



IDEX ASA
ANNUAL REPORT

2018

TABLE OF CONTENTS

Board of directors' report 2018	3
Annual financial statements 2018	19
Notes to annual financial statements 2018	23
Responsibility statement	47
Auditor's report	48
Articles of association	52
Corporate governance	53
Board of directors	60
Management	62

REPORT FROM THE BOARD OF DIRECTORS 2018



2018 was a landmark year for IDEX. The Company made significant progress on commercialisation of its sensor solutions for biometric cards. IDEX received the world's first production order for sensors to be used in biometric payment cards and made further progress on development of its dual-interface solutions. As the market continues to gather momentum, IDEX has expanded its customer base with numerous partnerships across the globe and is confident of maintaining its leadership position in this fast-growing 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 shares are listed on the Oslo Børs and as at 31 December 2018, it had over 3,000 shareholders.

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. The development of this market is gaining momentum as major players with the smart card ecosystem increase their investments in biometric solutions. The interest in fingerprint sensors for other markets is also growing. IDEX's strategy in these markets remains highly selective. Where the company sees value potential, it will seek to leverage its unique off-chip technology and biometric sensor solutions to capitalize on that opportunity.

TECHNOLOGY

A SUPPLIER OF COMPLETE FINGERPRINT SOLUTIONS

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.

IDEX has a range of fingerprint sensor products and solutions for use across many different device types, spanning a multitude of use cases, including Payments, Identification, Access Control, Healthcare, and the Internet of Things (IoT).

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.

FINGERPRINT SENSORS

IDEX Biometrics' fingerprint sensors are highly durable and can be used in dual interface, contactless only and contact only smart cards.

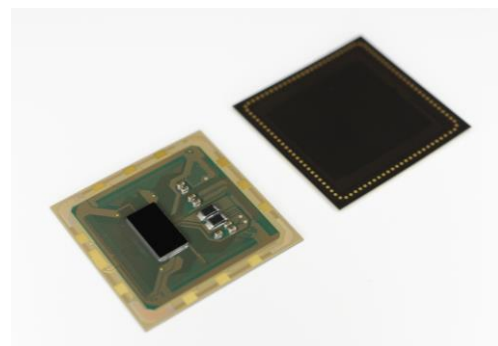
IDEX Biometrics is one of only two suppliers to offer off-chip capacitive fingerprint sensors and the only supplier using this technology with the preferred

ridge matching biometric algorithm. IDEX's off-chip capacitive sensors separate the fingerprint sensing elements from the chip that acquires the image and processes the biometric data. This ingenious design ensures excellent security, high image fidelity, superb noise immunity and market-leading usability under real-world conditions.

New ASIC platform and sensor for contactless cards

In 2017, IDEX launched its new ASIC platform for off-chip sensors. The new platform delivers both enhanced performance and reduced power consumption at a lower price, 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 ASIC allowed the company in 2018 to launch a ground-breaking 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. Trials with this technology have begun in 2018 with very good feedback from customers.

FINGERPRINT MODULES

IDEX Biometrics' fingerprint modules are a complete biometric solution, for use in smart cards.

The modules offer a turn-key solution for customers to develop, prototype and manufacture their own product's biometric interface. We use our market leading SmartFinger® fingerprint sensors, which

already come with an image capture ASIC, and have combined them with an MCU for post-processing and power management circuitry. This end-to-end solution ensures your biometric innovations deliver superior image quality, extreme durability, and market-leading performance whilst ensuring integration is simple and secure.

ENROLLMENT SOLUTIONS

On-card enrollment

IDEX Biometrics' incredibly innovative yet simple on-card enrollment solution addresses what the industry previously viewed as the largest barrier to adoption for biometric smart cards for payments, remote in-person enrollment.

This low-cost and seamless end-to-end solution, for both issuers and users, allows card users to securely enroll themselves without visiting a bank branch. Enrollment takes place entirely inside the smart card using its standard secure EMV chip and, uniquely, without the need to connect the enrollment device or smart card to a computer, smartphone or any other connected device. With IDEX's On-Card Enrollment solution, there is no possibility of any tampering or external interference during the enrollment process.

Furthermore, there is no need for the card supplier to support a multitude of mobile phone or desktop apps to support a graphical user interface (GUI).

IDEX's enrollment device is lightweight and can be posted to the user. The device's physical shape guides

the user through the process. Enrollment takes less than a minute and the IDEX solution has been designed to be incredibly user friendly. User friendly enrollment is known to aid adoption as well as the on-going usability of biometric smart cards. Once enrollment is complete the device can be discarded.

IDEX was the first to launch On-Card Enrollment solutions, back in 2017. These solutions can be used for contactless only, contact-based and dual-interface smart card applications



Off-card solutions

IDEX Biometrics also offers white label software applications designed to enable financial institutions to enroll customers within a bank branch, for example

using a tablet device or a kiosk. These solutions are aimed primarily at financial institutions where customers would typically be expected to activate their cards in-person rather than remote.

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. 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.

In 2018 we have released a security enhanced version of our matcher that moves the critical matcher function and template information onto the Secure Element (SE), while the less secure on card biometric processor performs feature extract functions that do not need to be secured. This matcher architecture was the first to pass a preliminary CAST security review with Mastercard.

INTELLECTUAL PROPERTY

IDEX's technology is founded on a strong portfolio of proprietary technology. As of 31 December 2018, IDEX ASA held 55 patent families with 137 granted patents and 107 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 aspects of its technology that provide significant competitive advantage.

SUPPLY CHAIN AND DISTRIBUTION CHANNELS

VOLUME PRODUCTION SUPPLY CHAIN ESTABLISHED

IDEX's operations strategy is to design its products utilising standard high-volume components and manufacturing processes to maximise cost competitiveness. The company's selected manufacturing partners for sensor production are Amkor Technology and SPIL, both companies leading the field in OSAT production capability. In support of the anticipated demand for both contact and dual-interface biometric smart card solutions, IDEX has established a robust, high-capacity supply chain to satisfy future commercial deployments.

IDEX has a fabless strategy for silicon IP and is partnered with TSMC, the leading semiconductor manufacturer in the world, as the foundry for volume manufacturing of its latest ASIC platform. This ASIC is

integrated into the latest IDX3200 sensor and will be incorporated in future generation sensors for both contact and contactless applications. The TSMC relationship provides IDEX with access to the newest and most competitive silicon manufacturing processes and gives customers with the capacity and cost structure to address high volume opportunities.

In addition, IDEX has invested in in-house high-volume test equipment at the company's facility in Rochester, New York. This investment accelerates development and deployment of mass production test, reducing both cycle time and external costs.

ENHANCED SALES, DISTRIBUTION AND MARKETING

Through 2018 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 2018, IDEX had sales resources and business

development capabilities in Asia, the United States and in Europe to cover the main target customers

Marketing activities have also helped IDEX to promote the benefits of its biometric solutions and enable the company to work more closely with partners. The biometric market evolves, IDEX is proud to be a leading voice in the development of this market.

END MARKETS

Global partnerships to unlock the market

End-user trials and proof of concepts conducted by payment scheme companies, such as Mastercard and VISA, have increased both consumer awareness and card issuer interest in biometric smart cards. Card issuers, such as financial institutions and retail loyalty card schemes, are in turn looking for new ways to attract and retain customers. Card manufacturers, such as IDEX's long-term partner IDEMIA, rely on companies like IDEX and other component makers to supply and integrate innovations, such as biometric sensors, microprocessors and secure elements into smart cards.

IDEX understands the importance of building deep partnerships throughout the supply chain with industry-leading semiconductor and card manufacturers, as well as security solutions and global payment providers. These strategic partners further enhance the company's ability to offer complete and optimized solutions to its customers through a virtuous cycle of privileged feedback.

As part of efforts to develop the ecosystem and enable mass market adoption of biometric smart

cards, IDEX has entered into partnership with several secure element vendors. In November, IDEX began a collaboration with CEC Huada Electronic Design Co., Ltd ("Huada") on a reference design for biometric smart cards. Huada is the largest secure element supplier in China, with a dominant position across several verticals, including national ID, social security and banking cards. By working closely together, IDEX can ensure that an optimal solution between the critical components of the biometric system and secure element are compatible. In the last quarter, IDEX established commercial relationships with the leading secure element provider, Infineon, to integrate IDEX sensors with enhanced card security solutions.

As a leader in biometric solutions, IDEX has also develop a long-standing partnership with Mastercard, the operator of the world's fastest payment processing network that connects consumers, financial institutions, merchants, governments and businesses in more than 210 countries and territories. This partnership has enabled both companies to drive the evolution of the biometric payment card market.

Display integration on the roadmap

One of the key benefits that biometrics brings to the world of smart cards is security. IDEX and its partners are always looking to develop new technology that will enhance both the security and user friendliness of the card. One area of progress is through the use of integrated displays for the next generation of fingerprint sensors in payment cards.

IDEX's display integration roadmap is enabled by its off-chip technology and internal expertise. Through collaborations with some of the world's leading display companies, IDEX is developing a range of features, including dynamic CVV/CVC to address card-not-present fraud, user-specific information such as account balance, or to provide feedback when enrolling the fingerprint

In December 2018, IDEX began collaborations with Visionox, to develop fingerprint sensors with state-of-the-art integrated displays.



Growing commercial momentum

Over the last twelve months the market for biometric cards has gained considerable momentum. Companies across the entire smart card ecosystem, such as card integrators, payment scheme providers and component vendors, have expanded development efforts, customer engagements and commercial deployments. Card issuer interest has also become stronger as consumers, who are familiar with the security and convenience of biometrics in mobile, increasingly recognize the benefits that biometrics can bring to payment cards.

This belief is supported by a significant increase in customer interest across EMEA, Americas and Asia for IDEX's biometric payment card solutions. IDEX has forged strong commercial partnerships in the fast-growing Asian markets where there is considerable demand for biometric solutions in smart cards. In late 2018, IDEX announced collaborations in the region with three major card integrators; Chutian Dragon, Exelsecu and XH Smart Tech. In early 2019, IDEX announced a partnership with Goldpac, China's largest card

manufacturer by volume and the world's fifth largest supplier of smart cards.

Chutian Dragon targets multiple verticals and is certified by China Union Pay, MasterCard, VISA, AMEX and JCB. Chutian Dragon is also the main supplier of China Social ID Cards and has been one of the largest suppliers of cards to China Union Pay for several years. Exelsecu is a leading Chinese supplier and solution provider of data security whose product portfolio includes smart cards. Exelsecu's customers include several of China's largest banks such as Commercial Bank of China and the Agricultural Bank of China. XH Smart Tech is ranked among the top five Chinese smart card vendors by international market share, having shipped more than 3 billion smart cards across a broad customer base that includes numerous institutions in China, Africa and the Middle East. IDEX's partnership with Goldpac to introduce dual-interface biometric smart cards is a significant commercial step. Goldpac are the only secure payment solution provider in China to hold simultaneous certifications by China Union Pay, VISA, MasterCard, American Express, JCB and Diners.

BIOMETRIC TECHNOLOGY IN OTHER END MARKETS

The rise of biometric solutions as a means of authentication has and continues to be used across many different device types spanning a variety of end market verticals. These can range from mobile, access, national ID and IoT (Internet of Things) markets.

The market opportunity for biometric sensors in many of these end markets is broad and often fragmented. IDEX's strategy in these markets remains highly selective. Where the company sees value potential, it will seek to leverage its unique off-chip technology

and biometric sensor solutions to capitalize on that opportunity.

In 2018, the company announced that Ohsung Electronics had integrated IDEX's contact-based sensor for biometric cards into a fingerprint enabled remote control product. The integration of these contact-based sensors validates the diverse opportunities for IDEX's biometric solutions in certain opportune verticals.

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 3.6 million in 2018. NOK 2.2 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 Mastercard. The

shipments in 2018 are chiefly related to cards and embedded products.

The revenue in 2017 amounted to NOK 17.5 million, mainly product sales. The parent company earns all external revenue.

Cost of goods sold

Gross margin was NOK 2.1 million in 2018, representing 41.9 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 was 31.1 per cent in 2018, compared with 14.6 per cent in 2017. The gross margin at small volumes are not necessarily representative of the gross margin at mass volumes.

Payroll expenses

The payroll expenses have increased due to IDEX's expanded operations. The average number of full-time equivalents (FTE) was 99 in 2018, down from 100 in 2017. At the end of 2018, IDEX had 104 FTE employees, same as at the end of 2017. The total payroll expenses amounted to NOK 161.0 million in 2018, up from NOK 149.3 million in 2017.

The underlying payroll expenses excluding share-based pay increased to NOK 137.0 million in 2018 from NOK 133.3 million in 2017. Most of this increase was in IDEX UK and IDEX America. IDEX did not capitalise payroll costs related to development work in 2018 or 2017.

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 2018, the cost of share-based remuneration amounted to NOK 24.0 million, representing 15 per cent of the total payroll expenses, compared to NOK 16.0 million or 11 per cent in 2017. The increase is caused by a larger outstanding stock of granted subscription rights in 2018 than 2017 and that the share price movement caused a larger reversal of social security accrual in 2017, partly offset by less subscription rights being exercised in 2018. 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 50.8 million in 2018, a reduction of 17 per cent, from NOK 61.3 million in 2017. This reflects increased

internal development capacity, and due to the phasing of development projects.

IDEX did not capitalise any development expenses in 2018 nor 2017. 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 2018, compared to NOK 5.0 million in 2017.

Net reported development expenses were considerably lower in 2018 than in 2017, down from NOK 56.3 million in 2017 to 45.8 million in 2018.

Other operating expenses

Other operating expenses comprise sales, marketing and general administrative expenses. These costs amounted to NOK 31.9 million in 2018, compared to

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 116.1 million in 2018 compared to NOK 122.4 million in 2017.

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

NOK 39.8 million in 2017, chiefly because of a provision for a potential loss on a claim against a vendor in 2017 amounting to NOK 5.4 million.

Depreciation

Depreciation amounted to NOK 6.9 million in 2018, compared to NOK 7.5 million in 2017. Total investments amounted to NOK 9.0 million in 2018, up from

NOK 7.2 million in 2017. 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 2018 and 2017. The interest income is lower due to less cash deposits in 2018, partly offset by increased market rates. A weakening of the Norwegian krone in 2018, i.e. a strong increase in foreign currency rates, caused a net currency loss of NOK 2.0 million in 2018, mainly related to liabilities in USD. In 2017, the net loss was NOK 3.5 million.

There were only insignificant financial items in the subsidiaries in 2018 and 2017. IDEX ASA earned interest in an amount of NOK 908 thousand from the subsidiaries in 2018, up from NOK 482 thousand in 2017.

Taxes

The group operated at a loss in 2018 and 2017. However, IDEX America, IDEX UK and IDEX China made a profit on services to the parent company and

incurred an income tax amounting to NOK 0.3 million in 2018 and NOK 4.2 in 2017. IDEX ASA did not incur deferred or payable income taxes in 2018 or 2017.

Net result for the year

The group's net loss in 2018 was NOK 246.1 million, compared to NOK 255.5 million in 2017. The decreased loss reflects IDEX's strategy to increase internal development capacity rather than outsourcing development activities, partly offset by reduced revenues.

IDEX America, IDEX America and IDEX China made a profit amounting to a combined net profit in the subsidiaries of NOK 6.3 million in 2018, compared to a net profit of NOK 2.4 million in 2017.

STATEMENTS OF FINANCIAL POSITION

Fixed assets

Long-term assets amounted to NOK 50.9 million at the end of 2018, up from NOK 48.0 million at the end of 2017. Intangible assets were depreciated from NOK 30.5 million at the end of 2017 to NOK 26.8 million at the end of 2018 because there were minimal investments, while fixed assets increased from NOK 8.0 million to NOK 14.6 million in the same period due to investment in 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 2018. No development expenses were capitalised in 2018 nor 2017. In 2018, the Company made various investments in equipment amounting to NOK 9.0 million, compared to investments of NOK 6.9 million in 2017. Some old, unused assets were disposed of in 2018, causing a net loss of NOK 18 thousand. In 2017, disposals caused a net loss of NOK 0.4 million.

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 2018 consisted of card and IoT components and sensors, and amounted to NOK 10.2 million, slightly increased from NOK 9.3 million at the end of 2017.

In 2018, IDEX made an impairment charge of NOK 2.9 million, mainly on silicon sensors for mobile and related component because of the company's strategic shift to biometric cards. In 2017, IDEX made an inventory impairment charge of 0.5 million.

Cash

Total cash and bank deposits amounted to NOK 83.7 million at the end of 2018, representing 54 per cent of the total assets, compared to NOK 302.1 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 214.4 million in 2018, compared to NOK 235.2 million in 2017. Investments net after interest income amounted to NOK 7.9 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 offices in New York and Massachusetts, USA and Farnborough, UK. In 2016, the investments net after interest income amounted to NOK 4.8 million. A small patent acquisition was made in 2017; none in 2018.

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 2018, the equity in the group amounted to NOK 123.2 million and the equity in the parent company amounted to NOK 118.7 million, compared to NOK 337.1 million and 339.7 million respectively one year earlier. The equity amounted to more than 79 per cent of the total capital at the end of 2018 compared to 91 per cent at the end of 2017.

There were no share issues for funding purposes in 2018 or 2017. The share issues were due to exercise of incentive subscription rights and board remuneration in lieu of cash. Employees exercising subscription rights injected NOK 7.1 million in 2018, compared to NOK 13.5 million in 2017.

Liabilities

IDEX does not have any debt to financial institutions or lenders. The long-term liability at the end of 2017, amounting to NOK 3.5 million, was related to the acquisition of IP from Roger Bauchspies in 2014, which is payable until the end of 2019. In 2018, the remaining payable is classified as short-term liability.

Liquidity and capital resources

Balance sheet solvency, cash less net of short-term receivables and liabilities, amounted to NOK 62.4

Other liabilities are payables to suppliers and various cost accruals, in a total amount of NOK 32.8 million at the end of 2018, up from NOK 28.9 million at the end of 2017. The accrual for payroll tax on subscription rights varies with the fair value of the outstanding subscription rights.

million at 31 December 2018, compared to NOK 283.3 million at 31 December 2017.

EVENTS AFTER 31 DECEMBER 2018

On 30 January 2019 IDEX disclosed completion of a private placement raising NOK 214 million from existing shareholders. A total of 53,437,500 shares were issued at a price of 4.00 NOK per share. The capital issue was covered by the board's authorization to issue up to 10% new shares as resolved by the 2018 AGM on 9 May 2018.

The board of directors of IDEX resolved on 26 February 2019 to issue 873,800 incentive subscription rights to employees and individual contractors in the IDEX group. The grant was made under the company's 2018 incentive subscription rights plan as resolved at

the annual general meeting on 9 May 2018. The exercise price of the subscription rights is NOK 3.88 per share. The subscription rights vest by 25% per year and expire on 9 May 2023. Following the grant there will be 38,344,850 subscription rights outstanding.

Between 31 December 2018 and the resolution of these annual financial statements, there have not been any events that have had any noticeable impact on IDEX's result in 2018 or the value of the groups' assets and liabilities at 31 December 2018.

GOING CONCERN

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 expects to increase revenue generation through sales of sensors and monetization of Intellectual Property. The group does not have any debt to financial lenders. As

an ongoing activity the company monitors liquidity and will take appropriate measures if required. IDEX ASA has completed a private placement, raising NOK 214 million, in February 2019. 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 2018.

ALLOCATION OF NET LOSS FOR THE YEAR

The net loss for 2018 of the parent company IDEX ASA was NOK 252,345,704, compared to a net loss of NOK 253,122,176 in 2017. The board proposes that the

loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2018.

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:

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

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

- (iv) 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 2018 amounted to NOK 81,647,180.55, consisting of 544,314,537 ordinary shares, each share having a par value of NOK 0.15. At the end of 2018 there were 3,449 registered shareholder accounts, compared to 2,684 one year earlier.

The closing share price on 28 December 2018, which was the last day of trading in 2018, was NOK 3.04, compared to NOK 5.16 on the last trading day of 2017, representing a decrease of 41 per cent.

Highest and lowest closing prices per share in 2018 were NOK 7.49 and NOK 2.31 respectively. There were 49,573 trades in the share, with a total turnover amounting to NOK 1,481.7 million, up from 49,573 trades and total turnover amounting to NOK 678.7 million in 2017.

There were no share issues or private placements for funding purposes in 2018. Following the annual general meeting of IDEX on 9 May 2018, four board members elected to receive part or full board remuneration in shares. Two employees exercised vested incentive subscription rights on 8 November

2018, in a combined total of 1,631,250 shares at average price NOK 4.38 per share, injecting a total of NOK 7.1 million.

The annual general meeting held on 9 May 2018 resolved the 2018 Subscription Rights Incentive Plan, replacing the 2017 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 54,238,310 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 2018, the board granted a total of 23,400,600 subscription rights under the 2018 and 2017 incentive subscription programmes. At the end of 2018, there were a total of 37,471,050 subscription rights outstanding under all programmes. The weighted average exercise price was NOK 5.52 per share.

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

ORGANISATION

IDEX continues to invest in people and capabilities that will enable the growth of the business and help the organization deliver on its strategy of achieving leadership in biometric technology solutions. The focus is to ensure commercial success and IDEX has materially strengthened its sales and marketing infrastructure over the last year, as well as a number of key hires to enhance the business development and support functions.

In addition to executive-level appointments in 2018, IDEX has strategically recruited expertise from the fingerprint sensor, smart card and payment industries in order to broaden marketing activities and target certain geographies, including Asia.

At the end of 2018, IDEX employed and contracted 115 full-time equivalents (FTE), down from 117 FTE at the end of the 2017.

Of the 115 FTE IDEX employees, 15.5 are female, representing 13.5 per cent, down from 18.8 per cent at the end of 2017. 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.

CHANGES TO IDEX LEADERSHIP

The Board of IDEX has approved a number of key changes to the senior leadership. This reflects the growing international opportunity for IDEX in the biometric market and the importance of having a technologically focused organisation.

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.

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.

On 15 March 2019 VP of Systems Engineering, Anthony Eaton, became Chief Technology Officer in a move that demonstrates the competitive advantage of having a full systems approach. Anthony took over from Fred Benkley who transitioned to a newly created role of Chief Innovation Officer responsible for focus on strategic technology development to enable the next generation of best in class biometric products.

Chief Financial Officer, Henrik Knudtzon, will step down as CFO effective 1 June 2019 and transition into an advisory role. IDEX expects to hire a new CFO in the coming months.

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 also offers flexible working hours for all employees. 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 0.7 per cent in 2018, up from 0.4 per cent in 2017. In the parent company the sick leave was 0.6 per cent in 2018, compared to 0.8 per cent in 2017.

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 Høvdning continue as board members for the second year of their terms. Board member Andrew James (Andy) MacLeod was re-elected as

board member for a period of two years following the annual general meeting 2018. The Board has held six meetings in the period after the annual general meeting on 9 May 2018 and until and including 10 April 2019.

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 2018 and prior years have considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2018 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

2018 was a landmark year for IDEX and the growing operational momentum in the business has continued into 2019. The biometric payment card market is at the cusp of inception and the inherent advantages of biometric smart cards have the potential to create significant value for all stakeholders.

As a pioneer and thought leader in biometric technology solutions, IDEX is continuously driving the education and widespread adoption of its technologies amongst its customers and partners. This strategy is paying off as the market for biometric cards evolves. Major global corporations and financial institutions are increasingly investing in the smart card ecosystem.

IDEX expects further commercial progress in 2019 as customers seek a differentiated biometric solution. New customer collaborations and contract wins are forecast, leading to a material increase in sensor shipments. Also, having completed development of the sensor for dual-interface cards, multiple pilots and certifications are anticipated in the second half of 2019.

The outlook for IDEX and the biometric smart card market is bright. The Board is confident in the Company's strategy to be a leader in the biometric smart card market and looks forward to further success in the coming year.

Farnborough, UK, 10 April 2019
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 2018

Statements of comprehensive income

1 January-31 December		Amounts in NOK 1,000	Note	IDEX group 2018	2017	IDEX ASA 2018	2017
Operating revenue							
Product sales	2			2 181	16 036	2 181	16 036
Other operating income				1 404	1 434	1 393	1 569
Total revenue				3 585	17 470	3 573	17 605
Cost of goods sold				1 502	13 691	1 502	13 690
Gross margin				2 082	3 779	2 071	3 915
Operating expenses							
Payroll expenses	3			160 983	149 285	35 598	38 070
Development expenses	4, 5, 7			45 850	56 256	159 212	182 371
Other operating expenses	6, 7			31 908	39 779	54 902	29 519
Profit (loss) before interest, tax, depreciatio and amortisation (EBITDA)				(238 740)	(241 541)	(247 641)	(246 045)
Amortisation and depreciation	10, 11			6 854	7 501	4 003	5 160
Profit (loss) before interest and tax (EBIT)				(243 512)	(249 042)	(251 644)	(251 205)
Financial income and expenses							
Interest income	13			1 095	2 285	1 082	2 283
Interest income from group companies	7					908	482
Agio				13 201	2 429	12 940	2 560
Interest expenses				(14)	(64)	0	(26)
Disagio				(15 173)	(5 970)	(14 804)	(6 028)
Net other financial items				(1 363)	(973)	(828)	(1 189)
Net financial items				(2 254)	(2 294)	(702)	(1 917)
Net result before tax (EBT)				(245 766)	(251 336)	(252 346)	(253 122)
Income taxes	8			332	4 150	0	0
Net loss for the year				(246 097)	(255 486)	(252 346)	(253 122)
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>							
Exchange differences on foreign operations				946	(386)		
Total comprehensive income (loss) for the year, net of tax, attributable to the equity holders of IDEX ASA				(245 151)	(255 872)	(252 346)	(253 122)
Profit (loss) per share, basic and diluted (NOK)	9			(0.45)	(0.47)		

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group 2018	2017	IDEX ASA 2018	2017
Long-term assets					
Goodwill		8 260	8 260	8 260	8 260
Intangible assets		26 763	30 464	26 763	30 464
Total intangible assets	10	35 023	38 724	35 023	38 724
Fixed assets	11	14 590	8 002	361	688
Total fixed assets		14 590	8 002	361	688
Shares in subsidiaries	1, 12	0	0	14 924	14 924
Long-term receivables	14, 17	1 269	1 251	531	528
Long-term loans to group companies	17	0	0	27 611	19 377
Total financial assets		1 269	1 251	43 067	34 829
Total long-term assets		50 882	47 977	78 451	74 241
Current assets					
Inventory	19	10 164	9 255	10 164	9 255
Customer receivables		339	550	339	550
Receivables from group companies		0	0	1 192	1 548
Other short-term receivables		5 684	6 236	5 246	5 927
Prepaid expenses		5 529	3 327	1 755	1 508
Total receivables	17	11 552	10 113	8 532	9 533
Cash and bank deposits	13	83 714	302 105	72 205	288 594
Total current assets		105 430	321 473	90 900	307 382
Total assets		156 312	369 450	169 351	381 623
Equity and liabilities					
Equity					
Share capital		81 647	81 357	81 647	81 357
Share premium		1 192 222	1 185 355	1 192 222	1 185 355
Other paid-in capital		98 553	74 382	98 553	74 382
Total paid-in capital	15, 16	1 372 422	1 341 094	1 372 422	1 341 094
Other equity		(1 249 183)	(1 004 032)	(1 253 763)	(1 001 417)
Total equity		123 239	337 062	118 659	339 677
Long-term liabilities					
Other long-term liabilities	18	0	3 270	0	3 270
Deferred tax liabilities	8	226	226	0	0
Total long-term liabilities		226	3 497	0	3 270
Short-term liabilities					
Accounts payable	18	5 126	3 052	4 080	1 494
Payables to group companies	18	0	0	32 810	20 309
Public duties payable		2 276	2 452	772	1 532
Accrued payable income tax	8	1 716	2 902	0	0
Notional employer's tax on share-based remuneration	3, 15	0	179	0	179
Other short-term liabilities	18	23 729	20 306	13 030	15 162
Total short-term liabilities		32 847	28 891	50 692	38 676
Total liabilities		33 073	32 388	50 692	41 964
Total equity and liabilities		156 312	369 450	169 351	381 623

Farnborough, UK, 10 April 2019

The board of directors of IDEX ASA



Morten Opstad, Chairman



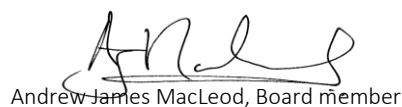
Lawrence John Ciacia, Board member



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 2018	81 357	1 185 355	74 382	(1 004 032)	337 062
Exercise of subscript. rights	245	6 868			7 112
Share issue (board remun.)	45		1 030		1 075
Share-based remuneration			23 141		23 141
Profit (loss) for the year				(246 097)	(246 097)
Other comprehensive income				946	946
Balance at 31 December 2018	81 647	1 192 223	98 553	(1 249 183)	123 239
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

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 2018	81 357	1 185 355	74 382	(1 001 417)	339 677
Exercise of subscript. rights	245	6 868			7 112
Share issue (board remun.)	45		1 030		1 075
Share-based remuneration			23 141		23 141
Profit (loss) for the year				(252 346)	(252 346)
Other comprehensive income					0
Balance at 31 December 2018	81 647	1 192 223	98 553	(1 253 763)	118 659
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
Balance at 31 December 2017	81 357	1 185 355	74 382	(1 001 417)	339 677

Cash flow statements

1 January-31 December Amounts in NOK 1,000	Note	IDEX group 2018	2017	IDEX ASA 2018	2017
Cash flows from operating activities					
Profit (loss) before taxes		(245 766)	(251 336)	(252 346)	(253 122)
Share-based remuneration (equity part)	3	24 170	17 263	24 170	17 263
Amortisation and depreciation	10, 11	6 854	7 501	4 003	5 160
Interest income	13	(1 095)	(2 285)	(1 991)	(2 765)
Change in receivables, inventory	17, 19	(2 202)	9 070	95	8 814
Change in payables, accruals	18	5 549	(9 916)	12 017	(5 302)
Income tax paid		(1 593)	(2 453)	0	0
Net other items		(295)	(3 018)	(3)	1 052
Net cash flow from operational activities		(214 377)	(235 174)	(214 054)	(228 900)
Cash flows from investing activities					
Investments in tangible assets	11	(8 991)	(6 857)	25	(69)
Investments in acquired intangible assets and capitalised development cost	4, 10		(294)		(294)
Investment in subsidiaries (shares)	1, 12				(5 489)
Loans to subsidiaries	1, 12			(8 235)	(10 295)
Changes in long-term receivables	17	(3)	41	(3)	633
Interest received	13	1 095	2 285	1 991	2 765
Net cash flow from investing activities		(7 899)	(4 825)	(6 222)	(12 749)
Cash flows from financing activities					
Share issues, net of expenses	15	7 157	13 303	7 157	13 303
Paid-in, not registered share capital	15		(811)		(811)
Change in long-term payables	18	(3 271)	(3 007)	(3 270)	(3 234)
Net cash flow from financing activities		3 886	9 485	3 887	9 258
Net change in cash and bank deposits		(218 391)	(230 514)	(216 389)	(232 391)
Cash and bank deposits at 1 January		302 105	532 619	288 594	520 985
Net change in cash and bank deposits		(218 391)	(230 514)	(216 389)	(232 391)
Cash and bank deposits at 31 December	13	83 714	302 105	72 205	288 594

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 expects to increase revenue generation through sales of sensors and monetization of Intellectual Property. The group does not have any debt to financial lenders. As an ongoing activity the company monitors liquidity and will take appropriate measures if required. IDEX ASA has completed a private placement, raising NOK 214 million, in February 2019. See note 20. 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 2018.

The annual financial statements for 2018 were resolved by the board on 10 April 2018 and will be presented to the annual general meeting on 9 May 2019.

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 2018:

There were no new or amended standards or interpretations taking effect in 2018 that had any impact on the result or equity of IDEX in 2018. Below follows a summary of the standards relevant to IDEX taking effect in 2018.

Amendments to IFRS 2 Share-based Payments: The amendment clarifies classification and valuation of specific types of share-based payments. IDEX has adopted IFRS 2 from 1 January 2018. The implementation of IFRS 2 has not resulted in any significant impacts on the financial statements of IDEX ASA.

IFRS 9 Financial Instrument: In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IDEX has adopted IFRS 9 from 1 January 2018. The implementation of IFRS 9 has not resulted in any significant impacts on the financial statements of IDEX ASA.

IFRS 15 Revenue from Contracts with Customers: 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. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognized at an amount that reflects the

consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer, which includes the following steps:

1. Identifying the contract with the customer
2. Identifying the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to each performance obligation
5. Recognise revenue when a performance obligation is satisfied

The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures. The effect of the transition to IFRS 15 on the current period has not been specified as the impact on the groups financials is immaterial. The analysis of IFRS 15 potential impact on revenue recognition related to sale of finger print sensors, modules and biometric solutions has shown that revenues should be recognized based on volumes delivered at the contractually agreed and invoiced price. This is in line with the previous revenue recognition under IAS 18. IFRS 15 will therefore not impact revenue recognition related to the sale of sensors, modules and biometric solutions, compared to previous years.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements. IDEX has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

Standards and interpretations issued or adopted but not yet effective:

IFRS 16 Leases (effective from 1 January 2019): IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

IFRS 16 lessees and lessors to make more extensive disclosures than under IAS 17.

Transition to IFRS 16

IDEX plans to adopt IFRS 16 using the modified retrospective approach to leases previously classified as operating leases. Further, IDEX will elect to use the exemptions proposed by the standard on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. IDEX has leases of certain office equipment (i.e., personal computers, printing and photocopying machines) that are considered of low value.

During 2018, IDEX has performed a detailed impact assessment of IFRS 16. In summary the impact of IFRS 16 adoption is expected to be as follows: Office leases in Norway and China are short-term leases with remaining commitments less than 12 months. While it is likely that IDEX will have facilities in both locations, extensions beyond minimum periods will not be included due to required size and location might change. In USA, the leases for offices in Rochester and Wilmington expires 20 April 2020 and 30 November 2020. The combined initial recognition of the right-to-use asset effective 1 January 2019 is NOK 7,216 thousand. In United Kingdom, the office lease in Farnborough expires 30 June 2020. The initial recognition of the right-to-use asset effective 1 January 2019 is NOK 2,693 thousand. The total right-to use asset for the group to be recognized effective 1 January 2019 is NOK 9,909 thousand. The combined liability will be classified as NOK 6,945 thousand long-term and NOK 2,964 thousand short-term liability. In line with the IFRS 16 standard, the implementation will lead to decreased rental costs offset by increased depreciation and financial costs. For January 2019, these are NOK 487 thousand in depreciation, NOK 504 thousand in rent offset and NOK 39 thousand in financial cost.

IDEX considers that – besides IFRS 16 - none of the new issued, but not yet effective standards, amendments and interpretations 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.

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 judgments 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 2018 or 2017, 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 2018 or 2017.

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 whose 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 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			
2018	Total	CNY	EUR	GBP	USD
Europe, Middle East and Africa	1 289			1	1 288
Americas	27				27
Asia	865				865
Total	2 181	0	0	1	2 180
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

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	2018	2017	2018	2017
Salaries	113 668	113 431	9 659	18 897
Social security taxes	10 402	10 707	1 431	2 364
Pension contribution	2 727	1 524	96	244
Other personnel expenses	10 163	7 627	389	570
Capitalised cost of development work	0			
Payroll tax on exercised subscription rights	31	4 306	31	4 306
Share-based remuneration (notional salary)	24 170	17 263	24 170	17 263
Net employer's tax on share-based remuneration	(179)	(5 573)	(179)	(5 573)
Total	160 986	149 285	35 598	38 071
Average no. of employees (full-time equivalents)	99	100	6	14

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 1G and 12G. G is the basic amount in the Norwegian social security system and amounted to NOK 96 thousand in 2018 (2017: NOK 93 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, except for 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.

The cost of share-based remuneration is based on the fair value of incentive subscription rights (SRs) at grant. The cost is expensed over the vesting period per tranche of grant, which means the cost is front-loaded over the full duration. Due to

significant more grants in 2018 than 2017, 23.4 million vs. 9.8 million SRs, and thus a higher average number outstanding during the year, the cost was much higher in 2018 than the year before. The cost is non-cash, and the same amount is added to equity. The potential employer's tax liability is calculated on the earned intrinsic value of the subscription rights at year end, and the net change from the year before is expensed or reversed. At the end of 2018, none of the outstanding earned SRs had any intrinsic value and the net potential employer's tax liability was nil, and thus the accrual at end of 2017, NOK 179 thousand, was reversed in 2018.

At year-end 2018, there were 15 female and 90 male persons employed in the group; of these, 1 female and 3 males in IDEX ASA. (2017: 23 and 83 in the group and 4 and 8 in IDEX ASA). Salary statistics per gender have not been prepared.

Remuneration to officers

2018

Remuneration to the CEO and officers reporting to the CEO.

2018						
Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension contribution	Share-based remuneration	Total remuneration
Stan Swearingen, CEO *	3 003		75		5 644	8 722
Henrik Knudtzon, CFO	2 000	729	10	21	1 741	4 501
Fred Benkley, CTO	1 846	710	105		1 534	4 195
Hemant Mardia, former CEO **	3 268		4	incl. in salary	4 240	7 512
Total	10 117	1 439	194	21	13 159	24 930

* Stan Swearingen was employed as Chief Product Officers until 1 April 2018 when he was promoted to Chief Executive Officer.

** Hemant Mardia transferred to an advisory role 1 April 2018 and left the company as of 22 August 2018, whereafter he continued as a member of the strategy advisory board until 23 September 2018.

Salary, bonus and other benefits, whether cash or in kind, are the amounts declared for tax purposes for the year 2018, 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 2018 are for achievements in 2017.

Officers' exercise of incentive subscription rights 2018	Number of		
Amounts in NOK 1,000	subscr. rights	Amount paid	Taxable gain
Hemant Mardia, former CEO, 6 November	1 500 000	6 675	202

2017

Remuneration to the CEO and officers reporting to the CEO.

2017						
Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension contribution	Share-based remuneration	Total remuneration
Hemant Mardia, CEO	3 575	1 425	4	incl. in salary	2 656	7 660
Henrik Knudtzon, CFO	1 817	525	9	21	1 189	3 561
Fred Benkley, CTO	1 768		169		1 110	3 047
Stan Swearingen, CPO **	2 221	74	164		2 944	5 403
Total	9 381	2 024	346	21	7 899	19 671

* 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.

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

Guidelines for remuneration to officers

In order to attract and retain the leadership competence that IDEX needs, the remuneration of officers, 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 officer at the end of 2018 was limited to a maximum of 50 per cent of base pay, and the CEO's bonus plan is currently limited to a maximum of 70 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 officer and employee. The basic salary is evaluated annually. Officers 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 officers

The company's subscription rights plan(s) as resolved by the general meeting is the same for officers 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 officers

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 officers.

The share-based remuneration reported in the tables is the period's notional cost of the respective officers' subscription rights. The equity effect of this cost is nil because the contra item is a notional equity injection of equal amount. In addition the cost of employer's tax on the earned intrinsic value on the balance sheet date, is accrued. The value varies with the share price and may entail a net reversal of cost. For the reported officers in the respective years, the cost accrual (reversal) for employer's tax on subscription rights in 2018 amounted to NOK 147 thousand reversal and the accumulated accrual amounted to NOK 0 thousand at the end of the year (2017: reversal NOK 3,981 thousand and NOK 147 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 officers in the respective years are disclosed above.

For the shareholders, an actual or possible exercise will represent a dilution. At the end of 2018, the number of outstanding subscription rights to officers including their close associates was 11,705,000, corresponding to 2.2 per cent of the share capital (2017: 9,285,000 outstanding subscription rights corresponding to 1.7 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 2018 resolved a board remuneration amounting to NOK 300 thousand per board member for the period from the annual general meeting 2017 to the annual general meeting 2018. 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 2018 resolved a remuneration to the nomination committee for the period from the annual general meeting 2017 to the annual general meeting 2018 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 2018, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June through December 2018. 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 2018 through May 2019 to the annual general meeting 2018.

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 2018 or 2017. 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		2018	2017	2018	2017
Gross development expenses		50 850	61 256	164 212	187 371
Capitalisation of development expense		0	0	0	0
Government grants credited to cost		(5 000)	(5 000)	(5 000)	(5 000)
Net development expenses		45 850	56 256	159 212	182 371
Estimated payroll cost related to R&D		116 127	122 413	9 617	17 810
Capitalisation of development work		0	0	0	0
Net estimated payroll exp. related to dev.ment		116 127	122 413	9 617	17 810

5. Government grants

Amounts in NOK 1,000		IDEX group and IDEX ASA	
Grants during the year		2018	2017
SkatteFunn (recognised as cost reduction of development expenses)		5 000	5 000

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 2018 represents IDEX's claim based on the cost of the approved project applications. The 2018 reports have been submitted and approved. The cost basis will be audited in the tax return filing process. The support for 2018 will be paid out in the second half of 2019.

The latest version of the Norwegian tax guidelines (Skatte-ABC 2018/19) have made it uncertain whether IDEX fulfils the requirements for the 2018 SkatteFUNN grants. The Norwegian Tax Administration has stated it will review and clarify its position later in 2019. IDEX has accounted for the SkatteFUNN grant in accordance with rules applicable as at the date of resolution of the financial statements.

6. Audit and audit fees

Amounts in NOK 1,000		IDEX group		IDEX ASA	
Audit fees during the year*		2018	2017	2018	2017
Statutory audit of the group and parent company		539 676	479 000	324 676	314 000
Other attestation services		0	0	0	0
Tax assistance		38 600	0	38 600	0
Other services		0	11 800	0	11 800
Net development expenses		578 276	490 800	363 276	325 800

* Fees for the statutory audit of IDEX ASA and the IDEX group.

Ernst & Young AS (EY) is the appointed auditor for the Group. EY issues an Independent Auditor's Report on the financial statements of IDEX ASA, which comprise the financial statements for the parent company and the Group. IDEX China's local financial statements for 2018 have been subject to local statutory audit by Shanghai Acumen CPA.

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 2018 through 31 December 2018.

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 2018 or 2017. 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 2,709 thousand in 2018 (2017: NOK 3,928 thousand). The amount in 2018 included, among other assignments, ongoing assistance with various actual and contemplated business agreements and certain employment agreements. It also includes work recorded as prepayment related to the share issue announced 30 January 2019. (The amount in 2017 was chiefly related to ongoing assistance with various actual and contemplated business agreements.) 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. The service agreement has been terminated effective 27 March 2019.

The board resolved on 21 February 2018 to issue 4,500,000 incentive subscription rights to CEO Stan Swearingen. The grant was made under the company's 2017 incentive subscription rights plan. The exercise price of the subscription rights is NOK 4.67 per share. 25 per cent of the subscription rights vested at grant, and another 25 per cent vest each year. The subscription rights expire on 12 May 2022.

The board resolved on 15 August 2018 to issue 600,000 incentive subscription rights to Larry Ciacca. The grant was made under the company's 2018 incentive subscription rights plan. The exercise price of the subscription rights is NOK 5.10 per share. 34 per cent of the subscription rights vest on the grant date on the condition that Mr. Ciaccia has not terminated his service agreement with IDEX before 15 August 2019, and another 33 per cent vest on 15 July 2019 and 15 July 2020. The subscription rights expire on 9 May 2023.

The board resolved on 9 May 2018 to issue incentive subscription rights (SRs) under the company's 2018 incentive subscription rights plan to nearly all employees, including the following officers: Fred Benkley, CTO, 1,500,000 SRs and Henrik Knudtzon, CFO, 1,500,000 SRs. The exercise price of the subscription rights is NOK 4.28 per share. 25 per cent of the subscription rights vest per year from the date of the grant. The subscription rights expire on 9 May 2023.

Following the annual general meeting of IDEX on 9 May 2018, chairman Morten Opstad and board members Larry Ciaccia, Deborah Davis and Andy MacLeod elected to receive part or full board remuneration in shares. Chairman Morten Opstad acquired 49,720 shares against payment of NOK 0.15 per share, instead of NOK 160,000 of the board remuneration, and took the remainder of the board remuneration in cash. Board member Larry Ciaccia acquired 88,563 shares against payment of NOK 0.15 per share, instead of NOK 285,000 of the board remuneration, and took the remainder of the board remuneration in cash. Board member Deborah Davis acquired 93,224 shares against payment of NOK 0.15 per share, instead of receiving a cash board remuneration of NOK 300,000. Board member Andy Macleod acquired 68,675 shares against payment of NOK 0.15 per share, instead of NOK 221,000 of the board remuneration, and took the remainder of the board remuneration in cash. The shares have been issued and delivered.

Officers

Grants of incentive subscription rights to related parties 2018	Grant date	Number of subscr. rights	Exercise price NOK per share
Stan Swearingen, CEO as of 1 April	21 Feb 2018	4 500 000	4.67
Henrik Knudtzon, CFO	9 May 2018	1 500 000	4.28
Fred Benkley, CTO	9 May 2018	1 500 000	4.28

The grants were made under the company's 2018 and 2017 incentive subscription rights plans as resolved at the annual general meetings on 9 May 2017 and 12 May 2017 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	
	2018	2017	2018	2017
Intra-group transactions				
IDEX Holding Company Inc.	0	0	0	0
IDEX America Inc.	121 559	125 695	625	366
IDEX Biometrics UK Ltd.	40 654	29 988	211	112
IDEX Electronics (Shanghai) Co., Ltd.	11 246	3 579	72	4
Total	173 459	159 262	908	482

IDEX ASA has sold lab equipment to IDEX Biometrics UK Ltd. amounting to NOK 19 thousand in 2018 (2017: NOK 144 thousand).

There were no overdue payables between any of the group companies at the end of 2018 or 2017.

8. Income tax expense

Specification of the tax expense for the year	IDEX group		IDEX ASA	
	2018	2017	2018	2017
Amounts in NOK 1,000				
Payable taxes on the result of the year	322	4 150	0	0
Change in deferred tax asset/liability	0	0	0	0
Tax expense on net result	322	4 150	0	0

Computation of payable taxes for the year	IDEX group		IDEX ASA	
	2018	2017	2018	2017
Amounts in NOK 1,000				
Net result before taxes	(245 766)	(251 336)	(252 346)	(253 122)
Permanent differences	20 232	13 494	20 232	13 494
Changes in temporary differences	(573)	2 386	(384)	557
Basis for payable taxes	(226 107)	(235 456)	(232 498)	(239 071)
Calculated payable taxes on current year's result in the UK and the USA	332	4 150	0	0
23 % tax, representing payable taxes on current year's result in Norway (2017: 24%)	0	0	0	0
Payable taxes on current year's result	332	4 150	0	0

Temporary differences	Temporary differences		Change in temporary differences	
	31 Dec. 2018	31 Dec. 2017	2018	2017
Amounts in NOK 1,000				
IDEX group				
Temporary differences	(7 763)	(8 336)	573	(2 386)
IDEX ASA				
Temporary differences	(6 581)	(6 507)	(74)	(557)

Specification of temporary differences	IDEX group		IDEX ASA	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Amounts in NOK 1,000				
Employer's tax on share-based remuneration	0	(179)	0	(179)
Fixed Assets	(456)	(1 613)	726	216
Inventory	(7 258)	(6 498)	(7 258)	(6 498)
Receivable	(49)	(46)	(49)	(46)
Total	(7 763)	(8 336)	(6 581)	(6 507)
Losses carried forward	(1 429 583)	(1 198 163)	(1 429 583)	(1 197 542)
Temporary differences	(7 783)	(8 336)	(6 581)	(6 507)
Basis for deferred taxes	(1 437 346)	(1 206 499)	(1 436 164)	(1 204 049)
Calculated net deferred tax expense (income), Norway 22% (2017: 23 %), UK 19 % (2017: 19 %)	(315 956)	(276 701)	(315 956)	(276 931)
Unrecognised deferred tax asset (liability)*	316 181	276 931	315 956	276 931
Deferred tax asset (liability) in the balance sheet**	(226)	(226)	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. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Payable taxes on this year's result	332	4 150	0	0
Total payable taxes	332	4 150	0	0

Reconciliation theoretical vs. actual tax expense

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2018	2017	2018	2017
Result (loss) before tax	(245 766)	(251 336)	(252 346)	(253 122)
Theoretical tax expense (income), 23 % (2017: 24%) Norway	(58 040)	(60 749)	(58 040)	(60 749)
Calculated tax expense (income), UK and USA	332	4 150	0	0
Tax on permanent differences	4 653	3 239	4 653	3 239
Effect on deferred tax from change in future tax rate from 23 % in 2018 to 22 % in 2019 (from 24% in 2017 to 23% in 2018)	14 355	12 040	14 362	12 040
Adjustment to losses carried forward	0	(198)	0	(198)
Change in deferred tax asset not recognised on 31 December	39 025	45 669	39 025	45 668
Actual tax expense (income)	332	4 150	0	0

The accumulated unrecognised deferred tax asset amounting to NOK 315.9 million is related to tax losses carry forward in Norway (2017: NOK 276.9 million). IDEX ASA has not generated taxable profits in prior years. At 31 December 2018 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 2018	2017
Net profit (loss) for the year (NOK 1,000)	(246 097)	(255 486)
Number of ordinary shares in issue at 31 December	544 314 537	542 383 105
Weighted average basic number of ordinary shares	542 795 969	540 670 366
Weighted average diluted number of shares	543 117 924	544 068 814
Basic and diluted profit (loss) per share in the year (NOK per share)	(0.45)	(0.47)

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 Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2018	2017	2018	2017
<i>Amortisation 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	51 004	53 762	51 004	53 762
Additions		294		294
Disposals at cost		(3 052)		(3 052)
Cost at 31 December	51 004	51 004	51 004	51 004
Accumulated amortisation at 1 January	12 280	10 659	12 280	10 659
Amortisation and impairment	3 701	4 673	3 701	4 673
Accumulated amortisation of disposed items		(3 052)		(3 052)
Accumulated amort. and impairmt. at 31 December	15 981	12 280	15 981	12 280
Book value at 31 December	35 023	38 724	35 023	38 724

Goodwill

Goodwill	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2018	2017	2018	2017
<i>Amortisation 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 2018. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2018. The fair value of the equity at 31 December 2018 was NOK 1,711 million, while the book value of the group's equity was NOK 123 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	2018	2017	2018	2017
<i>Amortisation period (straight line, years)</i>	<i>not applicable</i>	<i>3</i>	<i>not applicable</i>	<i>3</i>
Cost at 1 January		1 872		1 872
Additions				
Disposals at cost		(1 872)		(1 872)
Cost at 31 December	0	0	0	0
Accumulated amortisation at 1 January		849		849
Amortisation and impairment		1 023		601
Accumulated amortisation of disposed items		(1 872)		(1 450)
Accumulated amort. and impairmt. at 31 December	0	0	0	0
Book value at 31 December	0	0	0	0

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 2018 (2017: nil). 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	2018	2017	2018	2017
<i>Amortisation period (straight line, years)</i>	<i>10, 17</i>	<i>10, 17</i>	<i>10, 17</i>	<i>10, 17</i>
Cost at 1 January	42 744	42 450	42 744	42 450
Additions		294		294
Disposals at cost				
Cost at 31 December	42 744	42 744	42 744	42 744
Accumulated amortisation at 1 January	12 280	8 630	12 280	8 630
Amortisation and impairment	3 701	3 650	3 701	3 650
Accumulated amortisation of disposed items				
Accumulated amort. and impairmt. at 31 December	15 981	12 280	15 981	12 280
Book value at 31 December	26 763	30 464	26 763	30 464

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	2018	2017	2018	2017
<i>Amortisation period (straight line, years)</i>	<i>not applicable</i>	<i>3</i>	<i>not applicable</i>	<i>3</i>
Cost at 1 January		1 180		1 180
Additions				
Disposals at cost		(1 180)		(1 180)
Cost at 31 December	0	0	0	0
Accumulated amortisation at 1 January		1 180		1 180
Amortisation and impairment				
Accumulated amortisation of disposed items		(1 180)		(1 180)
Accumulated amort. and impairmt. at 31 December	0	0	0	0
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 acquired patents 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	2018	2017	2018	2017
<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	14 675	11 227	2 236	3 077
Additions	9 016	6 857		69
Disposals at cost	(222)	(3 072)	(222)	(910)
Currency adjustment	1 192	(322)		
Cost at 31 December	24 661	14 675	2 014	2 236
Accumulated depreciation at 1 January	6 673	6 532	1 548	1 730
Depreciation	3 153	2 828	302	487
Accumulated depreciation of disposed items	(197)	(2 470)	(197)	(669)
Currency adjustment	442	(217)		
Accumulated depreciation at 31 December	10 071	6 673	1 653	1 548
Book value at 31 December	14 590	8 002	361	688

There were investments in progress at the end of 2018 amounting to NOK 7,051 thousand (2017: nil).

Plant and machinery, fixtures and fittings	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2018	2017	2018	2017
<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	1 215	569	115	115
Additions	114	1 098		
Disposals at cost		(436)		
Currency adjustment	59	(16)		
Cost at 31 December	1 388	1 215	115	115
Accumulated depreciation at 1 January	202	325	111	108
Depreciation	309	174	3	3
Accumulated depreciation of disposed items		(289)		
Currency adjustment	21	(8)		
Accumulated depreciation at 31 December	532	202	114	111
Book value at 31 December	856	1 013	0	4

Office furniture and office equipment	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2018	2017	2018	2017
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	5 040	2 662	662	900
Additions	640	2 996		69
Disposals at cost		(524)		(307)
Currency adjustment	281	(94)		
Cost at 31 December	5 960	5 040	662	662
Accumulated depreciation at 1 January	1 864	1 359	574	636
Depreciation	1 228	984	60	189
Accumulated depreciation of disposed items		(441)		(251)
Currency adjustment	150	(38)		
Accumulated depreciation at 31 December	3 242	1 864	633	574
Book value at 31 December	2 718	3 176	29	88

Instruments and lab equipment, software tools	IDEX group		IDEX ASA	
Amounts in NOK 1,000	2018	2017	2018	2017
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	8 416	7 992	1 459	2 062
Additions	1 656	2 763		
Disposals at cost	(222)	(2 127)	(222)	(603)
Currency adjustment	412	(212)		
Cost at 31 December	10 262	8 416	1 237	1 459
Accumulated depreciation at 1 January	4 602	4 843	863	986
Depreciation	1 616	1 670	239	295
Accumulated depreciation of disposed items	(197)	(1 740)	(197)	(418)
Currency adjustment	275	(171)		
Accumulated depreciation at 31 December	6 297	4 602	906	863
Book value at 31 December	3 965	3 814	331	596

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 31 Dec. 2018	Share of votes 31 Dec. 2018	Net profit or (loss) 2018	Equity 31 Dec. 2018
Amounts in NOK 1,000				
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	(2)	(39)
IDEX America Inc., Delaware, USA	100 %	100 %	4 852	10 692
IDEX Biometrics UK Ltd., England	100 %	100 %	1 048	1 574
IDEX Electronics (Shanghai) Co., Ltd, China	100 %	100 %	354	754
	31 Dec. 2017	31 Dec. 2017	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 Biometrics UK Ltd., England	100 %	100 %	932	1 531
IDEX Electronics (Shanghai) Co., Ltd, China	100 %	100 %	(5 534)	752

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 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.

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

13. Cash and bank deposits

Cash and bank deposits by currency Amounts in NOK 1,000	IDEX group		IDEX ASA	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Denominated in NOK	72 201	288 591	72 201	288 591
Denominated in USD	7 122	9 770	3	3
Denominated in GBP	3 001	2 256		
Denominated in CNY	1 390	1 488		
Total	83 714	302 105	72 205	288 594

Of the amounts above, NOK 278 thousand was employees' withheld payroll tax deposits (2017: NOK 642 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 2018, the escrow accounts amounted to NOK 531 thousand (2017: NOK 528 thousand). Other companies in the group have paid deposits amounting to NOK 738 thousand to suppliers (2017: NOK 723 thousand).

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

15. Share capital, shareholder information 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 2018 there were 3,449 shareholder accounts compared to 2,684 at the end of 2017. IDEX does not hold any of its own shares.

Number of shares

	2018	Shares
Balance at 1 January		542 383 105
Share issue (in lieu of cash board remuneration)		300 185
Exercises of incentive subscription rights on 8 November		1 631 250
Balance at 31 December		544 314 537
	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

2018:

Four board members took board remuneration partly or fully in shares in lieu of cash, total 300,182 shares were issued against a payment of par value NOK 0.15 per share. Two employees exercised vested incentive subscription rights on 8 November 2018, in a combined total of 1,631,250 shares at average price NOK 4.38 per share.

Costs related to share issues have been charged against equity and amounted to NOK 35 thousand in 2018.

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.

Shareholders registered at 31 December 2018	Number of shares	Percent of shares
The Northern Trust Comp, London Br	108 420 610	19.9%
Sundvall Holding As	56 911 021	10.5%
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	5.4%
Euroclear Bank S.A./N.V.	18 322 210	3.4%
Colargol Invest As	15 400 318	2.8%
Smart Riches Limited	11 968 240	2.2%
Citibank, N.A.	11 097 372	2,0 %
Bnp Paribas Securities Services	10 185 704	1.9%
Six Sis Ag	6 912 251	1.3%
Statoil Pensjon	5 788 694	1.1%
Marc O Polo Norge As	4 613 148	0.8%
Klp Aksjenorge Indeks	3 493 659	0.6%
Blue Ocean Marine Invest As	3 000 000	0.6%
Rønne,Sven Christian Florus	2 862 016	0.5%
Mp Pensjon Pk	2 593 345	0.5%
Nordnet Livsforsikring As	2 419 899	0.4%
Verdipapirfondet Storebrand	2 339 104	0.4%
Others	120 232 022	22.1%
Total	544 314 537	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.

Shares and subscription rights held or controlled by board members, officers and their close relations	31 December 2018		31 December 2017	
	Shares	Incentive subscr. rights	Shares	Incentive subscr. rights
Morten Opstad, chairman	7 198 916		7 049 196	
Lawrence John Ciaccia, board member (*)	121 563	600 000	33 000	500 000
Deborah Davis	199 115		105 891	
Hanne Høvding, board member	402 665		402 665	
Andrew James MacLeod, board member (*)	553 475	500 000	484 800	500 000
Stan Swearingen, CPO	150 000	6 815 000	50 000	2 315 000
Henrik Knudtzon, CFO	50 000	2 290 000	50 000	2 290 000
Fred Benkley, CTO	50 000	2 600 000	50 000	1 600 000
Hemant Mardia, former CEO	na	na	2 175 625	3 642 500
Total	8 725 734	12 805 000	10 401 177	10 847 500

Note: na indicates that the person did not hold a reportable position 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.

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 2018 the board granted incentive subscription rights to employees and individual contractors under the 2017 programme in the period 1 January-8 May 2018, and made grants under the 2018 programme in the period 9 May-31 December 2018.

Under the 2018 subscription rights-based incentive programme resolved by the annual general meeting on 9 May 2018, the board may grant up to 54,238,310 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.

	2018		2017	
Incentive subscription rights movements	Number of subscr. rights	W. average exercise price	Number of subscr. rights	W. average exercise price
Outstanding at 1 January	25 260 000	6.64	26 037 500	4.86
Granted	23 400 600	4.55	9 810 000	7.16
Exercised*	(1 631 250)	4.38	(8 375 000)	1.52
Forfeited	(2 543 300)	6.99	(2 212 500)	7.40
Expired	(7 015 000)	6.02		
Outstanding at 31 December	37 471 050	5.52	25 260 000	6.64
Number which were exercisable at 31 December	6 037 500	6.88	9 716 250	5.81
	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	1 631 250	4.77	8 375 000	7.64
	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	23 400 600	4.55	9 810 000	2.94

* 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 2018:

- Exercise price NOK 4.28-5.12 per share, weighted average NOK 4.55 per share
- Weighted average actual share price at date of grant NOK 4.55 per share
- Expected duration up to 4.93 years, weighted average 3.32 years
- Volatility of share price based on share price history 48-66 per cent
- Weighted average risk-free interest rate of 1.16 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

Outstanding and vested incentive subscription rights at 31 December 2018

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	60 000	3.60	0.35	-	60 000	3.60	0,35
4,00 - 4,50	12 785 800	4.28	4.25	1,74	350 000	4.45	0,35
4,50 - 5,00	5 160 000	4.67	3.37	1,54			
5,00 - 5,50	7 334 000	5.09	3.67	1,55	1 017 500	5.07	1,21
5,50 - 6,00	125 000	5.86	0.35	-	125 000	5.83	0,35
6,00 - 6,50	50 000	6.40	0.35	0,02	47 500	6.42	0,35
6,50 - 7,00	4 175 000	6.59	2.36	0,80	1 400 000	6.59	2,36
7,00 - 7,50				-			
7,50 - 8,00	5 241 250	7.77	2.93	0,90	1 868 750	7.78	2,76
8,00 - 8,50	2 295 000	8.27	2.37	0,59	985 000	8.20	1,95
8,50 - 9,00				-			
9,00 - 9,50	170 000	9.23	1.37	0,23	127 500	9.23	1,36
9,50 - 10,00	75 000	9.85	1.37	0,15	56 250	9.85	1,36
Total	37 471 050	5.52	3.46	1,36	6 037 500	6.88	2,00

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 2018 have been included below. The authorisations were resolved at the annual general meeting 2018 and are valid until the annual general meeting 2019 but no longer than 30 June 2019.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital *	54 238 310	0
Issue of shares in a rights issue to raise additional capital *	54 238 310	0

* The combined issue under these two authorisations may not exceed 54,238,310 shares.

There were no authorisations to acquire own shares in effect at the end of 2018.

17. Receivables; Contingent assets

Long-term receivables	IDEX group		IDEX ASA	
Amounts in NOK 1,000	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Denominated in NOK	531	528	531	528
Denominated in CNY	249	222		
Denominated in GBP	267	266		
Denominated in USD	222	235		
Total	1 269	1 251	531	528

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. 2018	31 Dec. 2017
Denominated in NOK		
Denominated in CNY		
Denominated in GBP	6 920	6 686
Denominated in USD	20 692	12 691
Total	27 611	19 377

Customer receivables	IDEX group and IDEX ASA				
Amounts in NOK 1,000	NOK equivalent of amounts denominated in foreign currency				
31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	339				339
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	339	0	0	0	339
31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	550				550
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	550	0	0	0	550

Customer receivables amounting to the equivalent of NOK 46 thousand were overdue and the potential loss had been accrued for at the end of 2018 and 2017.

**Short-term receivables
from group companies**

Amounts in NOK 1,000

IDEX ASA

NOK equivalent of amounts denominated in foreign currency

31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Total	1 192	505	0	687	0

31 December 2017	Total in NOK	CNY	EUR	GBP	USD
Total	1 548	883	0	665	0

Other short-term receivables

Amounts in NOK 1,000

IDEX group

NOK equivalent of amounts denominated in foreign currency

31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	684	(49)		487	
Due in 3-6 months	0				
Due in 6-12 months	5 000				
Total	5 684	(49)	0	487	0

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	0				
Due in 6-12 months	5 000				
Total	6 239	(81)	0	0	604

Other short-term receivables

Amounts in NOK 1,000

IDEX ASA

NOK equivalent of amounts denominated in foreign currency

31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	246				
Due in 3-6 months	0				
Due in 6-12 months	5 000				
Total	5 246	0	0	0	0

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

No group or other receivables were overdue at the end of 2018 or 2017. In 2017 IDEX ASA raised a claim against a vendor and recognised an accounting provision for a potential loss on the claim.

Prepayments

Amounts in NOK 1,000

IDEX group

NOK equivalent of amounts denominated in foreign currency

31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	2 444	237		847	677
Due in 3-6 months	2 378	16		536	1 785
Due in 6-12 months	706	6		546	140
Total	5 529	259	0	1 929	2 602

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

Prepayments		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	1 252			272	296
Due in 3-6 months	232			149	42
Due in 6-12 months	271			243	14
Total	1 755	0	0	663	353
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	0	312	219	58

IDEX had no contingent assets at the end of 2018 or 2017.

18. Payables; Financial obligations; Contingent liabilities

The group or IDEX ASA did not have any liabilities at 31 December 2018 which represented a funding or financing instrument (2017: nil). All liabilities are payables and operational of nature. Interest expenses in 2018 and 2017 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. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Later than one year and not later than five years		0	3 270	0	3 270
Later than five years					
Total		0	3 270	0	3 270

In 2017, IDEX ASA's payable was denominated in USD and relates to an acquisition of IP in 2014. It was 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 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	5 126		303	1 015	3 454
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	5 126	0	303	1 105	3 454
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	0	216	373	2 078

Accounts payable		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	4 080		303	771	2 653
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	4 080	0	303	771	2 653
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

No payables were overdue without reason at the end of 2018 or 2017.

Short-term payables to group companies		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	32 810	1 963		7 266	23 581
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	32 810	1 963	0	7 266	23 581
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

The estimated employer's tax liability related to share-based remuneration which on 31 December 2018 amounted to NOK 0 thousand for the IDEX group as well as IDEX ASA (2017: NOK 179 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 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	14 971	299	338	1 717	11 373
Due in 3-6 months	1 185	13			
Due in 6-12 months	7 573			236	6 492
Total	23 729	311	338	1 980	17 864
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

Other short-term liabilities		IDEX ASA			
Amounts in NOK 1,000		NOK equivalent of amounts denominated in foreign currency			
31 December 2018	Total in NOK	CNY	EUR	GBP	USD
Due in less than 3 months	7 455		338	56	5 817
Due in 3-6 months	1 172				
Due in 6-12 months	4 403				3 584
Total	13 030	0	338	56	9 401
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

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 2018 amounted to NOK 7 048 thousand for the group including NOK 760 thousand for IDEX ASA (2017: NOK 5,562 thousand and NOK 746 thousand respectively).

Minimum future lease/rental payments

Amounts in NOK 1,000	IDEX group	IDEX ASA
Not later than one year	8 027	891
Later than one year and not later than five years	4 074	0
Later than five years	0	0

IDEX had no contingent liabilities at the end of 2018 or 2017.

19. Inventory

Inventory	IDEX group		IDEX ASA	
Amounts in NOK 1,000	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Inventory at cost	19 117	15 753	19 117	15 753
Inventory reserve	(8 954)	(6 498)	(8 954)	(6 498)
Total	10 164	9 255	10 164	9 255

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.

20. Events after 31 December 2018

On 30 January 2019 IDEX disclosed completion of a private placement raising NOK 214 million from existing shareholders. A total of 53,437,500 shares was issued at a price of 4.00 NOK per share. The capital issue was covered by the board's authorization to issue up to 10% new shares as resolved by the 2018 AGM on 9 May 2018.

The board of directors of IDEX resolved on 26 February 2019 to issue 873,800 incentive subscription rights to employees and individual contractors in the IDEX group. The grant was made under the company's 2018 incentive subscription rights plan as resolved at the annual general meeting on 9 May 2018. The exercise price of the subscription rights is NOK 3.88 per share. The subscription rights vest by 25% per year and expire on 9 May 2023. Following the grant there will be 38,344,850 subscription rights outstanding.

Between 31 December 2018 and the resolution of these annual financial statements, there have not been any events that have had any noticeable impact on IDEX's result in 2018 or the value of the groups's assets and liabilities at 31 December 2018.

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 2018.

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 10 April 2019
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



Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of IDEX 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 2018, 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 2018 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 2018. 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.

Assessment of impairment of intangible assets

Intangible assets amount to NOK 35 million as of 31 December 2018, whereof goodwill amounts to NOK 8.3 million and acquired patents NOK 26.7 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 tested management's assumptions used in the value in use calculations and assessed the historical accuracy of management's estimates. This included comparing projected revenues, gross margin, operating costs and capital expenditures to budgets approved by the Board. 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 regarding intangible assets.

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 of Directors 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, 10 April 2019
ERNST & YOUNG AS

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 25 January 2019)

- § 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 89,662,805.55 divided into 597,752,037 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

Resolved by the board of directors of IDEX ASA on 10 April 2019

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

This statement outlines the position of IDEX ASA ("the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 ("the Code"). The Code is publicly available at www.nues.no. In the following, the Board of Directors (the "Board")

will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain the underlying reasons for the deviations and any compensating measures where applicable.

2. IDEX'S BUSINESS

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

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

IDEX seeks to create 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 organization 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.

3. CAPITAL STRUCTURE, EQUITY AND DIVIDENDS

IDEX has until now been a development company and consequently funded on equity. 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 (the "PLCA"). The capital structure will change in the commercial growth stage. IDEX's working capital and fixed assets will need to be funded by a combination of supplier credit and borrowing from financial lenders.

The Board will target an optimal capital structure that leverages the equity while maintains a moderate risk.

In the past, the Company has on several occasions been in need of raising equity to fund its activities. Share issues, hereunder private placements, have been resolved by the shareholders at general meetings or by the Board pursuant to authorizations from the general meeting. The Board has annually proposed to the

general meeting reasonable authorizations for share issues. Such board authorizations have explicitly stated the type and purposes of transactions in which the authorizations may be applied.

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

Further, the Company has in place a moderate incentive scheme in the form of a subscription right program, as resolved by the general meeting. The subscription right program is limited to a number of subscription rights representing 10% of the Company's share capital.

The Company has not had in place any authorization to the Board to acquire own shares. As and when such authorization should be adopted, the Board will propose that the length of the authorization 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 growth of its business. Any future decision to pay dividends would be based on an amended dividend policy that may be instituted in due course, which policy would reflect the Company's financial condition, results of operation and capital requirements.

4. EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

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

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

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

5. FREELY NEGOTIABLE SHARES

The Company has one class of shares. Each share carries one vote. There are no restrictions on voting rights of the shares. All shares are freely assignable. The

articles of association do not contain any restrictions on the shares.

6. GENERAL MEETINGS

The general meeting of shareholders provides a forum for shareholders to raise issues with the Board. To the maximum degree possible, all members of the Board and the chairman of the nomination committee 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 documents shall be precise and comprehensive to provide shareholders a basis for voting on the various matters. The articles of association states that documents which deal with matters that are to be handled at the general meeting need not be sent to the shareholders if the documents timely have been made available on the Company's web site.

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 favor 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. Electronic voting or advance votes have not been introduced in the articles of association because there are as yet limited, if any, 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, and the mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant with the current version of the Code. The annual general meeting elects the 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.
- Propose the remuneration to be paid to the Board members.
- Propose candidates for election to the nomination committee.
- Propose the remuneration to be paid to the nomination committee members.

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

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

8. BOARD OF DIRECTORS; COMPOSITION AND INDEPENDENCE

The Board acknowledges the Code's recommendation that the majority of the members of the Board shall be independent of the Company's executive management, material business contacts and the company's larger shareholders. This is intended to ensure that sufficient independent advice and judgment is brought to bear. All board members are required to make decisions

objectively in the best interest of the Company. The majority of the current Board meets the independence criteria of the Code. The Board meets the statutory gender requirements. 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 pursuant to the provisions of the PLCA. It follows from the articles of association that the chairman of the Board shall be elected separately.

The Board considers that it is beneficial for the Company and its shareholders at large that the Board

members hold shares in the Company and encourages such share ownership.

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

9. THE WORK OF THE BOARD OF DIRECTORS

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

The Board 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 the Company's operational, financial and other results.

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

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;
- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;

- Resolve customer-related or revenue-generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the Company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

The Board instructions state that in situations when the chairman cannot or should not lead the work of the Board, the deputy chairman shall chair the Board. If the deputy chairman is also prevented from chairing the meeting, the longest-serving board member present shall chair the meeting 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.

With a compact Board of five members and in view of the size of the Company, the Board has not to date 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.

Members of the Board and the management are obliged to notify the Board if they have any material

direct or indirect interest in any transaction contemplated or entered into by the Company or any other matter that will be considered by the Board.

10. RISK MANAGEMENT AND INTERNAL CONTROL

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

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 PLCA.

IDEX issues interim financial reports each quarter and an annual financial report. The accounting policies applied when preparing the reports satisfy regulatory requirements. The Board reviews monthly financial reports for the group, comparing actual results to budget or plan. The size of the Company's operation and staff numbers necessarily leads to dependence on key individuals. However, the same factors also provide for transparency and inherent risk reduction. The subsidiaries are operationally integrated in the parent company, and the group works as one, unified company with staff on several sites. Legal and financial interaction between group companies is 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 interim and annual financial reports before resolution by the Board. The Board has resolved a financial manual, which sets out policies and procedures for financial management and reporting in the group. This manual provides instructions for financial planning, treasury, accounting and reporting. It is reviewed annually by the audit committee, and updated as and when appropriate. The Board acknowledges that, having operations spread over four sites on three continents outside Norway, business control is a practical challenge. In addition to the financial framework and systems, IDEX has implemented comprehensive IT systems and quality management systems and standardised operating procedures which ensures adequate business controls.

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

As regards share trading by IDEX's Board members, employees and individual contractors, as well as their close relations and controlled entities, the Board has adopted an insider manual with ancillary documents. The insider manual is intended to ensure that, among other things, trading in the Company's shares by insiders are conducted in accordance with applicable laws and regulations.

11. REMUNERATION OF THE BOARD OF DIRECTORS

A reasonable cash remuneration to the Board members for their services from the annual general meeting in 2017 until the annual general meeting in 2018 was proposed to and resolved at the annual general meeting 2018. To lessen the cash outflow and

stimulate shareholding among the Board members, the annual general meeting granted an option for the Board members to receive the remuneration partly or fully in the form of shares. Four of the board members

took up this option in 2018. Amount details are disclosed in the financial statements.

The nomination committee shall propose board remuneration for the period between the annual general meetings of 2018 and 2019. No share-based incentives have been granted as board remuneration. Any Board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the Board, without the participation of the interested member, shall approve the terms and conditions of any such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

Advokatfirmaet Ræder AS, in which IDEX's 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 invoiced by Ræder. The legal fees to Ræder are 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 annual fee, and he has been granted incentive subscription rights in his capacity as adviser to IDEX. The fees and share-based remuneration to Mr. Ciaccia are disclosed in the financial statements.

Board member Andy MacLeod provided until 27 March 2019 consulting services beyond his board duty for a fixed annual fee, and he has been granted incentive subscription rights in his capacity as adviser to IDEX. The fees and share-based remuneration to Mr. MacLeod are disclosed in the 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 company has in place an incentive subscription rights plan for its employees. The exercise price for any subscription rights is in line with the share price at the time of the grant. Under the terms in the plan, lower exercise price may under special circumstances be set on grants limited to a number equal to 1% of the share capital. The subscription rights vest in tranches over four years unless a special vesting schedule is deemed appropriate by the Board and resolved upon grant. Senior managers have notice periods of 3 to 6 months. 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 officers 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 and presentations, the annual report and the

associated financial statements. IDEX also issues other notices to shareholders when appropriate. The general meeting of shareholders and the presentations provide fora for shareholders to raise issues with the Board. The Company publishes its annual financial calendar for the following year. All reports and other notices are issued and distributed according to the rules and practices at Oslo Børs. The notices to the market are published on the Oslo Børs newssite, www.newsweb.no. The reports and other pertinent information are also available on the Company's website, www.idexbiometrics.com.

The Board has adopted the following policies:

- Policy for reporting of financial and other information and investor relations;

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

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

The current information practices are adequate under current rules. IDEX complies with the Oslo Børs code of practice for IR information.

14. TAKE-OVERS

There are no takeover defence mechanisms in place. The Board will endeavor that shareholder value is maximised and that all shareholders are treated equally. The Board acknowledges its duty to not obstruct takeover bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the Company's ability to arrange other bids should only be entered into 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 reviews the auditors annual plan, and the auditor presents to the board the findings and recommendations after the audits. The auditor attends the board meetings when annual financial statements

are considered and resolved, and the board regularly meets separately with the auditor to review risk factors and measures, and any incidents and issues. Accounting policies and any changes are subject to the statutory audit.

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.

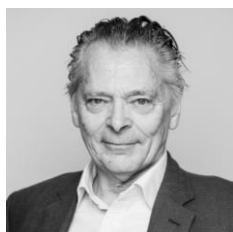
IDEX's auditor is Ernst & Young AS ("EY"), which has been the auditor of the Company since 1996.

BOARD OF DIRECTORS

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

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 six meetings, in the period after the annual general meeting on 9 May 2018 until and including 10 April 2019.

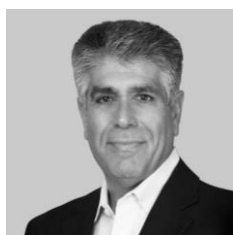


MORTEN OPSTAD, CHAIRMAN

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 10 April 2019, Mr Opstad and close relations held or controlled 7,198,196 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 10 April 2019, Mr Ciaccia held 121,563 shares and 600,000 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 holds non-executive director positions at Which?, The Institute of Directors UK and International Personal Finance plc and is a trustee of Southern African Conservation Trust. Prior to this, she held senior executive leadership roles at PayPal, eBay, Verizon and Symantec. Ms Davis is a Fellow of the Institute of 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 10 April 2019, Ms Davis held 199,115 shares and 0 (nil) rights to shares in IDEX.



HANNE HØVDNING, 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 10 April 2019, 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 a professional non-executive and ICT industry consultant and was formerly Vodafone Group CTO for the Africa, Middle East and Asia-Pacific region, and Group Chief Networks Officer. He has held CEO, COO, CTO board positions at major telecommunication companies since the early 1990's. He is a Fellow of the Royal Academy of Engineering and a

Chartered Engineer and holds both an MBA from Warwick Business School and an MA in Materials Science from Oxford University. 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 10 April 2019, Mr MacLeod held 553,475 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. He was born in 1959, is a US citizen and resides in Florida, USA.

As at 10 April 2019, Mr Swearingen held 400,000 shares and 6,815,000 subscription rights to shares in IDEX.



ANTHONY EATON, CHIEF TECHNOLOGY OFFICER

Mr Eaton joined IDEX Biometrics in August 2016 and has served as VP Systems Engineering since February 2017. Most recently, he served as Director of System Engineering at Atmel, where he was responsible for building and running the System Engineering function for the MaxTouch Business Unit. Prior to this Mr Eaton held senior engineering roles at NVIDIA, Mirics Semiconductor and Sony Semiconductor. Mr Eaton holds a First Class Bachelors and Master's degree in Engineering from Cambridge University, England. He was born in 1972, is a British citizen and resides in Hampshire.

As at 10 April 2019, Anthony held 0 (nil) shares and 1,125,000 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 10 April 2019, Mr Knudtzon held 150,000 shares and 2,290,000 subscription rights to shares in IDEX.



FRED BENKLEY, CHIEF INNOVATION 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 10 April 2019, Mr. Benkley held 50,000 shares and 2,600,000 subscription rights to shares in IDEX.



IDEX ASA
Martin Linges vei 25
NO-1364 Fornebu
Norway

T +47 6783 9119
F +47 6783 9112
mailbox@idexbiometrics.com
www.idexbiometrics.com

NO 976 846 923 VAT