while no IP investments were made in 2016. No development expenses were capitalised in 2017, while NOK 0.3 million were capitalised in 2016. In 2017, the Company made various investments in equipment amounting to NOK 6.9 million, compared to investments of NOK 1.3 million in 2016. Some old, unused assets were disposed of in 2017, causing a net loss of NOK 0.4 million. In 2016, disposals caused a net loss in the same amount.

Inventory

Only the parent company holds inventory. This consists mainly of completed or in-progress fingerprint sensors being manufactured by IDEX's partners. The inventory at the end of 2017 consisted of card and IoT components and sensors, and amounted to the same as at the end of 2016.

In 2017, IDEX made a net impairment charge of NOK 0.5 million, mainly on silicon sensors for mobile because of the company's strategic shift to biometric cards. No inventory impairment was incurred in 2016.

Cash

Total cash and bank deposits amounted to NOK 302.1 million at the end of 2017, representing 82 per cent of the total assets, compared to NOK 532.6 million at the end of 2016. The operations, including the effects of share-based remuneration and working capital changes, consumed cash in an amount of NOK 235.2

million in 2017, compared to NOK 231.7 million in 2016. Investments net after interest income amounted to NOK 4.8 million in 2017. Investments mainly related to tangible assets, such as lab instruments and software tools, as well as office furniture and equipment for IDEX's new offices in New York and Massachusetts, USA and Farnborough, UK. In 2016, the investments net after interest income amounted to NOK 0.6 million. A small patent acquisition was made in 2017; none in 2016.

The group's cash pool is held and managed by the parent company and the subsidiaries only hold cash to cover their working capital needs.

Equity

At 31 December 2017, the equity in the group amounted to NOK 337.1 million and the equity in the parent company amounted to NOK 339.7 million, compared to NOK 562.4 million and 562.2 million respectively one year earlier. The equity amounted to more than 90 per cent of the total capital at the end of 2017 as well as at the end of 2016. There were no share issues for funding purposes in 2017 or 2016. The share issues were due to exercise of incentive subscription rights and board remuneration in lieu of cash. Employees exercising subscription rights injected NOK 13.5 million in 2017, compared to NOK 3.6 million in 2016.

Liabilities

IDEX does not have any debt to financial institutions or lenders. The long-term liability at the end of 2017 and 2016, amounting to NOK 3.5 million and NOK 6.5 million respectively, is related to the acquisition of IP from Roger Bauchspies in 2014, which is payable over several years. Other liabilities are payables to suppliers and various cost accruals, in a total amount of NOK 28.9 million at the end of 2017, down from NOK 41.3 million at the end of 2016. The accrual for payroll tax on subscription rights varies with the fair value of the outstanding subscription rights.

Liquidity and capital resources

The net current assets less current liabilities amounted to NOK 283.3 million at 31 December 2017, compared to NOK 511.3 million at 31 December 2016.

EVENTS AFTER 31 DECEMBER 2017

The board of directors of IDEX ASA resolved on 21 February 2018 to issue 5,215,000 incentive subscription rights. The grant was made under the company's 2017 incentive subscription rights plan as resolved at the annual general meeting on 12 May 2017. The exercise price of the subscription rights is NOK 4.67 per share. 25 per cent of the subscription rights vest per year. 4,500,000 subscription rights have one year's accelerated vesting. The subscription rights expire on 12 May

2022. Following the grant there were 31,250,500 subscription rights outstanding.

Between 31 December 2017 and the resolution of these condensed consolidated interim financial statements, there have not been any events that have had any noticeable impact on IDEX's result in 2017 or the value of the company's assets and liabilities at 31 December 2017.

GOING CONCERN

The going concern assumption has been applied for the group as well as the parent company when preparing the financial statements. IDEX now earns recurring revenue subject to customers' continued orders, but still operates at a loss. The Company has a strong balance sheet and 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 any debt to financial institutions or lenders. The board therefore 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 2017.

ALLOCATION OF NET LOSS FOR THE YEAR

The net loss for 2017 of the parent company IDEX ASA was NOK 253,121,766, compared to a net loss of NOK 200,407,788 in 2016. The board proposes that

the loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2017.

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.

The business risk may be summarised in five points:

- (i) IDEX to date has had little revenue compared to costs. IDEX has reported accumulating losses and expects future losses in the short term

- (ii) IDEX's business plan assumes revenue from products which IDEX has traded commercially in large volumes, but short of mass volumes
- (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX
- (iv) Competing companies' products may outperform IDEX's product offering

- (v) Some of IDEX's intended markets remain immature and all are undergoing rapid technological changes

IDEX takes for its basis that the trade receivables and other receivables do not contain significant credit risk. The valuation is based on a relatively short commercial history and limited experience with the customers. 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.

IDEX does not have any debt to financial institutions or lenders and is funded by equity denominated in NOK. No hedging transactions have been entered into, because there is insufficient basis for hedging.

SHARE CAPITAL AND SHAREHOLDERS

The issued and fully paid share capital of the Company at the end of 2017 amounted to NOK 81,357,465.75, consisting of 542,383,105 ordinary shares, each share having a par value of NOK 0.15. At the end of 2017 there were 2,636 registered shareholder accounts, compared to 2,875 one year earlier.

The closing share price on 29 December 2017, which was the last day of trading in 2017, was NOK 5.16, compared to NOK 6.99 on the last trading day of 2016, representing a decrease of 26 per cent.

Highest and lowest closing prices per share in 2017 were NOK 8.73 and NOK 4.65 respectively. There were 49,573 trades in the share, with a total turnover amounting to NOK 678.7 million, down from 65,085 trades and total turnover amounting to NOK 1,303.6 million in 2016.

There were no share issues or private placements for funding purposes in 2017. Following the annual general meeting of IDEX on 12 May 2017, three board members elected to receive part or full board remuneration in shares. Several employees exercised vested incentive subscription rights on several

occasions in 2017, in a combined total of 8,602,850 shares at average price NOK 1.52 per share, injecting a total of NOK 13.5 million.

The annual general meeting held on 12 May 2017 resolved the 2017 Subscription Rights Incentive Plan, replacing the 2016 plan. The company may issue independent subscription rights to employees of IDEX ASA and its subsidiaries and associated companies and to individual contractors performing similar work. The board may grant up to 54,024,275 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 outstanding. In 2017, the board granted a total of 9,810,000 subscription rights under the 2017 and 2016 incentive subscription programmes. At the end of 2017, there were a total of 25,260,000 subscription rights outstanding under all programmes. The weighted average exercise price was NOK 6.64 per share.

There are no authorisations to the board for IDEX to purchase its own shares.

ORGANISATION

During 2017, IDEX expanded its organisation to solidify its leadership position in biometric cards. The company also shifted a significant portion of its resources towards biometric cards and brought certain systems design and development skills in-house.

IDEX's staff, including employees and individual contractors increased from 92 full-time equivalents (FTEs) at the end of 2016 to 117 FTEs at the end of 2017. The staff of 117 includes 104 FTE IDEX employees, 9 technical/scientific individual contractors working as part of the development team and 4 sales representatives working on contract. At the end of 2016, IDEX had 78 employees, 11 individual contractors and 3 sales sales representatives on contract.

Of the 104 FTE IDEX employees, 22 are female, representing 21 per cent, down from 25 per cent at the end of 2016. This is to a large degree caused by the talent pool available in the fields of electronics, material physics and embedded software. In addition to its employees and individual contractors on site, IDEX makes use of various service providers in its development projects, marketing and sales, and specialist functions like patenting. All product manufacturing activities are outsourced to partner companies.

Over the last several years, IDEX has attracted a significant number of key industry experts. IDEX believes its ability to attract the top talent in the fingerprint sensor industry is a strong validation of the company's leading technology and significant potential.

CHANGE OF CEO 1 APRIL 2018

On 21 February 2018 the board appointed Stan Swearingen as CEO of IDEX ASA, effective from 1 April 2018. The previous CEO, Dr Hemant Mardia continued until 31 March 2018. Dr Mardia is now member of IDEX's strategy advisory council.

Stan Swearingen joined IDEX in May 2016 as Chief Products Officer. Prior to joining IDEX, Mr Swearingen

served as Senior Vice President & General Manager of MaxTouch Business Unit and Chief Technology Officer of Atmel, where he drove the overall technology strategy and direction for the company. He has also held senior management positions at a series of semiconductor companies, including Synaptics (Validity), MiniCircuits, Skyworks Solutions, Agere Systems and National Semiconductor.

HEALTH, SAFETY AND ENVIRONMENT

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, 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 0.4 per cent in 2017, down from 0.9 per cent in 2016. In the parent company the sick leave was 0.8 per cent in 2017, compared to 2.6 per cent in 2016. The comparatively high level in the parent company in 2016 versus prior years and 2017 was not caused by

the work or work environment. 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. 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.

THE BOARD OF DIRECTORS

There are presently five board members including the chairman. The chairman, Morten Opstad, and board members Lawrence John (Larry) Ciaccia, Deborah Davis and Hanne Høvding stood for election at the annual general meeting 2017, and were re-elected to the board for a term of two years. Board member Andrew James (Andy) MacLeod remained on the

board for the second year of his term. Following the annual general meeting 2017, the board consists of chairman Morten Opstad, and board members Larry Ciaccia, Deborah Davis, Hanne Høvding and Andy MacLeod. The board has held seven meetings in the period after the annual general meeting on 12 May 2017 and until and including 11 April 2018.

CORPORATE SOCIAL RESPONSIBILITY

The board resolved ethical guidelines for IDEX in 2009 with subsequent updates, the latest of which was on 13 June 2017. The guidelines are reviewed at a minimum annually, and revised periodically as appropriate. The guidelines, which are available at the Company's website, 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 shareholders, while also benefiting customers, employed and contracted staff, suppliers, other business relations and the society at large. IDEX is committed to maintaining a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all of its business dealings.

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

IDEX fulfils its role as social responsible member of society by the business it operates and how it is conducted. If and when publicity, attention and other

benefits are evident and expedient for the business, the Company may be a sponsor. The Company 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 the Company. Gifts from IDEX may also establish or be considered to represent inappropriate ties. IDEX does not make any political contributions.

With a growing organisation, IDEX is also creating and implementing new policies, monitoring activities and control mechanisms in order to have adequate business controls. The electronics industry is not perceived as a high-risk industry. China is the only country where IDEX itself operates that has high risk related to human rights, employment conditions, environment or corruption. All customers, partners and suppliers to IDEX are reputable companies. The key partners are one or more orders of magnitude larger than IDEX. Some of the partner companies operate in high-risk countries, such as China, the Philippines or Thailand. IDEX assumes 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. As IDEX's operation continues to grow, the Company will implement appropriate additional programmes to ensure the integrity of its business.

CORPORATE GOVERNANCE

The objective of corporate governance is to regulate the division of roles between shareholders, the board and executive management more comprehensively than what is required by legislation. IDEX's corporate governance principles are based on maintaining open and reliable lines of communication, having a board that is autonomous and independent of the executive management, having a clear division of responsibility between the board and the executive management, and treating all shareholders equally.

The board considers that the attention to corporate governance is beneficial for companies and investors alike. IDEX seeks to comply with the Norwegian Code of Practice for corporate governance to the degree possible. The board provides a comprehensive annual statement on corporate governance as part of the annual report. See section Corporate Governance in this annual report. The information is also available on the company's website, at www.idexbiometrics.com.

STATEMENT ON MANAGEMENT REMUNERATION

The annual general meetings in 2017 and prior years have considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2017 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.

COMPANY OUTLOOK

IDEX's top priority is to strengthen its leadership position in the market for biometric cards. In addition, the company will continue to leverage its sensor solutions into the IoT market. IDEX's off-chip technology is also uniquely suited for integration into the smartphone display, and the company considers this an exciting future opportunity.

IDEX has developed a range of biometric solutions for card applications, including payment, ID, government and access control. IDEX provides a range of solutions for both contact and contactless cards and a proprietary remote enrolment system for secure and convenient enrolment.

The contact-based solution is currently in the process of final certification. IDEX's contact-less solution is expected to be trialed in proof of concept pilots in the second quarter of 2018. Once the products have completed certification, end customers can place orders.

IDEX is also experiencing strong interest and engagements in Asia. Multiple ecosystem partners plan to integrate IDEX's sensors in biometric cards in the first half of 2018. Following successful integrations, orders from Asian card integrators are expected.

Farnborough, UK 11 April 2018
The board of directors of IDEX ASA



Morten Opstad

Chairman



Lawrence John Ciaccia

Board member



Deborah Davis

Board member



Hanne Høvding

Board member



Andrew James MacLeod

Board member



Stanley Swearingen

CEO

ANNUAL FINANCIAL STATEMENTS 2017

Statements of comprehensive income

1 January-31 December		Amounts in NOK 1,000	Note	IDEX group 2017	2016	IDEX ASA 2017	2016
Operating revenue							
Product sales	2			16 036	38 556	16 036	38 556
Other operating income				1 434	2	1 569	2
Total revenue				17 470	38 558	17 605	38 558
Cost of goods sold				13 691	32 689	13 690	32 689
Gross margin				3 779	5 869	3 915	5 869
Operating expenses							
Payroll expenses	3			149 285	91 734	38 070	31 075
Development expenses	4, 5, 7			56 256	81 356	182 371	140 530
Other operating expenses	6, 7			39 779	28 881	29 519	30 586
Profit (loss) before interest, tax, depreciatio and amortisation (EBITDA)				(241 541)	(196 102)	(246 045)	(196 322)
Amortisation and depreciation	10, 11			7 501	7 319	5 160	5 358
Profit (loss) before interest and tax (EBIT)				(249 042)	(203 421)	(251 205)	(201 680)
Financial income and expenses							
Interest income	13			2 285	933	2 283	931
Interest income from group companies	7					482	357
Agio				2 644	4 416	2561	4 365
Interest expenses				(64)	(1)	(26)	(1)
Disagio				(7 159)	(4 389)	(7 217)	(4 380)
Net financial items				(2 294)	959	(1 917)	1 272
Net result before tax (EBT)				(251 336)	(202 462)	(253 122)	(200 408)
Income taxes	8			4 150	790	0	0
Net loss for the year				(255 486)	(203 252)	(253 122)	(200 408)

Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):

Exchange differences on foreign operations		(386)	79				
Total comprehensive income (loss) for the year, net of tax, attributable to the equity holders of IDEX ASA		(255 872)	(203 173)	(253 122)	(200 408)		
Profit (loss) per share, basic and diluted	9	(0.47)	(0.38)				

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group 2017	2016	IDEX ASA 2017	2016
Long-term assets					
Goodwill		8 260	8 260	8 260	8 260
Intangible assets		30 464	34 843	30 464	34 843
Total intangible assets	10	38 724	43 103	38 724	43 103
Fixed assets	11	8 002	4 695	688	1 347
Total fixed assets		8 002	4 695	688	1 347
Shares in subsidiaries	1, 12			14 924	9 435
Long-term receivables	14, 17	1 251	1 277	528	1 161
Long-term loans to group companies	17			19 377	9 082
Total financial assets		1 251	1 277	34 829	19 678
Total long-term assets		47 977	49 075	74 241	64 128
Current assets					
Inventory	19	9 255	9 303	9 255	9 303
Customer receivables		550	12 177	550	12 177
Receivables from group companies				1 548	0
Other short-term receivables		6 236	4 663	5 927	4 611
Prepaid expenses		3 327	2 296	1 508	1 511
Total receivables	17	10 113	19 136	9 533	18 299
Cash and bank deposits	13	302 105	532 619	288 594	520 985
Total current assets		321 473	561 058	307 382	548 587
Total assets		369 450	610 133	381 623	612 715

Equity and liabilities

Equity					
Share capital		81 375	80 067	81 375	80 067
Share premium		1 185 355	1 173 341	1 185 355	1 173 341
Other paid-in capital		74 387	57 120	74 387	57 120
Total paid-in capital	15, 16	1 341 094	1 310 528	1 341 094	1 310 528
Other equity		(1 004 032)	(748 160)	(1 001 417)	(748 295)
Total equity		337 062	562 368	339 677	562 233
Long-term liabilities					
Other long-term liabilities	18	3 497	6 504	3 270	6 504
Total long-term liabilities		3 497	6 504	3 270	6 504
Short-term liabilities					
Paid-in, not registered capital		0	811	0	811
Accounts payable	18	3 052	11 978	1 494	9 345
Payables to group companies	18			20 309	11 586
Public duties payable		2 452	3 448	1 532	2 982
Accrued payable income tax	8	2 902	1 276	0	0
Notional employer's tax on share-based remuneration	3, 15	179	5 752	179	5 752
Other short-term liabilities	18	20 306	17 996	15 162	13 502
Total short-term liabilities		28 891	41 261	38 676	43 978
Total liabilities		32 388	47 765	41 964	50 482
Total equity and liabilities		369 450	610 133	381 623	612 715

Farnborough, UK 11 April 2018
The board of directors of IDEX ASA


Morten Opstad, Chairman



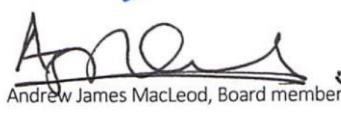
Lawrence John Ciaccia, Board member



Deborah Davis, Board member



Hanne Høvdig, Board member



Andrew James MacLeod, Board member



Stanley Swearingen, 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 2017	80 067	1 173 342	57 119	(748 160)	562 368
Exercise of subscript. rights	1 273	12 013			13 286
Share issue (board remun.)	17				17
Share-based remuneration			17 263		17 263
Profit (loss) for the year				(255 486)	(255 486)
Other comprehensive income				(386)	(386)
Balance at 31 December 2017	81 357	1 185 355	74 382	(1 004 032)	337 062
Balance at 1 January 2016	79 651	1 170 454	44 566	(544 987)	749 684
Exerc. of subscript. rights	396	2 888			3 284
Share issue (board remun.)	20				20
Share-based remuneration			12 553		12 554
Profit (loss) for the year				(203 252)	(203 252)
Other comprehensive income				79	79
Balance at 31 December 2016	80 067	1 173 342	57 119	(748 160)	562 368

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 2017	80 067	1 173 342	57 119	(748 295)	562 233
Exercise of subscript. rights	1 273	12 013			13 286
Share issue (board remun.)	17				17
Share-based remuneration			17 263		17 263
Profit (loss) for the year				(253 122)	(253 122)
Other comprehensive income				0	0
Balance at 31 December 2017	81 357	1 185 355	74 382	(1 001 417)	339 677
Balance at 1 January 2016	79 651	1 170 454	44 566	(547 887)	746 784
Exerc. of subscript. rights	396	2 888			3 284
Share issue (board remun.)	20				20
Share-based remuneration			12 553		12 553
Profit (loss) for the year				(200 408)	(200 408)
Other comprehensive income				0	0
Balance at 31 December 2016	80 067	1 173 342	57 119	(748 295)	562 233

Cash flow statements

1 January-31 December		IDEX group		IDEX ASA	
Amounts in NOK 1,000	Note	2017	2016	2017	2016
Cash flows from operating activities					
Profit (loss) before taxes		(251 336)	(202 462)	(253 122)	(200 408)
Share-based remuneration (equity part)	3	17 263	12 553	17 263	12 553
Depreciation	10, 11	7 501	7 319	5 160	5 358
Interest income	13	(2 285)	(933)	(2 765)	(1 288)
Change in receivables, inventory	17, 19	9 070	(19 084)	8 814	(15 931)
Change in payables, accruals	18	(12 369)	(28 669)	(5 302)	(25 815)
Net other items		(3 018)	(441)	1 052	126
Net cash flow from operational activities		(235 174)	(231 717)	(228 900)	(225 405)
Cash flows from investing activities					
Investments in tangible assets	11	(6 857)	(1 089)	(69)	(172)
Investments in acquired intangible assets and capitalised development cost	4, 10	(294)	(271)	(294)	(271)
Investment in subsidiaries (shares)	1, 12			(5 489)	(7 722)
Loans to subsidiaries	1, 12			(10 295)	2 841
Changes in long-term receivables	17	41	(125)	633	(6)
Interest received	13	2 285	933	2 765	1 288
Net cash flow from investing activities		(4 825)	(552)	(12 749)	(4 042)
Cash flows from financing activities					
Share issues, net of expenses	15	13 303	3 304	13 303	3 304
Paid-in, not registered share capital	15	(811)	811	(811)	811
Change in long-term payables	18	(3 007)	(2 943)	(3 234)	(2 941)
Net cash flow from financing activities		9 485	1 172	9 258	1 174
Net change in cash and bank deposits		(230 514)	(231 097)	(232 391)	(228 273)
Cash and bank deposits at 1 January		532 619	763 716	520 985	749 258
Net change in cash and bank deposits		(230 514)	(231 097)	(232 391)	(228 273)
Cash and bank deposits at 31 December	13	302 105	532 619	288 594	520 985

NOTES TO ANNUAL FINANCIAL STATEMENTS

1. Group information, accounting principles

IDEX is a technology company specialised in the development of fingerprint recognition technology. The parent company of the group, IDEX ASA, is a public limited company with registered office in the Bærum municipality near Oslo, Norway. IDEX's shares have been listed at Oslo Børs, the stock exchange in Oslo, since 2010.

IDEX ASA was incorporated in 1996. The IDEX group comprises the parent company IDEX ASA, a sub-group in the USA (established 2013) and subsidiaries in the UK (established 2014) and China (established 2015). All subsidiaries are held 100%. The parent company holds all intellectual property (IP) of the group, and is party to all customer and manufacturing partner agreements. The subsidiaries provide various services to the parent company, mainly within technical development, supply-chain administration, and customer interfacing and marketing services to IDEX ASA.

The going concern assumption has been applied for the group as well as the parent company when preparing the financial statements. IDEX earns recurring revenue subject to customers' continued orders, but operates at a loss. The company has a strong balance sheet and 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 any debt to financial institutions or lenders. The board therefore 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 2017.

The annual financial statements for 2017 were resolved by the board on 11 April 2018 and will be presented to the annual general meeting on 9 May 2018.

Accounting principles

Basis of preparation

The accounting year coincides with the calendar year. The annual financial statements have been prepared on accrual basis and using the historical cost. 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, total lines may deviate because of roundings. The financial statements of the IDEX group and IDEX ASA have been prepared in accordance with the 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. IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered. Only those relevant for IDEX's current business are commented upon in the following.

Standards and interpretations with effect from 1 January 2017:

There were no new or amended standards or interpretations taking effect in 2017 that had any impact on the result or equity of IDEX in 2017. Amendments to IAS 7 Statements of Cash Flows: The amendment requires companies to provide disclosures that enables users of financial statements to understand the changes in liabilities arising from financing activities, including changes with and without cash flow effect. The amendments must be implemented prospectively. As stated in note 18, IDEX did not have any such transactions in 2017 or 2016.

Standards and interpretations issued or adopted but not yet effective:

IDEX considers that none of the new issued, but not yet effective standards, amendments and interpretations below will have a significant impact on the financial statements or notes for IDEX's current activity and assets, but may affect the accounting for future transactions or arrangements. IDEX will implement the new standards and interpretations in due course.

Amendments to IFRS 2 Share-based Payments (effective from 1 January 2018): The amendment clarifies classification and valuation of specific types of share-based payments. The amendment must be implemented prospectively but early adoption is permitted.

IFRS 9 Financial Instruments (effective from 1 January 2018): The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018): The standard replaces IAS 18 Revenue. The key principle of IFRS 15 is that revenue is recognised to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity is entitled. The standard applies to all revenue contracts. The standard must be applied retrospectively and may be applied early. IDEX has evaluated its revenue accounting and concluded that IFRS 15 would not have had any impact on the recognised revenue in 2017.

IFRS 16 Leases (effective from 1 January 2019): The standard replaces IAS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 requires lessees to recognise assets and liabilities for most leases, which is a significant change from IAS 17.

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 evaluated continuously.

Significant accounting judgements for IDEX

Intangible assets: Under IFRS, research costs are expensed as incurred. IDEX's patents and other intellectual property rights created by IDEX are capitalised and held in the balance sheet only when they satisfy the criteria for capitalisation. The same applies to the development costs. No development costs have been capitalised in 2017 or 2016, thus all development costs and internal costs related to creation of intellectual property have been expensed when incurred. Acquired intangible assets are capitalised at the price allocated to the various assets based on estimated fair value. Intangible assets are depreciated over the useful life.

Inventory: Materials, components, units, software licences and other items which are part of the trade or manufacturing flow in the sense that the item is embedded in or otherwise becomes a part of the physical delivery to the customer, are inventoried if IDEX is in the position to take orders on the related product or if the item is returnable to the vendor for credit. Materials and components for research or development are expensed at the time of purchase. Consumables and supplies which are consumed in the manufacturing process (not becoming part of any physical product delivered to a customer), whether for manufacturing, development, research or administration, are expensed at the time of purchase.

Income taxes: Deferred tax asset related to losses carried forward is recognised 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 recognised when reliable new estimates can be made.

Significant accounting estimates for IDEX

Share based remuneration: IDEX estimates the fair value of incentive subscription rights (SRs) at the grant date by using a Black & Scholes option pricing model. The valuation is based on share price and exercise price, share price volatility, interest rates and duration of the SRs, and assumptions of staff attrition and propensity of early exercise. The equity cost of share-based remuneration is expensed as earned over the vesting period. The accrued cost of employer's social security tax on the earned intrinsic value of the SRs is calculated at each balance sheet date, and the net change is accounted for.

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 is 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. There were no hedging transactions in 2017 or 2016.

The business risk may be summarised in five points: (i) IDEX has to date earned insufficient gross margin compared to costs. IDEX has reported accumulating losses and expects future losses in the short term. (ii) IDEX's business plan assumes revenue from products which IDEX has traded commercially in large volumes but short of mass volumes. (iii) Revenue from IDEX's products depend among other things on market factors, which are not controlled by IDEX. (iv) Competing companies' products may outperform IDEX's product offering. (v) Some of IDEX's intended markets remain immature and all are undergoing rapid technological changes. IDEX's trade receivables and other receivables has moderate to low credit risk.

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. IDEX will prepare and implement comprehensive capital management and funding policies as and when needed.

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

Significant accounting policies

Consolidation

The group's consolidated financial statements comprise IDEX ASA and companies in which IDEX ASA has a controlling interest. Controlling interest means that the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 recognised at the time of delivery, which is when the risk and rewards of the goods has passed to the buyer and the revenue can be reliably measured.

Development and other rendering of services: Revenue from rendering of services is recognised as the services are performed, on the basis of degree of completion that can be reliably measured. Services delivered and billed at an hourly rate are recognised 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 recognised 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 when the related goods have been sold. Cost of goods sold is the full manufacturing and logistic cost up to the ex works point, including any royalty costs to third parties. Licence costs are allocated over time or units of production as applicable. Cost of services sold are recognised in the various operating expenses.

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 recognised 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. Income and expenses relating to foreign operations are translated into NOK using the average exchange rate.

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 recognised in comprehensive income are reversed and recognised 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 expenses are capitalised 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 original investment amount and accumulated depreciation are derecognised. Any gain or loss on the sale or retirement is recognised in the income statement.

The capitalised amount of fixed assets is the purchase price including freight and installation as well as any duties, taxes and direct acquisition costs related to making the asset ready for use. Costs related to training and commissioning are expensed

as incurred. Subsequent costs, such as repair and maintenance expenses, are normally recognised in the income statement as incurred. When increased future economic benefits as a result of repair or maintenance work can be proven, such expenses will be recognised in the balance sheet as additions to fixed assets.

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

Intangible assets

Acquired identifiable intangible assets are held at cost less accumulated depreciation and impairment charges. The original investment amount and accumulated depreciation of fully depreciated intangible assets are derecognised. Goodwill on acquisitions is held at cost less impairment charges.

Shares in subsidiaries

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

Impairment of intangible assets, fixed assets and other long-term assets

An assessment of impairment losses on long-term 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 recognised 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 recognised in the income statements for previous periods are reversed when the reason for the impairment is reduced or cease to exist. The reversal is recognised on a separate line. Reversal is limited to the lower of the updated recoverable amount and the carrying amount that would have been recognised had no impairment losses been recognised for the asset in prior years. Impairment charges on goodwill are not reversed.

Interest-bearing loans (receivables)

Loans are initially recognised at cost, which is the fair value of the amount paid out plus directly attributable transaction costs. Following the initial recognition, the interest-bearing loan is measured at amortised cost applying the effective interest method. Any difference between amount paid out and repayment amount from borrower is recognised over the duration of the loan. Transaction costs and discounts are taken into account when calculating amortised cost. Gains and losses are recorded as net gain or loss when the receivable is derecognised.

Inventory

Inventory, i.e. raw materials, work in progress and finished goods for manufacturing and/or 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 prepayments from customers are recognised 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.

Interest-bearing debt

Debt and credits are initially recognised at cost, which is the fair value of the received amount less directly attributable transaction costs. Following the initial recognition, the interest-bearing debt is measured at amortised cost applying the effective interest method. Any difference between amount received and repayment amount is recognised over the duration of the loan. 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 derecognised.

Debt 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.

Accounts payable

Payables are carried at amortised cost. The interest element is disregarded if it is insignificant. Significant prepayments to vendors and prepayments to be amortised are recognised as prepayments.

Provisions

Provisions are recognised 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 amount can be measured reliably. Provisions are reviewed on each balance sheet date and the amount adjusted to the best estimate of the liability. When the effect of time is significant, the provision will amount to the present value of future payments. Increase in the provision due to time is recorded as interest costs.

Taxes on taxable income

For clarity, it is noted that property tax, net worth tax, turnover taxes, and other taxes that are unrelated to taxable income or profit, are reported on the relevant operating expense line of the income statement, and not on the income tax line. The income tax expense consists of the tax payable and changes in deferred tax. Deferred tax has been calculated at the applicable tax rate 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 recognised when it is probable that the group will have a sufficient profit for tax purposes to apply the tax loss carried forward. At each balance sheet date, IDEX reviews its deferred tax assets and the amount to be recognised or not. The group recognises an unrecognised 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 calculated at the expected future tax rates. The effect of time is not taken into account.

Contingent liabilities and assets

Contingent liabilities are possible obligations resulting from past events which existence depends on future events; obligations that are not recognised 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 recognised in the annual financial statements, but will be disclosed in the notes if applicable.

A contingent asset is not recognised 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 income statement as earned 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 earned 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 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 prepared by the indirect method and reports cash flows classified in operating, investing and financing activities.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and the conditions will be complied with. When the grant relates to an expense item, the grant is recognised as a reduction in expense. When the grant can be viewed as payment for a deliverable or performance of a service, it is recognised 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. Geographical segmentation is not 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.

2. Revenues

The parent company holds all customer relations and agreements related to the delivery of goods and services to customers, and purchasing of components, manufacturing services and goods for resale. The parent company also holds all intellectual property of IDEX, and holds all vendor relations and agreements related to the goods and services delivered to customers. The subsidiaries provide services to the parent company or, occasionally, services to the customers on behalf of the parent company.

Product sales		IDEX group and IDEX ASA			
Amounts in NOK 1,000		Billing currency			
2017	Total	CNY	EUR	GBP	USD
Europe, Middle East and Africa	307				307
Americas	0				
Asia	15 729				15 729
Total	16 036	0	0	0	16 036
2016	Total	CNY	EUR	GBP	USD
Europe, Middle East and Africa	148				148
Americas	0				
Asia	38 408				38 408
Total	38 556	0	0	0	38 556

The billing and underlying pricing currency to customers may differ due to currency adjustment clauses.

3. Payroll expenses and remuneration

Amounts in NOK 1,000		IDEX group		IDEX ASA	
Payroll expense		2017	2016	2017	2016
Salaries		113 431	74 444	18 897	19 957
Social security taxes		10 707	7 320	2 364	3 072
Pension contribution		1 524	349	244	222
Other personnel expenses		7 627	3 045	570	1 247
Capitalised cost of development work			(8)		(8)
Payroll tax on exercised subscription rights		4 306	2 179	4 306	2 179
Share-based remuneration (notional salary)		17 263	12 553	17 263	12 553
Net employer's tax on share-based remuneration		(5 573)	(8 148)	(5 573)	(8 148)
Total		149 285	91 734	38 071	31 074
Average no. of employees (full-time equivalents)		100	64	14	16

The parent company provides a contribution-based pension insurance scheme for all its employees. The scheme satisfies the Norwegian mandatory service pension rules (obligatorisk tjenestepensjon, OTP). 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 93 thousand in 2017 (2016: NOK 92 thousand). The pension scheme is a fully insured, defined contribution plan.

Employees of IDEX America are offered participation in an insured health, dental and vision plan. The employee selects coverage level and inclusion of any family members. IDEX America contributes towards the plan cost, at a level depending on family status and chosen plan options. The employee pays any membership premiums required in excess of the company contribution. IDEX America also offers employer-funded schemes for life insurance, short-term disability and long-term disability. IDEX America does not offer or plan to offer any pension plans, with the exception of a 401k plan implemented in 2016.

IDEX China contributes to the mandatory social security schemes in PRC, including contribution of 21 per cent of eligible salary to each employee's personal retirement fund. The pension contribution is included in the social security cost.

IDEX UK contributes between 4 and 6 per cent of basic salary to employees enrolled in IDEX UK's pension plan, subject to the employee contributing the same percentage through a salary sacrifice arrangement. The contribution satisfies the UK automatic enrolment rules. The pension scheme is a fully insured, defined contribution plan.

At year-end 2017, there were 23 female and 83 male persons employed in the group; of these, 4 females and 8 males in IDEX ASA. (2016: 17 and 61 in the group and 5 and 12 in IDEX ASA). Salary statistics per gender have not been prepared.

Remuneration to senior managers

2017

Remuneration to the CEO and managers reporting to the CEO.

Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension contribution	Share-based remune- ration	Total remune- ration
Hemant Mardia, CEO	3 575	1 425	4	incl. in salary	2 656	7 660
Fred Benkley, CTO	1 768		169		1 110	3 047
Henrik Knudtzon, CFO	1 817	525	9	21	1 189	3 561
Preeti Mardia, SVP Operations until 10 Aug *	2 461	321		35	(201)	2 616
Art Stewart, SVP Product Mgt. until 31 Dec	1 690	150	156		(46)	1 950
Stan Swearingen, CPO **	2 221	74	164		2 944	5 403
Anthony Sweeney, SVP Engineering until 31 Mar	732	57	12		(162)	639
Selvakumar Thiruchelvam, SVP Worldw. Sales as of 17 Jul ***	1 027					1 027
Yang Chiah Yee, SVP Worldwide Sales until 31 Jan	420		7		(539)	(112)
Total	15 711	2 552	521	56	6 951	25 791

* Preeti Mardia continued as a contracted adviser to IDEX on part-time basis until the end of November 2017. The service fee has been included in the salary column.

** Stan Swearingen's employment is 80 per cent of full time.

*** Selvakumar Thiruchelvam was as an independent contractor, and the service fee has been included in the salary column.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the year 2017, while pension cost and share-based remuneration are expensed amounts in the year. When persons leave during the year, the reversal of forfeited share-based remuneration may cause a net credit. Gains on exercise of share-based incentives, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2017 are for achievements in 2016. The CEO's bonus included NOK 893 thousand reward for special achievements in 2016.

Managers' exercise of incentive subscription rights 2017	Number of subscr. rights	Amount paid	Taxable gain
Amounts in NOK 1,000			
Hemant Mardia, CEO, 23 February	5 000 000	8 430	23 578

2016

Remuneration to the CEO and managers reporting to the CEO.

Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension contribution	Share-based remune- ration	Total remune- ration
Hemant Mardia, CEO	3 513	1 987	33	incl. in salary	1 987	7 520
Fred Benkley, CTO	1 937		181		300	2 418
Henrik Knudtzon, CFO	1 829	165	10	20	1 580	3 604
Preeti Mardia, SVP Operations	1 906	140		38	527	2 611
Art Stewart, SVP Product Management	2 036	605	181		890	3 712
Stan Swearingen, CPO as of 17 Oct *	1 026		7		657	1 690
Anthony Sweeney, SVP Engineering	1 928	284	112		803	3 127
Yang Chiah Yee, SVP Worldwide Sales as of 1 Aug	840		18		539	1 397
Total	15 015	3 181	542	58	7 283	26 079

* Stan Swearingen served as an adviser on contract basis one day per week from 1 April 2016 until he became an employee. The service fee has been included in the salary column. Mr Swearingen's employment is 80 per cent of full time.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the year 2016, while pension cost and share-based remuneration are expensed amounts in the year. Gains on exercise of share-based incentives, if any, are reported separately. Employers' tax is not included. The bonuses paid in 2016 are for achievements in 2015. The CEO's bonus included NOK 1,350 thousand reward for special achievements in 2015.

None of the managers listed in the table exercised incentive subscription rights in 2016.

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. The highest bonus plan for any executive manager at the end of 2017 was limited to a maximum of 40 per cent of base pay, and the CEO's bonus plan is currently limited to a maximum of 100 per cent 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. Managers are enrolled in the same pension scheme(s) that IDEX offers other employees of the same entity. 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.

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.

Actual bonus payments in the respective years are reported in the tables above. The bonus may have been earned partly or in full in the calendar year before the payment was made. 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. The accrual is not individual and therefore not included in the table of remuneration to managers.

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 in the respective years, the cost accrual (reversal) for employer's tax on subscription rights in 2017 amounted to NOK 4,116 thousand reversal and the accumulated accrual amounted to NOK 148 thousand at the end of the year (2016: reversal NOK 3,418 thousand and NOK 4,264 thousand).

On exercise, the actual employer's tax is expensed and the accrual adjusted to cover the remaining outstanding subscription rights. The actual cost of the employer's tax is normally funded by the equity paid in on exercise. Any exercises of subscription rights by managers in the respective years are disclosed above.

For the shareholders, an actual or possible exercise will represent a dilution. At the end of 2017, the number of outstanding subscription rights to management including their close associates was 11,047,500, corresponding to 2.0 per cent of the share capital (2016: 15,075,000 outstanding subscription rights corresponding to 2.8 per cent of the share capital at the time).

Board and election committee remuneration

IDEX has no obligation to remunerate the board or election committee members in that capacity other 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 2017 resolved a board remuneration amounting to NOK 300 thousand per board member for the period from the annual general meeting 2016 to the annual general meeting 2017. The chairman received an additional remuneration of NOK 25 thousand for the service as chairman. The remuneration was the same in the preceding period. 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. See note 7.

The annual general meeting 2017 resolved a remuneration to the nomination committee for the period from the annual general meeting 2016 to the annual general meeting 2017 amounting to NOK 15 thousand per member and NOK 25 thousand to its chairman, same as in the preceding period.

Based on the resolutions of the annual general meeting 2017, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June through December 2017. The accruals amounted to NOK 922 thousand at the end of 2017, same amount as 2016. The nomination committee shall propose the remunerations for the period June 2017 through May 2018 to the annual general meeting 2017.

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 to IDEX. No board remuneration is paid, but the legal advisers charge normal rates for their time spent.

4. Research and development expenses

Any research costs are expensed when incurred. IDEX's patents and other intellectual property rights created by IDEX are capitalised and held in the balance sheet only if they satisfy the criteria for capitalisation. The same applies to the development costs. IDEX has not capitalised any development costs in 2017 (2016: NOK 271 thousand). Development costs and internal costs related to creation of IP have been expensed when incurred. Grants and contributions to research and development are credited against costs.

Amounts in NOK 1,000	IDEX group		IDEX ASA	
Research and development expenses	2017	2016	2017	2016
Gross development expenses	61 256	85 619	187 371	144 793
Capitalisation of development expense		(263)		(263)
Government grants credited to cost	(5 000)	(4 000)	(5 000)	(4 000)
Net development expenses	56 256	81 356	182 371	140 530
Estimated payroll cost related to R&D	122 413	65 703	17 810	19 102
Capitalisation of development work		(8)		(8)
Net estimated payroll exp. related to dev.ment	122 413	65 695	17 810	19 094

5. Government grants

Amounts in NOK 1,000	IDEX group and IDEX ASA	
Grants during the year	2017	2016
SkatteFunn (recognised as cost reduction)	5 000	4 000

SkatteFunn grants for research and development projects are contingent on pre-approved project applications and approved completion reports to the Research Council of Norway, as well as auditor's confirmation of costs. The recognised amount in 2017 represents IDEX's claim based on the cost of the approved project applications. The 2017 reports have been submitted and approved. The cost basis will be audited in the tax return filing process. The support for 2017 will be paid out in the second half of 2018.

6. Audit and audit fees

Ernst & Young AS (EY) is the auditor for IDEX ASA and the group. IDEX America has also been audited by EY, while IDEX UK has not been subject to audit. IDEX China's local financial statements for 2017 have been subject to local statutory audit by Shanghai JinRui Certified Public Accountants Co., Ltd.

IDEX UK (IDEX Biometrics UK Ltd.), in which company IDEX ASA holds all the shares, has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the period 1 January 2017 through 31 December 2017.

Audit fees from EY for the statutory audit of IDEX ASA and the IDEX group in 2017 amounted to NOK 479 thousand (2016: NOK 465 thousand), of which NOK 314 thousand related to IDEX ASA (2016: NOK 305 thousand). Fees for other assurance services amounted to NOK 12 thousand (2016: NOK 50 thousand). There were no fees related to tax assistance in 2017 (2016: nil) and no

fees for other services, such as confirmations related to capital increases (2016: NOK 51 thousand). Total fees for 2017 amounted to NOK 491 thousand (2016: NOK 566 thousand). All amounts are excluding VAT.

7. Transactions with related parties

The company's significant shareholders, board members and management of the group, as well as related parties of these are considered related parties. Parties who are related to the group's related parties, are also considered related parties to the group. Furthermore, the subsidiaries are close relations to the parent company. 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.

There were no overdue open items with any related parties at the end of 2017 or 2016. See also note 17.

Board

The chairman is a partner in Advokatfirma Ræder DA. The law firm provided services to the company amounting to NOK 3,928 thousand in 2017 (2016: NOK 2,685 thousand). The amount in 2017 was chiefly related to ongoing assistance with various actual and contemplated business agreements. (The amount in 2016 included, among other assignments, ongoing assistance with various actual and contemplated business agreements and certain IP matters.) The recognised amounts include accruals for services received but not yet billed.

Lawrence John Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC. The SAC service fee is USD 15 thousand per year. Mr. Ciaccia also provides consulting services to IDEX for a fixed fee of USD 50 thousand per year.

Effective 1 February 2016, board member Andrew James MacLeod has provided consulting services beyond board duty to IDEX for a fixed fee of GBP 60 thousand per year.

Following the annual general meeting of IDEX on 12 May 2017, board members Deborah Davis, Hanne Høvding and Andrew James MacLeod elected to receive part or full board remuneration in shares. Ms Davis acquired 47,404 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 300,000, Ms Høvding acquired 31,603 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 200,000, and Mr MacLeod acquired 36,343 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 230,000.

Managers

Grants of incentive subscription rights to related parties 2017	Grant date	Number of subscr. rights	Exercise price NOK per share
Hemant Mardia, CEO	9 Aug 2017	580 000	7.76
Fred Benkley, CTO	24 Feb 2017	750 000	6.59
Henrik Knudtzon, CFO	9 Aug 2017	415 000	7.76
Stan Swearingen, CPO	9 Aug 2017	415 000	7.76

The grants were made under the company's 2017 and 2016 incentive subscription rights plans as resolved at the annual general meetings on 12 May 2017 and 11 May 2016 respectively.

Subsidiaries

See note 1, 12 and 17. The parent company purchases various services from the subsidiaries at arm's length basis. The subsidiaries are funded by reasonable equity and interest-free advances as well as interest-bearing loans at arm's length interest rate.

Amounts in NOK 1,000	IDEX ASA's cost of services from subsidiaries		Interest-income to IDEX ASA from subsidiaries	
	2017	2016	2017	2016
Intra-group transactions				
IDEX America Inc.	125 695	96 380	366	336
IDEX Holding Company Inc.	0	0	0	0
IDEX Electronics (Shanghai) Co., Ltd.	3 579		4	
IDEX Biometrics UK Ltd.	29 988	7 754	112	6
Total	159 262	104 134	482	342

There were no overdue payables between any of the group companies at the end of 2017 or 2016.

8. Income tax expense

Specification of the tax expense for the year	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
Payable taxes on the result of the year	4 150	790	0	0
Change in deferred tax asset/liability	0	0	0	0
Tax expense on net result	4 150	790	0	0

Computation of payable taxes for the year	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
Net result before taxes	(251 336)	(202 462)	(253 122)	(200 408)
Permanent differences	13 494	10 912	13 494	10 912
Changes in temporary differences	2 386	(8 770)	557	(8 770)
Basis for payable taxes	(235 456)	(200 320)	(239 071)	(198 266)

Calculated payable taxes on current year's result

UK and USA	4 150	790	0	0
Norway, 24% (2016: 25%)	0	0	0	0
Payable taxes on current year's result	4 150	790	0	0

Temporary differences

Amounts in NOK 1,000	Temporary differences		Change in temporary differences	
IDEX group	31 Dec. 2017	31 Dec. 2016	2017	2016
Temporary differences	(8 336)	(5 950)	(2 386)	(8 770)
IDEX ASA	31 Dec. 2017	31 Dec. 2016	2017	2016
Temporary differences	(6 507)	(5 950)	(557)	(8 770)

Specification of temporary differences

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Employer's tax on share-based remuneration	(179)	(5 752)	(179)	(5 752)
Fixed Assets	(1 613)	720	216	720
Inventory	(6 498)	(90)	(6 498)	(90)
Receivable	(46)	(828)	(46)	(828)
Total	(8 336)	(5 950)	(6 507)	(5 950)
Losses carried forward	(1 198 163)	(957 644)	(1 197 542)	(957 644)
Temporary differences	(8 336)	(5 950)	(6 507)	(5 950)
Basis for deferred taxes	(1 206 499)	(963 590)	(1 204 049)	(963 590)
Calculated net deferred tax expense (income), Norway 23 % (2016: 24 %), UK 19%	(276 701)	(231 263)	(276 931)	(231 263)
Unrecognised deferred tax asset (liability)*	276 931	231 263	276 931	231 263
Deferred tax asset (liability) in the balance sheet**	(230)	0	0	0

* The deferred tax asset is in Norway

** The deferred tax liability is in UK

Specification of payable taxes in the balance sheet

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Payable taxes on this year's result	4 150	790	0	0
Total payable taxes	4 150	790	0	0

Reconciliation theoretical vs. actual tax expense	IDEX group		IDEX ASA	
	2017	2016	2017	2016
Amounts in NOK 1,000				
Result (loss) before tax	(251 336)	(202 462)	(253 122)	(200 408)
Theoretical tax expense (income), 24 % (2016: 25%) Norway	(60 749)	(50 102)	(60 749)	(50 102)
Calc. tax expense (income), UK and USA	4 150	790		
Tax on permanent differences	3 239	2 728	3 239	2 728
Effect on deferred tax from change in future tax rate from 24 % in 2017 to 23 % in 2018 (from 25% in 2016 to 24% in 2017)	12 040	9 636	12 040	9 636
Adjustment to losses carried forward	(198)	(535)	(198)	(535)
Change in deferred tax asset not recognised on 31 December	45 669	38 273	45 668	38 273
Actual tax expense (income)	4 150	790	0	0

The accumulated unrecognised deferred tax asset amounting to NOK 276.9 million is related to tax losses carry forward in Norway (2016: NOK 231.3 million). IDEX ASA has not generated taxable profits in prior years. At 31 December 2017 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 in Norway.

9. Profit (loss) per share

The profit (loss) 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. The profit (loss) 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	
	2017	2016
Net profit (loss) for the year (NOK 1,000)	(255 872)	(203 252)
Number of ordinary shares in issue at 31 December	542 383 105	533 780 255
Weighted average basic number of ordinary shares	540 670 366	532 167 502
Weighted average diluted number of shares	544 068 814	542 985 135
Basic and diluted profit (loss) per share in the year (NOK per share)	(0.47)	(0.38)

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	
	2017	2016	2017	2016
Amounts in NOK 1,000				
<i>Depreciation period (straight line, years)</i>	<i>3, 10 and 17</i>	<i>3, 10 and 17</i>	<i>3, 10 and 17</i>	<i>3, 10 and 17</i>
Cost at 1 January	53 762	53 491	53 762	53 491
Additions	294	271	294	271
Disposals at cost	(3 052)		(3 052)	
Cost at 31 December	51 004	53 762	51 004	53 762
Accumulated depreciation at 1 January	10 659	6 059	10 659	6 059
Depreciation and impairment	4 673	4 600	4 673	4 600
Accumulated depreciation of disposed items	(3 052)		(3 052)	
Accumulated depr. and impairmt. at 31 December	12 280	10 659	12 280	10 659
Book value at 31 December	38 724	43 103	38 724	43 103

Goodwill

Goodwill	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<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	8 260	8 260
Additions				
Disposals at cost				
Cost at 31 December	8 260	8 260	8 260	8 260
Accumulated impairment at 1 January				
Impairment				
Accumulated impairment of disposed items				
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. in 2013. The purchase amount, USD 4.0 million, corresponding to NOK 23.6 million, was allocated to identifiable assets and goodwill. 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 2017. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2017. The fair value of the equity at 31 December 2017 was NOK 2,799 million, while the book value of the group's equity was NOK 337 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	2017	2016	2017	2016
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 872	1 601	1 872	1 601
Additions		271		271
Disposals at cost	(1 872)		(1 872)	
Cost at 31 December	0	1 872	0	1 872
Accumulated depreciation at 1 January	849	285	849	285
Depreciation and impairment	1023	564	601	564
Accumulated depreciation of disposed items	(1 872)		(1 450)	
Accumulated depr. and impairmt. at 31 December	0	849	0	849
Book value at 31 December	0	1 023	0	1 023

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. After commencement of commercial shipments of Cardinal sensors in 2014, IDEX capitalised the development expenses related to Cardinal through 2016. Because Cardinal order volumes declined in 2017, IDEX has not capitalised any development costs in 2017 (2016: NOK 271 thousand), and the remaining capitalised amount from prior years, NOK 442 thousand, was written off at the end of 2017.

Acquired patents	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line, years)</i>	10, 17	10, 17	10, 17	10, 17
Cost at 1 January	42 450	42 450	42 450	42 450
Additions	294		294	
Disposals at cost				
Cost at 31 December	42 744	42 450	42 744	42 450
Accumulated depreciation at 1 January	8 630	4 864	8 630	4 864
Depreciation and impairment	3 650	3 766	3 650	3 766
Accumulated depreciation of disposed items				
Accumulated depr. and impairmt. at 31 December	12 280	8 630	12 280	8 630
Book value at 31 December	30 464	33 820	30 464	33 820

The assets and intellectual property rights acquired in earlier years have been capitalised in accordance with IFRS and is depreciated over the estimated useful life, viz. the lifetime of the respective patent(s).

Customer and supplier files and relationships	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 180	1 180	1 180	1 180
Additions				
Disposals at cost	(1 180)		(1 180)	
Cost at 31 December	0	1 180	0	1 180
Accumulated depreciation at 1 January	1 180	910	1 180	910
Depreciation and impairment		270		270
Accumulated depreciation of disposed items	(1 180)		(1 180)	
Accumulated depr. and impairmt. at 31 December	0	1 180	0	1 180
Book value at 31 December	0	0	0	0

Customer files and relationships were acquired in 2013 and depreciated over the estimated economic useful life of 3 years.

The capitalised development costs, acquired patents and customer and supplier files and relationships remain intact and in use. IDEX is not aware of any circumstances that indicate that these other intangible assets may be impaired at the date of these financial statements.

11. Tangible fixed assets

Total tangible fixed assets	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	11 227	11 755	3 077	4 257
Additions	6 857	1 089	69	172
Disposals at cost	(3 072)	(1 477)	(910)	(1 352)
Currency adjustment	(322)	(140)		
Cost at 31 December	14 675	11 227	2 236	3 077
Accumulated depreciation at 1 January	6 532	5 179	1 730	2 198
Depreciation	2 828	2 719	487	758
Accumulated depreciation of disposed items	(2 470)	(1 350)	(669)	(1 226)
Currency adjustment	(217)	(16)		
Accumulated depreciation at 31 December	6 673	6 532	1 548	1 730
Book value at 31 December	8 002	4 695	688	1 347

There were no investments in progress at the end of 2017 (2016: no investments in progress).

Plant and machinery, fixtures and fittings	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	569	1 361	115	759
Additions	1 098			
Disposals at cost	(436)	(775)		(644)
Currency adjustment	(16)	(16)		
Cost at 31 December	1 215	569	115	115
Accumulated depreciation at 1 January	325	723	108	637
Depreciation	174	139	3	51
Accumulated depreciation of disposed items	(289)	(539)		(580)
Currency adjustment	(8)	2		
Accumulated depreciation at 31 December	202	325	111	108
Book value at 31 December	1 013	244	4	7

Office furniture and office equipment	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line), years</i>	<i>3-5</i>	<i>3-5</i>	<i>3-5</i>	<i>3-5</i>
Cost at 1 January	2 662	5 445	900	1 397
Additions	2 996	703	69	103
Disposals at cost	(524)	(3 343)	(307)	(600)
Currency adjustment	(94)	(143)		
Cost at 31 December	5 040	2 662	662	900
Accumulated depreciation at 1 January	1 359	2 349	636	904
Depreciation	984	677	189	332
Accumulated depreciation of disposed items	(441)	(1 618)	(251)	(600)
Currency adjustment	(38)	(49)		
Accumulated depreciation at 31 December	1 864	1 359	574	636
Book value at 31 December	3 176	1 303	88	264

Instruments and lab equipment, software tools	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2017	2016	2017	2016
<i>Depreciation period (straight line), years</i>	<i>3-5</i>	<i>3-5</i>	<i>3-5</i>	<i>3-5</i>
Cost at 1 January	7 992	4 563	2 062	1 849
Additions	2 763	638		321
Disposals at cost	(2 127)	2 766	(603)	(108)
Currency adjustment	(212)	25		
Cost at 31 December	8 416	7 992	1 459	2 062
Accumulated depreciation at 1 January	4 843	2 059	986	657
Depreciation	1 670	1 902	295	375
Accumulated depreciation of disposed items	(1 740)	850	(418)	(46)
Currency adjustment	(171)	33		
Accumulated depreciation at 31 December	4 602	4 843	863	986
Book value at 31 December	3 814	3 148	596	1 076

12. Subsidiaries

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

Subsidiaries	Ownership	Share of votes	Net profit or	Equity
Amounts in NOK 1,000	31 Dec. 2017	31 Dec. 2017	(loss) 2017	31 Dec. 2017
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	(2)	(37)
IDEX America Inc., Delaware, USA	100 %	100 %	2 241	10 097
IDEX Electronics (Shanghai) Co., Ltd, China	100 %	100 %	(5 534)	752
IDEX Biometrics UK Ltd., England	100 %	100 %	932	1 531
	31 Dec. 2016	31 Dec. 2016	2016	31 Dec. 2016
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	(113)	(36)
IDEX America Inc., Delaware, USA	100 %	100 %	4 062	8 273
IDEX Electronics (Shanghai) Co., Ltd, China	100 %	100 %	(6 995)	869
IDEX Biometrics UK Ltd., England	100 %	100 %	398	551

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

IDEX Electronics (Shanghai) Co., Ltd. (IDEX China) was established and commenced activities in 2015. The company is located in Shanghai.

IDEX Biometrics UK Ltd. (IDEX UK) was incorporated and commenced operations in 2014. The registered office is in Manchester, England. IDEX UK has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the calendar year 2017 and 2016.

13. Cash and bank deposits

Cash and bank deposits by currency Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Denominated in NOK	288 591	520 982	288 591	520 982
Denominated in CNY	1 488	361		
Denominated in GBP	2 256	357		
Denominated in USD	9 770	10 920	3	3
Total	302 105	532 619	288 594	520 985

Of the amounts above, NOK 642 thousand was employees' withheld payroll tax deposits (2016: NOK 851 thousand). Only the withheld payroll tax deposits were restricted. Deposits for rent of facilities or utilities have not been included in bank deposits.

14. Restricted assets

IDEX ASA has placed an amount corresponding to about 6 months' rent and allocations of its leasehold facilities in escrow accounts for the benefit of the respective landlords. At the end of 2017, the escrow accounts amounted to NOK 528 thousand (2016: NOK 1,161 thousand). Other companies in the group have paid deposits amounting to NOK 723 thousand to suppliers (2016: NOK 116 thousand).

No other assets have been pledged as security or are otherwise restricted. See note 13.

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. 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 2017 there were 2,684 shareholder accounts compared to 2,875 at the end of 2016. IDEX does not hold any of its own shares.

Number of shares

	2017	Shares
Balance at 1 January		533 780 255
Share issue (in lieu of cash board remuneration)		115 350
Exercises of incentive subscription rights on several dates		8 487 500
Balance at 31 December		542 383 105
	2016	Shares
Balance at 1 January		531 009 416
Share issue (in lieu of cash board remuneration)		133 339
Exercises of incentive subscription rights on several dates		2 637 500
Balance at 31 December		533 780 255

2017:

Three board members took board remuneration partly or fully in shares in lieu of cash, total 115,350 shares were issued against a payment of par value NOK 0.15 per share. Several employees exercised vested incentive subscription rights on several occasions in 2017, in a combined total of 8,487,500 shares at average price NOK 1.59 per share.

Costs related to share issues have been charged against equity, and amounted to NOK 190 thousand in 2017.

2016:

Three board members took board remuneration partly or fully in shares in lieu of cash, total 133,339 shares were issued against a payment of par value NOK 0.15 per share. Several employees exercised vested incentive subscription rights on several occasions in 2016, in a combined total of 2,637,500 shares at average price NOK 1.36 per share. In addition, 125,000 subscription rights were exercised on 30 December 2016, but the shares were issued only in 2017.

Costs related to share issues have been charged against equity, and amounted to NOK 301 thousand in 2016.

Shareholders registered at 31 December 2017	Number of shares	Percent of shares
The Northern Trust Comp, London Br	108 420 610	20.0 %
Sundvall Holding As	59 734 299	11.0 %
Invesco Perpetual High Income Fund	53 228 391	9.8 %
Charles Street International Ltd	38 157 236	7.0 %
Invesco Perpetual Income Fund	36 771 609	6.8 %
The Northern Trust Comp, London Br	29 597 688	5.5 %
Euroclear Bank S.A./N.V.	19 311 428	3.6 %
Colargol Invest AS	15 875 318	2.9 %
Smart Riches Limited	13 613 617	2.5 %
BNP Paribas Securities Services	13 568 875	2.5 %
Citibank, N.A.	11 097 372	2.0 %
Six Sis AG	6 136 955	1.1 %
Statoil Pensjon	5 823 694	1.1 %
Jpmorgan Chase Bank, N.A., London	5 753 903	1.1 %
Marc O Polo Norge AS	4 613 148	0.9 %
MP Pensjon Pk	4 574 680	0.8 %
KLP Aksjenorge Indeks	4 197 850	0.8 %
Giant Leap International Ltd	3 383 802	0.6 %
State Street Bank And Trust Comp	3 048 232	0.6 %
Blue Ocean Marine Invest AS	3 000 000	0.6 %
Others	102 474 398	18.9 %
Total	542 383 105	100.0 %

Note: For practical reasons, IDEX reports shareholders as registered in the VPS and does not combine accounts or prepare a list of beneficial owners of holdings in nominee accounts.

	31 December 2017		31 December 2016	
Shares and subscription rights held or controlled by board members, senior managers and their close relations	Shares	Incentive subscr. rights	Shares	Incentive subscr. rights
Morten Opstad, chairman	7 049 196	-	6 989 196	-
Lawrence John Ciaccia, board member(*)	33 000	500 000	-	500 000
Deborah Davis	105 891	-	48 487	-
Hanne Høvdig, board member	402 665	-	366 062	-
Andrew James MacLeod, board member (*)	484 800	500 000	415 457	500 000
Hemant Mardia, CEO(**)	2 175 625	3 642 500	365 625	7 500 000
Fred Benkley, CTO	50 000	1 600 000	-	850 000
Henrik Knudtzon, CFO	50 000	2 290 000	-	1 875 000
Preeti Mardia, SVP Operations(**)	na	na	-	750 000
Art Stewart, SVP Product Management	-	950 000	-	950 000
Stan Swearingen, CPO	50 000	2 315 000	-	1 900 000
Anthony Sweeney, SVP Engineering	na	na	-	500 000
Selvakumar Thiruchelvam, SVP Worldwide Sales	-	-	na	na
Yang Chiah Yee, SVP Worldwide Sales	na	na	0	750 000
Total	10 401 177	11 797 500	8 184 827	16 075 000

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

* The incentive subscription rights granted to Lawrence John Ciaccia and Andrew James MacLod were granted in connection with their ongoing consultancy/advisory roles and not as remuneration for board tenure.

** Preeti Mardia and Hemant Mardia are spouses and thus close relations. In 2016, only their individual holdings are listed in order to avoid double counting.

IDEX has the practice of revolving its incentive subscription rights programme at each annual general meeting, when the preceding programme is closed for further grants and a new programme opened. In 2017 the board granted incentive subscription rights to employees and individual contractors under the 2016 programme in the period 1 January-12 May 2017, and made grants under the 2017 programme in the period 13 May-31 December 2016.

Under the 2017 subscription rights-based incentive programme resolved by the annual general meeting on 12 May 2017, the board may grant up to 54,024,257 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding under all programmes 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 per year. The annual vesting dates are the latest of the following dates before the date of grant of the subscription rights; (i) 15 January, (ii) 15 April, (iii) 15 July or (iv) 15 October. 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.

	2017		2016	
Incentive subscription rights movements	Number of subscr. rights	W. average exercise price	Number of subscr. rights	W. average exercise price
Outstanding at 1 January	26 037 500	4.86	22 220 000	3.48
Granted	9 810 000	7.16	7 995 000	7.63
Exercised*	(8 375 000)	1.52	(2 762 500)	1.59
Forfeited	(2 212 500)	7.40	(1 207 500)	5.12
Expired			(207 500)	5.63
Outstanding at 31 December	25 260 000	6.64	26 037 500	4.86
Number which were exerciseable at 31 December	9 716 250	5.81	14 270 000	3.23
	Number of subscr. rights	W. avg. share price at exercise	Number of subscr. rights	W. avg. share price at exercise
Subscription rights exercised in the year	8 375 000	7.64	2 762 500	7.09
	Number of subscr. rights	W. average fair value of SR	Number of subscr. rights	W. average fair value of SR
Subscription rights granted in the year	9 810 000	2.94	7 995 000	3.57

* 125,000 subscription rights exercised on 30 December 2016, and the shares were issued in 2017.

The fair value of 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 2017:

- Exercise price NOK 5.04-8.42 per share, weighted average NOK 7.16 per share
- Weighted average actual share price at date of grant NOK 7.07 per share
- Expected duration up to 4.9 years, weighted average 3.4 years
- Volatility of share price based on share price history 51-62 per cent
- Weighted average risk free interest rate of 0.81 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

Outstanding and vested incentive subscription rights at 31 December 2017

Outstanding subscription rights					Vested subscription rights		
Exercise price NOK	Number of outstanding subscr. rights	Weight. aver. exercise price NOK	Weight. aver. remaining duration Years	Weight. aver. remain. time to vesting Years	Number of vested subscr. rights	Weight. aver. exercise price NOK	Weight. aver. remaining duration Years
3,50 - 4,00	235 000	3,60	1,4	0,2	176 250	3,60	1,4
4,00 - 4,50	2 125 000	4,43	1,3	0,2	1 662 500	4,43	1,3
4,50 - 5,00	2 000 000	4,69	0,4	0,0	2 000 000	4,69	0,4
5,00 - 5,50	3 767 500	5,20	1,8	0,8	2 195 000	5,30	0,5
5,50 - 6,00	125 000	5,83	1,4	0,1	93 750	5,83	1,4
6,00 - 6,50	50 000	6,40	1,4	0,1	35 000	6,43	1,4
6,50 - 7,00	4 392 500	6,59	3,3	1,5	460 000	6,61	2,8
7,00 - 7,50	1 730 000	7,03	0,4	0,1	1 320 000	7,03	0,4
7,50 - 8,00	6 960 000	7,77	4,0	1,7	676 250	7,79	3,4
8,00 - 8,50	3 595 000	8,22	3,0	1,0	947 500	8,11	2,1
8,50 - 9,00	0	0,00	0,0	0,0	0	0,00	0,0
9,00 - 9,50	170 000	9,23	2,4	0,7	85 000	9,23	2,4
9,50 - 10,00	110 000	9,85	2,0	0,5	65 000	9,85	1,7
Total	25 260 000	6,64	2,6	1,0	9 716 250	5,81	1,1

16. Board authorisations to issue shares or acquire own shares

The board has been authorised by the respective annual general meetings to issue shares upon exercise of incentive subscription rights granted under the various incentive subscription rights programmes. See note 15.

Only additional authorisations valid on 31 December 2017 have been included below. The authorisations were resolved at the annual general meeting 2017 and are valid until the annual general meeting 2018 but no longer than 30 June 2018.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital *	54 024 275	0
Issue of shares in a rights issue to raise additional capital *	54 024 275	0

* The combined issue under these two authorisations may not exceed 54,024,275 shares.

There were no authorisations to acquire own shares in effect at the end of 2017.

17. Receivables; Contingent assets

Long-term receivables	IDEX group		IDEX ASA	
Amounts in NOK 1,000	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Denominated in NOK	528	1 161	528	1 161
Denominated in CNY	222			
Denominated in GBP	266	99		
Denominated in USD	235	17		
Total	1 251	1 277	528	1 161

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

Long-term loans to group companies	IDEX ASA	
Amounts in NOK 1,000	31 Dec. 2017	31 Dec. 2016
Denominated in NOK		
Denominated in CNY		
Denominated in GBP	6 686	662
Denominated in USD	12 691	8 421
Total	19 377	9 083

Customer receivables	IDEX group and IDEX ASA				
Amounts in NOK 1,000	NOK equivalent of amounts denominated in foreign currency				
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	550				550
Due in 3-6 months					
Due in 6-12 months					
Total	550	0	0	0	550
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	12 177				12 177
Due in 3-6 months					
Due in 6-12 months					
Total	12 177	0	0	0	12 177

Customer receivables amounting to the equivalent of NOK 46 thousand were overdue and the potential loss had been accrued for at the end of 2017. Customer receivables amounting to the equivalent of NOK 828 thousand were overdue and the potential loss had been accrued for at the end of 2016.

Short-term receivables from group companies		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Total	1 548	883	0	665	0
31 December 2016					
	Total in NOK	CNY	EUR	GBP	USD
Total	0	0	0	0	0

Other short-term receivables		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 239	(81)	-	-	604
Due in 3-6 months	-	-	-	-	-
Due in 6-12 months	5 000	-	-	-	-
Total	6 239	(81)	-	-	604
31 December 2016					
	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	663			52	
Due in 3-6 months	0				
Due in 6-12 months	4 000				
Total	4 663	0	0	52	0

Other short-term receivables		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	930				604
Due in 3-6 months	0				
Due in 6-12 months	5 000				
Total	5 930	0	0	0	604
31 December 2016					
	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	611				
Due in 3-6 months	0				
Due in 6-12 months	4 000				
Total	4 611	0	0	0	0

No group or other receivables were overdue at the end of 2017 or 2016. IDEX ASA has raised a claim against a vendor, and recognised an accounting provision for a potential loss on the claim.

Prepayments		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 953	263	-	655	598
Due in 3-6 months	461	-	-	265	35
Due in 6-12 months	914	-	312	210	70
Total	3 327	263	312	1 130	703
31 December 2016					
	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 963	138	353	154	565
Due in 3-6 months	222	12	-	-	154
Due in 6-12 months	111	-	-	-	90
Total	2 296	150	353	154	809

Prepayments		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	642			147	58
Due in 3-6 months	233			72	
Due in 6-12 months	634		312		
Total	1 508	-	312	219	58
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 421	11	353	139	165
Due in 3-6 months	68	12			
Due in 6-12 months	21				
Total	1 510	23	353	139	165

IDEX had no contingent assets at the end of 2017 or 2016.

18. Payables; Financial obligations; Contingent liabilities

The group or IDEX ASA did not have any liabilities at 31 December 2017 which represented a funding or financing instrument (2016: nil). All liabilities are payables and operational of nature. Interest expenses in 2017 and 2016 related only to penalty interest for payments where IDEX has accepted such charges.

Long-term payables	IDEX group		IDEX ASA	
Amounts in NOK 1,000	31 Dec. 2017	31 Dec. 2016	31 Dec. 2017	31 Dec. 2016
Later than one year and not later than five years	3 497	6 504	3 270	6 504
Later than five years				
Total	3 497	6 504	3 270	6 504

IDEX ASA's payable is denominated in USD and relates to an acquisition of IP in 2014, and is held at net present value (rate 12 per cent p.a.).

Accounts payable		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	3 052	-	216	373	2 078
Due in 3-6 months	-	-	-	-	-
Due in 6-12 months	-	-	-	-	-
Total	3 052	-	216	373	2 078
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	11 978		418	665	9 903
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	11 978	0	418	665	9 903

Accounts payable		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 494		216	221	672
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	1 494	0	216	221	672
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	9 345		418	422	7 513
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	9 345	0	418	422	7 513

No payables were overdue without reason at the end of 2016 or 2015.

Short-term payables to group companies		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	20 309	722		4 928	14 659
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	20 309	722	0	4 928	14 659
<hr/>					
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	11 586			1 952	9 634
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	11 586	0	0	1 952	9 634

The estimated employer's tax liability related to share-based remuneration which on 31 December 2017 amounted to NOK 179 thousand for the IDEX group as well as IDEX ASA (2016: NOK 5,752 thousand), will be due only if and when the incentive subscription rights are exercised. The exercise will in all likely circumstances normally fund the payable employer's tax.

Other short-term liabilities		IDEX group			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	9 947	83	253	417	5 235
Due in 3-6 months	6 697			167	2 722
Due in 6-12 months	3 663				3 663
Total	20 307	83	253	584	11 620
<hr/>					
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	8 758	424		307	3 026
Due in 3-6 months	5 390			336	1 840
Due in 6-12 months	3 848				3 848
Total	17 996	424	0	643	8 714

Other short-term liabilities		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	7 691		253	1	3 478
Due in 3-6 months	3 808				
Due in 6-12 months	3 663				3 663
Total	15 162	0	253	1	7 141
<hr/>					
31 December 2016	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	6 440				1 439
Due in 3-6 months	3 214				
Due in 6-12 months	3 848				3 848
Total	13 520	0	0	0	5 287

Other short-term liabilities are accruals for earned compensation, vacation days not taken and accruals for goods and services received but not yet invoiced by the supplier.

IDEX had no other significant short-term or long-term financial obligations at the end of 2017 or 2016.

The parent company's leasehold agreement for about 300 sqm office at Fornebu ends in December 2019. IDEX America rents about 1,300 sqm office in Wilmington, Massachusetts under a leasehold agreement since August 2017 until November 2020. IDEX America also rents about 800 sqm office and laboratory in Rochester, New York under a leasehold agreement that commenced in April 2017 and ends in April 2020. IDEX China rents about 300 sqm office in Pudong, Shanghai. The current leasehold agreement commenced in September 2017. IDEX UK rents about 300 sqm office and lab space in Farnborough, Hampshire under an agreement with a minimum term until June 2020. All agreements are with the respective landlords and IDEX does not sublet to any other company. The rents are fixed in the sense that they are not variable with IDEX's turnover or

similar. The total leasehold costs in 2017 amounted to NOK 5,562 thousand for the group including NOK 746 thousand for IDEX ASA (2016: NOK 4,089 thousand and NOK 1,856 thousand respectively).

Minimum future lease/rental payments

Amounts in NOK 1,000	IDEX group	IDEX ASA
Not later than one year	7 194	863
Later than one year and not later than five years	11 368	889
Later than five years	0	0

IDEX had no contingent liabilities at the end of 2017 or 2016.

19. Inventory

Inventory, consisting mainly of fingerprint sensors which are manufactured for sale, is held at cost, which is less than recoverable value. Inventory value has been reduced to reflect aging, obsolescence and estimated shrinkage. Inventory value at 31 December 2017 does not include components amounting to NOK 6,040 thousand that were purchased in 2017 and did not satisfy the specifications. In 2016, inventoried third-party algorithm licences amounting to NOK 7,916 thousand were written off because IDEX decided to use other algorithms.

20. Events after 31 December 2017

The board resolved on 21 February 2018 to issue a total of 5,215,000 incentive subscription rights (SRs) to employees of the company. The grant was made under the 2017 incentive subscription rights plan as resolved at the annual general meeting on 12 May 2017. The exercise price of the SRs was NOK 4.67 per share. 25 per cent of the SRs vest on 15 January each year, and expire on 12 May 2022. 4,500,000 SRs have one year's accelerated vesting. Following the grant there are 540,242,755 shares and 31,250,500 SRs outstanding.

On 21 February 2018 the board appointed Stan Swearingen as CEO of IDEX ASA, effective from 1 April 2018. Mr Swearingen has been Chief Products Officer in IDEX since May 2016. The previous CEO, Dr Hemant Mardia continued until 31 March 2018. Dr Mardia is now member of IDEX's strategy advisory council.

Between 31 December 2017 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 2017 or the value of the group's assets and liabilities at 31 December 2017.

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 2017.

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.

Farnborough, UK 11 April 2018
The board of directors of IDEX ASA



Morten Opstad

Chairman



Lawrence John Ciaccia

Board member



Deborah Davis

Board member



Hanne Høvdig

Board member



Andrew James MacLeod

Board member



Stanley Swearingen

CEO



Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of IDEX ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of IDEX ASA, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the statement of financial position as at 31 December 2017, the statements of comprehensive income, cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Revenue recognition

Group revenue decreased from NOK 38,6 million in 2016 to NOK 17,5 million in 2017. Revenue is mainly related to sale of goods and is recognized when the risks and rewards of ownership to the goods are transferred to the customer. The understanding and interpretation of the terms of the customer contract, including any warranty obligations, return rights and other contingencies, is critical in assessing the transfer of risks and rewards of ownership to the goods. There is a risk that revenue is recognized before the significant risks and rewards of ownership to the goods are transferred to the customer and revenue recognition was therefore a key audit matter.



Our audit procedures included a review of the accounting principles related to revenue recognition. In addition, we read new customer contracts to assess contract terms and contingencies and performed detailed testing on a sample of sales invoices against contract and delivery of goods. We also analyzed cut-off at year-end by comparing revenues recognized in the period against the date of transfer of risks and reward of ownership. In addition, we evaluated management's assessment of probability of return and impact of other contract contingencies on the revenue recognition.

We refer to note 2 of the financial statements.

Assessment of impairment of intangible assets

Intangible assets accounts for NOK 38,7 million as of 31 December 2017, whereof goodwill amounts to NOK 8,3 million and acquired patents NOK 30,5 million. The recoverable amount of the intangible assets has been determined based on value in use. Estimating the value in use requires management judgement, including estimates of future revenues, gross margins, operating costs and capital expenditures. Management's assessment of the valuation of intangible assets was a key audit matter because the assessment requires significant judgement and implies significant estimation uncertainties.

We evaluated management's assessment of impairment indicators for the intangible assets. We also tested management's assumptions used in the value in use calculations and assessed the historical accuracy of management's estimates. We compared projected revenues, gross margin, operating costs and capital expenditures to budgets approved by the Board and historical performance. We also evaluated the level of consistency applied in the valuation methodology from previous years. Our audit procedures also included testing of the mathematical accuracy of the valuation model and an evaluation of the sensitivity analyses disclosed by management.

We refer to note 10 of the financial statements.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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



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

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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 Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and 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 management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 11 April 2018
ERNST & YOUNG AS

A handwritten signature in blue ink, which appears to read 'Leiv Aschehoug', is written over a vertical blue line.

Leiv Aschehoug
State Authorised Public Accountant (Norway)

ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF IDEX ASA, corp.ID. no. NO 976 846 923 VAT

(last amended on 29 May 2017)

- § 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 identification systems and other activities related to this.
- § 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 81.357.465,75 divided into 542,383,105 shares each with a nominal value of NOK 0.15 per share and issued in name.
- § 6 The board of the Company consists of from three to seven members in accordance with the annual general meeting's instruction.
- § 7 The annual general meeting shall convene in or near Oslo at the board's decision, and shall consider:
- Determination of the annual financial statements
 - Appropriation of (net) profit or covering of losses
 - Election of chairman of the board and board members
 - Election of chairman and members of the nomination committee
 - Election of auditor
 - Determination of remuneration to the board of directors, members of the nomination committee and the auditor
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the annual general meeting.
- § 8 a. The company shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the annual general meeting for a term of two years.
- b. The nomination committee shall:
- Propose candidates for election to the board of directors
 - Propose the remuneration to be paid to the board members
 - Propose candidates for election to the nomination committee
 - Propose the remuneration to be paid to the nomination committee members
- c. The guidelines for the nomination committee shall be resolved by the annual general meeting.
- § 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.
- § 10 As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used. Shareholders may present their points of view in the Norwegian or English language.
- § 11 A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

CORPORATE GOVERNANCE

Update resolved by the board of directors of IDEX ASA on 12 December 2017.

This statement outlines the position of IDEX ASA 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. 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. The guidelines are available on the company's website, www.idexbiometrics.com.

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. All

significant share issues or private placements have each been resolved by the shareholders at extraordinary general meetings. The board has proposed to the general meeting only reasonable open 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 should be 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 resolve to waive the pre-emptive rights of existing shareholders, the rationale for doing so shall be included as part of the decision material presented to the general meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related-party transactions, whether completed, in effect or future, have been and will be carried out on

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 the 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 conducts a self-evaluation of 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 that was established in September 2013 is

operationally integrated in 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. 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 2016 until the annual general meeting in 2017 was proposed to and resolved at the annual general meeting 2017. To lessen the cash outflow and stimulate shareholding among the board members, the annual general meeting granted an option for the board members to receive the remuneration partly or fully in kind in the form of shares. Three of the board members took up this option in 2017. Amount details are disclosed in the financial statements. The nomination committee shall propose board remuneration for the period between the annual general meetings of 2017 and 2018.

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 Mr Opstad. In the cases where legal services provided by Ræder are carried out by Mr Opstad, such services, which are outside Mr Opstad's duties as chairman, are billed by Ræder. The service fee to Ræder is disclosed in the financial statements.

Larry Ciaccia, who was re-elected board member at the annual general meeting on 12 May 2017, has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC, for

which he is remunerated separately. Mr Ciaccia also provides consulting services to IDEX for a fixed fee annual fee. The fees to Mr Ciaccia are disclosed in the financial statements.

Board member Andrew James (Andy) MacLeod provides consulting services beyond his board duty for a fixed annual fee. The fees to Mr MacLeod 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. The 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 senior managers 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 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.idexbiometrics.com.

The board has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;
- Policy for contact with shareholders outside general meetings; and
- Policy for information management in unusual situations attracting or likely to attract media or other external interest.

The financial reporting of IDEX is fully compliant with applicable laws and regulations. IDEX prepares and presents its annual financial reports in accordance with IFRS. The content of the interim reports are compliant with IFRS.

All financial reports are published on the Oslo Børs newssite, www.newsweb.no. The reports and other

pertinent information are also available at the company's website, www.idexbiometrics.com.

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 takeover bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the company's ability to arrange other bids should only be entered into 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.

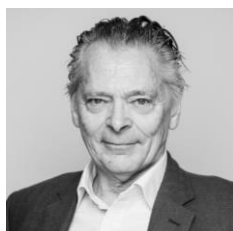
IDEX's auditor is EY, whom have been the auditor of the company since 1996.

BOARD OF DIRECTORS

There are presently five board members including the chairman. At the annual general meeting 2017, chairman Morten Opstad, and board members Deborah Davis, Hanne Høvding and Lawrence Johan Ciaccia were re-elected for a period of two years, while board member Andrew James MacLeod were re-elected for the second year of a two-year term.

There are no family relationships among the board members or between board members and the 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.

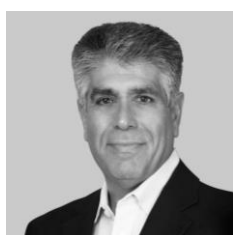
The board has held seven meetings, in the period after the annual general meeting on 12 May 2017 and until and including 11 April 2018.



MORTEN OPSTAD, CHAIRMAN

Mr Opstad has served as chairman of the board in IDEX since 1997. Mr Opstad is a partner in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organising several technology and innovation companies. He currently serves as chairman of the board of Thin Film Electronics ASA. 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.

As at 11 April 2018, Mr Opstad and close relations held or controlled 7,149,196 shares and 0 (nil) rights to shares in IDEX.



LAWRENCE JOHN (LARRY) CIACCIA, BOARD MEMBER

Mr Ciaccia has served the board of IDEX since 2015. He has broad expertise from the semiconductor industry. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr Ciaccia played a pivotal role in transforming AuthenTec from a start-up into the world's leading fingerprint sensor supplier, serving as CEO from September 2010 and instrumental in the acquisition of AuthenTec by Apple in October 2012. He remained with Apple through February 2013 to assist in the acquisition integration and transition. Mr Ciaccia was born in 1958, is a US citizen and resides in Indian Harbour Beach, Florida. Mr Ciaccia attended all of the board meetings in the period.

As at 11 April 2018, Mr Ciaccia held 33,000 shares and 500,000 subscription rights to shares in IDEX.

**DEBORAH DAVIS, BOARD MEMBER**

Ms Davis has served the board of IDEX since 2015. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms Davis has more than 25 years of technology (software, telecommunications) and Internet (payments/ financial services & retail) company experience, with 14 years in European and global vice president roles at PayPal, eBay, Verizon and Symantec. She holds a non-executive director position at Which?, and is an active trustee of SATIB Conservation Trust. Ms Davis is a Fellow of the Institute of Company Directors UK, and holds a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne and a Sloan Masters in Science (Management) with Distinction from London Business School. Ms Davis was born in 1963 and is a dual citizen of the UK and Australia and splits her time across UK, Africa and the Far East. Ms Davis attended all of the board meetings in the period.

As at 11 April 2018, Ms Davis held 105,891 shares and 0 (nil) rights to shares in IDEX.

**HANNE HØVDING, BOARD MEMBER**

Ms Høvdning 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 Høvdning has a Bachelor's Degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration. In her professional career Ms Høvdning has held several management positions within personnel administration, finance, credit card administration and debt collection. Ms Høvdning was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvdning attended all of the board meetings in the period.

As at 11 April 2018, Ms Høvdning held 402,665 shares and 0 (nil) rights to shares in IDEX.

**ANDREW JAMES (ANDY) MACLEOD, BOARD MEMBER**

Mr MacLeod has served the board of IDEX since 2014. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. MacLeod is Regional Technology Director for Vodafone plc.'s Africa, Middle East and Asia-Pacific region. Previously, Mr. MacLeod was CTO at Vodafone for Africa, Middle East and Asia & Pacific region, and Group Chief Networks Officer. 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. 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. Mr MacLeod was born in 1957, is a British Citizen and resides in Winchester, England. Mr MacLeod attended all of the board meetings in the period.

As at 11 April 2018, Mr MacLeod held 484,800 shares and 500,000 rights to shares in IDEX.

MANAGEMENT



STAN SWEARINGEN, CHIEF EXECUTIVE OFFICER

Mr Swearingen joined IDEX's Strategy Advisory Council in May 2016 and was appointed Chief Products Officer of the company in October 2016. He was promoted to CEO in April 2018. Prior to joining IDEX in May 2016, Mr Swearingen served as Senior Vice President & General Manager MaxTouch Business Unit and Chief Technology Officer of Atmel, where he drove the overall technology strategy and direction for the company. Mr Swearingen has also served as Senior Vice President and General Manager Biometric Products Division and Chief Technology Officer for Synaptics, where he was instrumental in the formulation of the biometric fingerprint strategy, including the acquisition of Validity. Prior to Synaptics, Mr Swearingen held senior positions at semiconductor companies, such as MiniCircuits, Skyworks Solutions, Agere Systems and National Semiconductor.

As at 11 April 2018, Mr Swearingen held 150,000 shares and 6,815,000 subscription rights to shares in IDEX.



FRED BENKLEY, CHIEF TECHNOLOGY OFFICER, IDEX AMERICA

Mr Benkley has served as Chief Technology Officer at IDEX America Inc. since 2013. He has over 30 years of experience in the semiconductor technology and biometrics industries. Mr. Benkley founded Picofield Technologies in 2010, which company's technology was acquired by IDEX in 2013. Mr. Benkley founded Validity Sensors in 2002 and Metro Engineering prior. Mr. Benkley holds a B.S. in Electrical Engineering from Northeastern University. Mr. Benkley was born in 1957, is a US citizen and resides in Massachusetts, USA.

As at 11 April 2018, Mr. Benkley held 50,000 shares and 1,600,000 subscription rights to shares in IDEX.



HENRIK KNUDTZON, CHIEF FINANCIAL OFFICER

Mr Knudtzon joined IDEX as Chief Financial Officer (CFO) in 2014. Prior to joining IDEX, Mr Knudtzon was a Director at the private equity firm Herkules Capital, where he worked for six years. From 2004 to 2008 Mr. Knudtzon was a consultant at McKinsey & Company. Mr Knudtzon holds an MSc degree in Economics and Business Administration, with a specialization in finance, from the Norwegian School of Economics and Business Administration. Mr Knudtzon was born in 1980. He is a Norwegian citizen and resides in Oslo.

As at 11 April 2018, Mr Knudtzon held 50,000 shares and 2,290,000 subscription rights to shares in IDEX.



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