



Annual Report 2015



Enabling the mass market for secure ID

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Report from the board of directors 2015

IDEX ASA is a Norwegian public company specialising in fingerprint imaging and recognition technology. IDEX's vision is to ensure individuals a safe, secure, and user-friendly use of personal ID. The parent company is located at Fornebu in Bærum municipality, Norway. IDEX has a subsidiary group in USA conducting technical development and marketing services for the parent company, and subsidiaries in the People's Republic of China and in the UK which provide various technical and administrative services to the parent company. The IDEX share has been listed at Oslo Axess since 2010 and as of 11 May 2015, the IDEX share has been listed at Oslo Børs. The company has about 2,900 shareholders at the time of this report.

IDEX is a leading company in fingerprint technology, products and solutions for biometric authentication. IDEX has since 1996 been a pioneering company in the field of miniaturised capacitive fingerprint sensors, and a leading provider of intellectual property (IP) essential to small sized, high performance, low-cost capacitive biometric systems. IDEX holds fundamental core IP and patents in fingerprint sensing technology. Over two decades, significant investments have been made in developing low cost fingerprint sensor technology ranging from capacitive, optical, thermal and pressure based solutions. Active capacitive has emerged as the leading low cost technology and has been deployed in high volumes in laptops and ID access terminals. IDEX is considered to be one of only a few vendors possessing core IP and patents for this technology.

The current activity of IDEX is focused on the development, industrialisation and commercialisation of fingerprint sensor products targeted at the mobile, the smart and ID card, and the Internet of Things markets. The interest and demand for fingerprint sensors in all three markets are significant, triggered and stimulated by Apple's Touch ID product, and more recently the widespread adoption of fingerprint sensors by most mobile phone makers in combination with the proliferation of mobile payments.

The Company provides hardware and software fingerprint solutions suitable for embedding into products in order to strengthen security and enhance user friendliness in those products. IDEX's product portfolio is a full-featured, biometric authentication solution, which enables on-device fingerprint enrolment, template storage and verification. IDEX is currently commercialising its broad product portfolio of fingerprint sensors, and developing the next generation of products for the market.

The IDEX business model involves the design of fingerprint sensor IP and products. IDEX sells fingerprint sensor products, and licences its technology to global Original Equipment Manufacturers (OEMs). The OEMs can use IDEX's IP in a range of innovative biometrically enabled products and pay IDEX either a royalty on each device that is manufactured, or purchase the fingerprint sensor units.

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

Production ready product portfolio for mobile and order for tier-one mobile OEM handset

In 2015 IDEX completed development of two touch fingerprint sensor families, and for the first time the company had a range of production ready touch sensors ready for the market. Both sensor families have competitive prices and strong biometric performance.

In the early part of 2015 the conventional silicon touch sensor family Cardinal was ready for customer promotion. The Cardinal sensor is a silicon sensor with compelling price/performance ratio and compact form factor. IDEX started promoting the sensor in the first quarter and announced its first design win for a tier-one mobile handset in December 2015. This win subsequently was converted into an initial, volume production order in the first quarter of 2016. The order was a significant validation of IDEX's technology and products and represented a significant milestone for IDEX.

During late summer 2015 IDEX completed development of the off-chip touch sensor family Eagle. The Eagle sensor is a groundbreaking off-chip touch sensor where the ASIC (Application Specific Integrated Circuit) is separated from the sensor array. While the ASIC is made from silicon, the sensor array can be made of cheaper and/or more flexible materials such as polymer, ceramics or glass. This leads to a significant cost advantage compared to silicon sensors for medium-sized sensors. The Eagle sensor is a combination of the IDEX's original know-how and IP and that of PicoField which IDEX acquired in 2013, resulting in a sensor architecture giving a best-in-class image performance. The Eagle ASIC has been co-developed with Cypress Semiconductor, who also manufactures the ASIC. Eagle is production ready and IDEX has been promoting the sensors to customers since the middle of 2015. Cypress is also a large channel to the market, and the company has been promoting the sensor to its customers since late 2015. The product is in qualification with several OEMs, which is expected to lead to design wins.

Progress on industrialisation of unique in-glass sensor

Fingerprint sensors are currently typically integrated into the mobile phone in the form factor of a button. This has a distinct, possibly inept look which does not fit well with the industrial design of the handsets. There is therefore a huge demand from mobile OEMs for a sensor which looks and feels like the mobile cover glass. One approach to this is to embed a fingerprint sensor under the cover glass in the non-active area. However, cover glass thickness is typically in the range 400-700 micron since there are no thinner glasses and the glass itself provides structural stability to the handset. This thickness is too much to sense through and get a usable fingerprint image.

IDEX has unique IP, know-how and patents that enables the company to develop sensors where the sensing is done in the glass and not through the glass. The technology was demonstrated at the Mobile World Congress 2015 in Barcelona where IDEX showed an in-glass swipe demonstrator where the sensor was inserted into 550 and 700 micron cover glasses, the actual thickness of mobile cover glasses. In the summer of 2015 IDEX entered into a partnership with a Fortune 500 company to enable scalable manufacturing and distribution of IDEX technology with the key objective to accelerate mass commercialisation of IDEX's in-glass fingerprint sensor modules. During the second half of 2015 significant progress was made, following demonstration of our in-glass touch sensor at the MWC in February 2016. IDEX expects to start sampling and customising the solution to selected, leading mobile OEMs during the second quarter of 2016.

IDEX developed world's first flexible touch fingerprint sensor for ISO cards

IDEX believes the smart and ID card market is a huge potential market for fingerprint sensors driven by increased demand for security, user friendliness and accelerating adoption of fingerprint sensors by mobile OEMs. However, cards require a different product from mobile handsets. Whereas mobile handsets have power source, significant processing capacity and offer structural protection for the sensor, cards are thin, bendable and have limited processing power.

IDEX's off-chip technology is ideally suited for card integration. The company made great progress in 2015 and in the first quarter of 2016 it successfully completed development of a flexible polymer touch sensor with image quality and performance criteria specifically designed for smart and ID card applications. The IDEX flexible touch fingerprint sensor is sufficiently thin and flexible to satisfy the ISO ID-1 form factor requirements, whilst also durable and capable of withstanding the typical use-case for a payment or smart card. The sensor provides the image sensing quality and biometric performance that is required, and uses a low-resource secure algorithm. The ability to seamlessly integrate a flexible, low-cost polymer touch sensor into an industry-standard card thickness of only 0.76 mm, and do so in a way that can be efficiently industrialised and scaled to high production volumes, is a significant technical achievement by IDEX's research and development team. It also represents a major breakthrough for the ID card industry and secure payments in particular.

In June 2015 IDEX entered into a strategic partnership with an undisclosed global payments company for the development of a worldwide biometric payment card program. The design and development of this flexible polymer touch sensor enables compatibility with standard, volume card manufacturing processes to be deployed as part of tier-one bank, smartcard and ID card ecosystems. IDEX is working with a top-tier ecosystem for producing and deploying this product in mass volumes and expects initial volume shipments of its fingerprint sensors for cards to commence at the end of 2016. The sensor is currently undergoing functional testing under realistic use conditions.

Blue-chip volume production supply chain

IDEX's strategy is to design its product for low cost and high-volume manufacturing. The company has a fab-less strategy and enters into partnerships with manufacturing companies. During 2015 the company has continued developing these partnerships, and the company is ready for volume production. The partners are set up for considerable volumes, and initial volume manufacturing has shown high yields.

IDEX entered into an agreement with Amkor Technology in November 2014. Amkor is one of the world's largest providers of contract semiconductor assembly and test services, and represents a tier-one supply chain partner for mass production of IDEX fingerprint sensors. Amkor has started manufacturing the Eagle sensor in volumes at high yields

Cypress Semiconductor licenses IDEX IP to manufacture the ASIC for the off-chip Eagle sensor. Cypress contributed with development of the ASIC for Eagle, and is currently manufacturing it for IDEX. In addition, Cypress represents a channel to the market for the Eagle sensor.

IDEX has since 2013 been a partner with CrucialTec Corp., a global leader in mobile input solutions. CrucialTec is a listed company with headquarters in South Korea. CrucialTec has a proven mobile track record in mass manufacturing, industrial know-how and cost-efficient supply to multiple end customers. IDEX has also qualified several other module manufacturers.

Talented and experienced staff

The total staff of IDEX, including ongoing individual contractors, increased from 51 at the end of 2014 to 65 at the end of 2015. In addition the vendors had about 30 employees working on various development projects for IDEX.

IDEX has attracted a significant number of key industry experts. The team includes Fred Benkley (CTO) and Dave Geoffroy (VP Systems Engineering), co-founders of Validity, Larry Ciaccia (Board Member and Strategy Advisor), former CEO of AuthenTec, Andy MacLeod (Board Member and Strategy Advisor), CTO of Vodafone plc.'s Africa, Middle East and Asia-Pacific region, Larry Hattery (VP Software Engineering), former VP of Validity, Lunji Qiu (VP and Managing Director of IDEX China) former VP and Managing Director for Next Biometrics and AuthenTec's subsidiaries in China, Art Stewart (SVP Product Management), former VP of AuthenTec and Synaptics.

IDEX believes its ability to attract the top talent in the fingerprint sensor industry is a strong validation of the company's leading position and significant potential, and the addition of such experienced people will ensure that IDEX will successfully commercialise its products.

Funding

IDEX has raised a total of NOK 770.7 million before expenses in 2015. The injected capital has strengthened the company's balance sheet and provides funding for the development activities and working capital into the commercial stage of the business.

Funds managed by Woodford Investment Management LLP (Woodford funds) acquired 52,500,000 new shares in IDEX at NOK 5.65 per share on 29 April 2015, injecting a total of NOK 296.6 million. The pricing of the shares was based on market prices up to 19 March 2015, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 April 2015. In connection with the placement, the funds also received 26,250,000 warrants, each at an exercise price of NOK 8.50.

IDEX issued 3,150,000 shares at NOK 5.65 per share on 2 July 2015 to settle a payable amounting to NOK 17.8 million. 1,050,000 shares are restricted for six months and 1,050,000 shares are restricted for 12 months.

Funds managed by Invesco Asset Management Limited exercised 30,000,000 warrants at NOK 7.50 per share on 16 November 2015, injecting NOK 225.0 million. The Woodford funds exercised 26,250,000 warrants at NOK 8.50 per share on 4 December 2015, injecting NOK 223.1 million.

Several employees exercised 5,482,862 vested incentive subscription rights on several occasions in 2015, injecting a combined total of NOK 8.2 million NOK.

The board of directors

There are presently five board members including the chairman. Chairman Morten Opstad and board members Frode Haugli, Hanne Høvdning and Toril Nag stood for election at the annual general meeting 2015. Mr. Haugli and Ms. Nag had declined re-election. At the annual general meeting on 12 May 2015, Chairman Morten Opstad and board member Hanne Høvdning were re-elected and Lawrence John (Larry) Ciaccia and Deborah Lee Davis were elected to board members for a period of two years. Board member Andrew James (Andy) MacLeod continued for the second year of his term and will stand for election at the annual general meeting in 2016.

The board has held nine meetings, of which three were held by telephone conference, in the period after the annual general meeting on 12 May 2015 and until and including 20 April 2015.

Profit and loss statements

The comments regarding the consolidated profit and loss statements, largely applies also to the parent company itself. IDEX America is the largest subsidiary. The subsidiaries provide development services, marketing services and/or supply-chain services to IDEX ASA and do not trade with external customers. The services are expensed by the parent company as development expense and other expenses.

Revenue: IDEX earned revenue amounting to NOK 0.3 million in 2015. The major part of this revenue originated from sensor sales. The revenue in 2014 amounted to NOK 1.4 million, of which the major part originated from sensor sales. All external revenue is earned by the parent company.

Cost of goods sold: With only small volumes delivered in 2015 and 2014, the gross margin is not representative of IDEX's planned business.

Payroll expenses: The payroll expenses have increased due to IDEX's expanded operations. There were 52 employees at the end of 2015, up from 42 at the end of 2014. The underlying payroll expenses but share-based pay increased from NOK 46.0 million in 2014 to NOK 72.4 million in 2015. Most of this increase was in IDEX America, and also because IDEX China and IDEX UK were added to the group. In 2015, IDEX capitalised payroll costs related to development work in an amount of NOK 0.5 million (2014: NOK 0.4 million). Total payroll cost includes also the notional cost of subscription rights including accrued social security cost of same, as well as social security tax on exercised incentive subscription rights. These items amounted to NOK 10.2 million in 2014, about 18 per cent of the total payroll expenses in that year. In 2015, the cost of share-based remuneration amounted to NOK 25.7 million, about 26 per cent of the total payroll expenses. The cost of share-based remuneration, is carried by the parent company.

Research and development (R&D) expenses: Gross R&D expenses were nearly doubled to NOK 105.9 million in 2015, from NOK 53.3 million in 2014. The increase in activity level relates to product development of the Eagle sensor, industrialisation and ASIC improvements of other sensor products, and activities related to core technology and new sensor materials. Inventoried third-party algorithm licences in an amount of NOK 7.9 million were written off as development expense in 2015 because IDEX plans to use other algorithms. There were no such charges in 2014.

NOK 0.3 million development expenses related to the Cardinal product, were capitalised in 2015 (2014: NOK 0.3 million). Contribution from the SkatteFunn R&D grant scheme managed by the Research Council of Norway has been credited to R&D expenses. The contribution amounted to NOK 3.0 million, up from NOK 1.6 million in 2014. Net reported R&D expenses were NOK 102.6 million in 2015 compared to NOK 51.3 million in 2014.

Payroll cost of R&D conducted by IDEX employees are not included in the R&D line, but in the payroll expenses line. Such expenses amounted to about NOK 76.2 million in 2015 versus NOK 41.9 million the year before.

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

Other operating expenses at NOK 19.0 million in 2015 were in line with 2014. Most of the sales and marketing activities as well as general and admin activities are performed by the parent company.

Depreciation amounted to NOK 6.8 million in 2015, up from NOK 2.3 million in 2014. A major reason for the increase is IDEX ASA's acquisition of assets and intellectual property rights from Roger Bauchspies on 30 December 2014 in an amount of NOK 28.3 million. Total investments including capitalised development costs amounted to NOK 3.4 million in 2015 (2014: NOK 33.9 million). IDEX ASA holds all IP and intangible assets in the group.

Net financial items amounted to a net cost amounting to NOK 1.9 million in 2015 compared to NOK 5.8 million in 2014. The interest income was substantially reduced because of the lowered market rates. Strong increase in foreign currency rates in 2015 have caused a net loss of NOK 4.7 million, mainly related to liabilities denominated in USD. There were only insignificant financial items in the subsidiaries in 2015 and 2014. IDEX ASA earned interest in an amount of NOK 84 thousand from the subsidiaries in 2015 (2014: 0 (nil)).

Taxes: The group operated at a loss in 2015 and 2014. However, IDEX America and IDEX UK made a profit on services to the parent company and incurred an income tax amounting to NOK 541 thousand (2014: NOK 563 thousand). IDEX ASA did not incur deferred or payable income taxes in 2015 or 2014.

Net result for the year: Net loss for the year was NOK 228.8 million, compared to NOK 123.1 million in 2014. The increased loss was mainly caused by cost increase in payroll and R&D. The cost base was expanded in 2014 and throughout 2015. Funding for the expansion was obtained in 2014 and in 2015. The group's loss is net of the profit in IDEX America and IDEX UK and the loss in IDEX China, which amounted to a total of NOK 1.2 million (2014: NOK 1.0 million).

Statements of financial position

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

Long-term assets are largely unchanged, from NOK 57.8 million at the preceding year-end to NOK 55.2 million at the end of 2015. No acquisitions of IP have been made in 2015, compared to NOK 28.3 million in 2014. All of the group's IP and patents are held by the parent company. NOK 0.8 million development expenses were capitalised in 2015, same as in 2014. During 2015, various equipment investments amounting to NOK 2.6 million have been made (2014: NOK 4.8 million). No assets were disposed of in 2015 or 2014.

Inventory is held only by the parent company. Inventory consists mainly of fingerprint sensors which are manufactured for sale. In 2015, inventoried third-party algorithm licences in an amount of NOK 7.9 million were written off because IDEX plans to use other algorithms (2014: No impairment charges).

Total cash and bank deposits amounted to NOK 763.7 million or more than 92 per cent of assets at the end of 2015, compared to NOK 228.0 million, 76 per cent of assets, at the preceding year-end. The operations, including the effects of share-based remuneration and working capital changes, consumed cash in an amount of NOK 187.4 million in 2014 and NOK 105.1 million in 2014, largely reflecting the increase in net loss. Investments net after interest income amounted to NOK 0.6 million in 2015 and NOK 28.9 million in 2014. No intellectual property and patents acquisitions were made in 2015, compared to NOK 28.3 million in 2014.

New funds were obtained by share issues amounting to net cash inflow of NOK 724.4 million in 2015 and NOK 305.3 million in 2014. Cash is held and managed by the parent company and the subsidiaries hold cash for their working capital needs only.

Equity: The equity amounted to NOK 749.7 million, of which NOK 746.8 million in the parent company, at the end of 2015, up from NOK 243.4 million and NOK 242.1 million respectively one year before. The equity amounted to more than 90 per cent of the total capital, up from 81 per cent at the end of 2014. The substantial injections amounting to net NOK 724.4 million in the year (2014: 305.4 million) have added more equity than debited by the loss in the year.

In the second quarter of 2015, NOK 296.6 million was added in a private placement to funds managed by Woodford Investment Management LLP. IDEX settled a payable amounting to NOK 17.8 million by issuing shares in the third quarter of 2015. In the fourth quarter, funds managed by Invesco Asset Management Limited exercised warrants and injected NOK 225.0 million. The Woodford funds also exercised warrants injecting NOK 223.1 million in the fourth quarter. Exercises of incentive subscription rights added NOK 8.2 million new equity in 2015 (2014: NOK 6.6 million).

Liabilities: IDEX does not have financial debt. The long-term liability at the end of 2015, amounting to NOK 9.4 million (2014: NOK 10.1 million), is related to the acquisition of IP from Roger Bauchspies on 30 December 2014, which acquisition is payable over several years. Other liabilities are payables to suppliers and various cost accruals, in a total amount of NOK 69.1 million at the end of 2015, up from NOK 45.9 million at the end of 2014. The accrual for payroll tax on subscription rights varies with the fair value of the outstanding subscription rights. Other accruals for incurred expenses at year-end 2015 were in line with those at the end of 2014.

Liquidity and capital resources: The net current assets less current liabilities at the end of 2015 amounted to NOK 704.0 million (2014: NOK 195.6 million). IDEX does not have financial debt. IDEX has adequate liquidity and equity under current planning assumptions.

Events after 31 December 2015

The board resolved on 26 February 2016 to issue a total of 912,500 shares to employees who had exercised incentive subscription rights which were granted in 2013 under the company's 2012 incentive subscription rights plan. The weighted average exercise price was NOK 1.47 per share. The board resolved on the same day to grant 2,475,000 incentive subscription rights (SRs) to employees and a service provider of the company. The exercise price of the SRs was NOK 8.10 per share. 25 % of 1,975,000 SRs vest on each anniversary from the date of the grant. 25% of 500,000 SRs vest at grant and thereafter 25% on each anniversary from the date of grant. All the SRs granted under the 2015 programme will expire on 12 May 2020. Following the exercise and grant there are 531,921,916 shares and 23,782,500 incentive subscription rights outstanding.

Between 31 December 2015 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2015 or the value of the group's assets and liabilities at 31 December 2015.

Going concern

The going concern assumption has been applied for the group as well as the parent company when preparing the financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have financial debt. The board thus confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2015.

Allocation of net profit (loss) for the year

The net loss for 2015 of the parent company IDEX ASA was NOK 231,525,754.- (2014: Net loss NOK 125,724,930.-). The board proposes that the loss shall be carried forward as uncovered losses. The board does not propose any dividend payments for 2015.

Financial market risk

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

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

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

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

Share capital and shareholders

The issued and fully paid share capital of the company at the end of 2015 amounted to NOK 79,651,412.40, consisting of 531,009,416 ordinary shares, each share having a par value of NOK 0.15. At the end of 2015 there were a total of 2,606 registered shareholder accounts, compared to 2,027 one year earlier.

The closing share price on the last day of trading in 2015 was NOK 10.55, compared to NOK 2.77 at the last trading day of 2014, which represented an increase of 281 per cent in the year. Highest and lowest share prices in 2015 were 10.78 and 2.59 respectively. There were 68,891 trades in the share, with a total turnover amounting to NOK 1,905.2 million, up from 56,438 trades and total turnover amounting to NOK 812,6 million in 2014.

Funds managed by Woodford Investment Management LLP (Woodford funds) acquired 52,500,000 new shares in IDEX at NOK 5.65 per share on 29 April 2015. The pricing of the shares was based on market prices up to 19 March 2015, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 April 2015. In connection with the placement, the funds also received 26,250,000 warrants, each at an exercise price of NOK 8.50. The warrants were open to be exercised 12 months after the date of their issue and would expire 24 months after issue.

Following the annual general meeting of IDEX on 12 May 2015, chairman Morten Opstad and board members Hanne Høvding and Andrew James MacLeod elected to receive part or full board remuneration in shares by paying the par value of the shares. Mr. Opstad acquired 22,031 shares instead of NOK 100,000 of his cash board remuneration. Ms. Høvding acquired 49,569 shares instead of receiving a cash board remuneration of NOK 225,000. Mr. MacLeod acquired 66,092 shares instead of receiving a cash board remuneration of NOK 300,000.

IDEX issued 3,150,000 shares at NOK 5.65 per share on 2 July 2015 to settle a payable amounting to NOK 17.8 million. The shares were issued under the authorisation to the board to issue up to 46,912,022 shares, resolved by the annual general meeting on 12 May 2015. The board chose to apply the existing shareholders' waiver of their preemptive right to subscribe for shares because the share issue settled a payable debt related to the private placement of shares to the Woodford funds.

Funds managed by Invesco Asset Management Limited exercised 30,000,000 warrants at NOK 7.50 per share on 16 November 2015. The Woodford funds exercised 26,250,000 warrants at NOK 8.50 per share on 4 December 2015.

Several employees exercised vested incentive subscription rights on several occasions in 2015, in a combined total of 5,482,862 shares at average price NOK 1.50 per share.

Under the 2015 subscription rights based incentive programme resolved by the annual general meeting 2015, the board may grant up to 46,912,022 incentive subscription rights, but limited in such a way that the total number of subscription rights outstanding may not exceed 10 per cent of the number of shares. The subscription rights may be granted to employees and individual contractors performing similar work in IDEX. In 2015, the board granted a total of 2,285,000 subscription rights under the 2014 and 2015 incentive subscription programmes. At the end of 2015, there were a total of 22,220,000 subscription rights outstanding under various programmes. Weighted average exercise price was NOK 3.48 per share.

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

Organisation; health, safety and environment

At the end of the year IDEX had 52 employees (2014: 42). In addition, IDEX has individual technical/scientific specialists on contract working at its premises. The number of employees increased in 2015 continuing the strong growth in the preceding two years. All employees but twelve are male. 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.

The board and the management seek to create a working environment that is pleasant, stimulating, safe and to the benefit of all employees. The working environment complies with the existing rules and regulations. IDEX offers flexible working hours for all employees, and those who so wish have been equipped with a portable PC and a mobile phone, which enable them to work equally efficiently from other places than the company's facilities. The board has not found reason to implement special measures. No employee has suffered work-related injury resulting in sick leave. No accidents or incidents involving the assets of IDEX have occurred. The sick leave in the group was 0.9 per cent in 2015 (2014: 0.6 per cent), and in the parent company the sick leave was 1.9 per cent in 2015 (2014: 1.0 per cent). The board has not taken any special measures in these respects.

IDEX practices equal opportunities in all aspects. All facilities at IDEX are equally well equipped for females and males. Traditionally, fewer women than men have graduated in IDEX's fields of work: solid state physics, software development and design of electronic components. Because of the highly specialized positions, the candidates available for recruiting have often solely been males. The management structure reflects the composition of the technical staff. The board has not taken any special measures in these respects.

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

Social responsibility

The board resolved ethical guidelines for IDEX in 2009 with subsequent updates, latest on 26 February 2016. The guidelines, which are available at the company's web site, apply to all employed and contracted staff members as well as the elected board members. The ethical guidelines incorporate IDEX's guidelines on social responsibility.

The purpose of IDEX's business is to create value for the shareholders while the business shall also be to the benefit for the customers, employed and contracted staff, suppliers, other business relations and the society at large. IDEX is committed to maintain a high standard of corporate governance, be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

IDEX makes every reasonable effort to secure a healthy, safe and lawful work environment and to comply with all applicable laws, rules and regulations concerning occupational health, safety and environmental protection. IDEX promotes equality and non-discrimination, fairness and ethical behaviour. IDEX offers a pleasant, well equipped and risk-free work environment, maintains fair and balanced employment practices and 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 fulfills its role as a 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, IDEX may be a sponsor. IDEX refrains from charitable donations because such donations are not within the authority from the shareholders to the board and the management. In case IDEX staff or shareholders should want to make such donations it is more effective that they do so directly than via the company. Gifts from IDEX may also establish or be considered to represent inappropriate ties. IDEX does not make any political contributions.

The board believes that in the present organisation – the IDEX group presently has about 65 staff – the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities. IDEX does not operate in or deal with high-risk industries or countries in terms of human rights, employment conditions, environment or corruption. All customers, partners and suppliers to IDEX are well-reputed companies. IDEX takes for its basis that the companies it deals with are operating in compliance with the applicable regulatory framework and paying due respect to the norms of the various stakeholders in their businesses. None of the processes in use by the suppliers are known to be of particular hazard to staff or the environment. The board has not taken any special measures in these respects. If and when the situation or the size of IDEX's operation so warrants, the company will implement appropriate programmes to ensure the integrity of its business.

Corporate governance

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

Statement on management remuneration

The annual general meetings in 2015 and prior years have considered and resolved guiding and mandatory guidelines for management remuneration. The guidelines and the actual remuneration in 2015 have been included in a note to the financial statements and will also be presented to the annual general meeting in a separate document. The managing director of the parent company is also CEO for the group, and performs this duty as a part of his employment in the parent company for no additional remuneration.

Outlook

IDEX's strategy is to exploit its sensor technology across three mass markets: mobile devices, ID and smart cards and the Internet of Things.

IDEX is the only fingerprint sensor manufacturer in the market that has the IP, knowhow and products offering both conventional silicon sensors (the Cardinal product family) and next generation polymer off chip sensors (the Eagle product family) to leading OEMs. The Cardinal sensor has small form factor and provides highly competitive price and performance characteristics. The Eagle sensor has a unique cost position for medium-sized sensors. IDEX has recently received production volume orders for both the Eagle and the Cardinal sensors in various market segments. The shipments of the Cardinal sensor for the tier-one mobile OEM is expected to commence in the second quarter of 2016. IDEX expects these market breakthroughs to generate more design wins and production orders for mobile devices throughout 2016.

IDEX's strategic partnership with a major global payments company is proceeding well, and IDEX is currently expanding its production organisation to satisfy the demand. IDEX believes that its world's-first polymer touch sensor for cards will give it a leading position for fingerprint sensors in the cards market. Customer trials with the sensor are expected to be conducted during the second quarter of 2016, potentially leading to initial volume shipments by the end of 2016.

Work on IDEX's unique in-glass sensor technology has also progressed, and IDEX expects sampling to lead customers in the second quarter of 2016. IDEX believes this is the ultimate biometric solution for the mobile device market, offering superior biometric performance and excellent industrial design flexibility.

Over the past year, adoption of fingerprint sensors in mobile devices has become widespread, and growth is expected to accelerate. Secure payment services are among the leading drivers of the need for secure and convenient authentication in the digital world.

IDEX believes that its portfolio of high-performance and cost-effective products, supported by leading-edge IP, a deeply knowledgeable organisation, tier-one industry partners, and a solid financial position, will allow the company to capture a significant share of the fast growing, multi-billion dollar market opportunity for fingerprint sensors.

The board of directors of IDEX expects that 2016 will show continued rapid growth and adoption of biometric authentication, with IDEX establishing a foothold as one of few serious contenders. IDEX has a robust financial base for pursuing the commercial opportunities ahead.

London, 20 April 2016

The board of directors of IDEX ASA



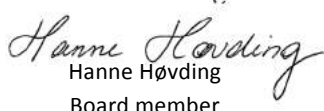
Morten Opstad
Chairman



Lawrence John Ciaccia
Board member



Deborah Lee Davis
Board member



Hanne Høvdig
Board member



Andrew James MacLeod
Board member



Hemant Mardia
CEO

Annual financial statements 2015 with notes

Statements of comprehensive income

1 January-31 December		IDEX group		IDEX ASA	
Amounts in NOK 1,000	Note	2015	2014	2015	2014
Operating revenue					
Sales and services revenue		349	1 423	349	1 423
Other income	5		91		91
Total revenue		349	1 514	349	1 514
Cost of goods sold		137	852	137	852
Gross margin		212	662	212	662
Operating expenses					
Payroll expenses	3	98 226	56 194	54 347	42 952
Research and development expenses	4, 5	102 567	51 298	146 664	67 477
Other operating expenses	6	18 972	19 234	23 791	20 135
Profit (loss) before interest, tax, depreciation and amortisation (EBITDA)		(219 553)	(126 063)	(224 590)	(129 902)
Depreciation expenses	10, 11	6 834	2 307	5 115	1 650
Profit (loss) before interest and tax (EBIT)		(226 388)	(128 371)	(229 705)	(131 552)
Financial income and expenses					
Interest income		2 810	5 667	2 893	5 667
Agio		3 312	2 096	3 311	2 096
Interest expenses		(1)	(4)	(1)	(4)
Disagio		(8 023)	(1 932)	(8 023)	(1 932)
Net financial items		(1 902)	5 827	(1 821)	5 827
Net result before tax (EBT)		(228 290)	(122 544)	(231 526)	(125 725)
Taxes	8	541	563	0	0
Net loss for the year		(228 831)	(123 107)	(231 526)	(125 725)
Profit (loss) per share, basic and diluted					
	9	(0.50)	(0.30)		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>					
Exchange differences on foreign operations		(1 006)	(1 407)		
Total comprehensive income (loss) for the year (net of tax) attributable to equity holders of IDEX ASA		(229 837)	(124 514)	(231 526)	(125 725)

Statements of financial position 31 December

Amounts in NOK 1,000

Assets	Note	IDEX group		IDEX ASA	
		2015	2014	2015	2014
Long-term assets					
Goodwill		8 260	8 260	8 260	8 260
Intangible assets		39 172	42 805	39 172	42 805
Total intangible assets	10	47 432	51 065	47 432	51 065
Fixed assets	11	6 576	5 588	2 059	1 234
Total fixed assets		6 576	5 588	2 059	1 234
Shares in subsidiaries	1, 12			1 713	60
Long-term receivables	14, 17	1 155	1 143	1 155	1 143
Long-term loans to group companies	17			11 923	
Total financial assets		1 155	1 143	14 791	1 203
Total long-term assets		55 163	57 796	64 282	53 502
Current assets					
Inventory	18	2 281	7 944	2 281	7 944
Customer receivables		254	1 070	254	1 070
Receivables from group companies				2 620	11 528
Other short-term receivables		4 319	2 498	4 303	2 481
Prepaid expenses		2 531	2 044	2 213	2 044
Total receivables	17	7 104	5 612	9 389	17 123
Cash and bank deposits	13	763 716	227 961	749 258	222 690
Total current assets		773 101	241 518	760 929	247 757
Total assets		828 264	299 313	825 211	301 259
Equity and liabilities					
Equity					
Share capital		79 651	61 948	79 651	61 948
Share premium		1 170 454	463 766	1 170 454	463 766
Other paid-in capital		44 566	32 787	44 566	32 787
Total paid-in capital	15, 16	1 294 671	558 501	1 294 671	558 501
Other equity		(544 987)	(315 150)	(547 887)	(316 361)
Total equity		749 684	243 351	746 784	242 140
Long-term liabilities					
Other long-term liabilities	17	9 445	10 079	9 445	10 079
Total long-term liabilities		9 445	10 079	9 445	10 079
Short-term liabilities					
Accounts payable		17 755	8 997	15 724	6 692
Payables to group companies				8 735	7 197
Public duties payable		4 012	2 207	3 853	2 207
Accrued payable income tax	8	1 019	652	0	0
Notional employer's tax on share-based remuneration	3, 15	13 900	2 231	13 900	2 231
Other short-term liabilities		32 449	31 796	26 770	30 713
Total short-term liabilities	17	69 135	45 883	68 981	49 040
Total liabilities		78 580	55 962	78 427	59 119
Total equity and liabilities		828 264	299 313	825 211	301 259

London, 20 April 2016

The board of directors of IDEX ASA


Morten Opstad
Chairman


Lawrence John Ciaccia
Board member


Deborah Lee Davis
Board member


Hanne Høvding
Board member


Andrew James MacLeod
Board member


Hemant Mardia
CEO

Statements of changes in equity

IDEX group

Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance at 1 January 2015	61 948	463 766	32 787	(315 150)	243 351
Private placement on 30 Dec. 2014, issued in January 2015	75				75
Private placement on 29 April	7 875	270 322			278 197
Share issue on 12 May (board remuneration)	21		497		518
Private placements on 2 July	472	16 791			17 263
Warrants exercise on 16 Nov.	4 500	206 756			211 256
Private placement on 4 Dec.	3 938	205 443			209 381
Exerc. of subscript. rights 23 Jan., 24 Feb., 18 May and 10 Nov.	822	7 376			8 198
Share-based remuneration			11 282		11 282
Profit (loss) for the year				(228 831)	(228 831)
Other comprehensive income				(1 006)	(1 006)
Balance at 31 December 2015	79 651	1 170 454	44 566	(544 987)	749 684
Balance at 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Private placement on 29 Jan.	9 000	278 272			287 272
Private placement on 20 March	360	11 547			11 907
Share issue on 7 May (board remuneration)	9		190		199
Exercises of subscription rights 24 Feb. and 2 Oct.	873	5 316			6 189
Share-based remuneration			12 414		12 414
Profit (loss) for the year				(123 107)	(123 107)
Other comprehensive income				(1 407)	(1 407)
Balance at 31 December 2014	61 948	463 766	32 787	(315 150)	243 351

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 2015	61 948	463 766	32 787	(316 361)	242 140
Private placement on 30 Dec. 2014, issued in January 2015	75				75
Private placement on 29 April	7 875	270 322			278 197
Share issue on 12 May (board remuneration)	21		497		518
Private placements on 2 July	472	16 791			17 263
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Exerc. of subscript. rights 23 Jan., 24 Feb., 18 May and 10 Nov.	822	7 376			8 198
Share-based remuneration			11 282		11 282
Profit (loss) for the year				(231 526)	(231 526)
Other comprehensive income				0	0
Balance at 31 December 2015	79 651	1 170 454	44 566	(547 887)	746 784
Balance at 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Private placement on 29 Jan.	9 000	278 272			287 272
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Exercises of subscription rights 24 Feb. and 2 Oct.	873	5 316			6 189
Share-based remuneration			12 414		12 414
Profit (loss) for the year				(125 725)	(125 725)
Other comprehensive income				0	0
Balance at 31 December 2014	61 948	463 766	32 787	(316 361)	242 140

Cash flow statements

1 January-31 December Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit (loss) before interest and taxes	(226 388)	(128 371)	(229 705)	(131 552)
Share-based remuneration (equity part)	11 779	12 604	11 779	12 604
Depreciation	6 834	2 307	5 115	1 650
Interest paid	(1)	(4)	(1)	(4)
Change in receivables, inventory	4 171	(8 808)	13 397	(17 755)
Change in payables, accruals	22 884	19 072	19 941	21 999
Net other items	(6 642)	(1 839)	(4 713)	44
Net cash flow from operational activities	(187 363)	(105 039)	(184 187)	(113 014)
Cash flows from investing activities				
Investments	(2 624)	(4 824)	(1 494)	(1 062)
Investments in intangible assets	0	(28 289)	0	(28 289)
Capitalised development cost	(813)	(788)	(813)	(788)
Investment in subsidiaries (shares)	0	0	(1 653)	60
Loans to subsidiaries			(11 923)	
Changes in long-term receivables	(12)	(697)	(12)	(697)
Interest received	2 810	5 667	2 893	5 667
Net cash flow from investing activities	(639)	(28 931)	(13 002)	(25 109)
Cash flows from financing activities				
Share issues, net of expenses	724 391	305 377	724 391	305 377
Change in long-term payables	(634)	10 079	(634)	10 079
Net cash flow from financing activities	723 757	315 456	723 757	315 456
Net change in cash and bank deposits	535 755	181 486	526 568	177 333
Cash and bank deposits at 1 January	227 961	46 475	222 690	45 357
Cash and bank deposits at 31 December	763 716	227 961	749 258	222 690

Notes

1. Group information

IDEX is a technology company specialized 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 People's Republic of 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 interface, and marketing services to IDEX ASA.

The going concern assumption has been applied for the group as well as the parent company when preparing these financial statements. IDEX does not earn recurring revenue, but has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of these financial statements. The group does not have financial debt. The board thus confirms that there is adequate basis for the going concern assumption and that this assumption has been applied when preparing the annual financial statements for 2015.

The annual financial statements for 2015 were resolved by the board on 20 April 2016 and will be presented to the annual general meeting on 11 May 2016.

2. Accounting principles

Basis of preparation

The accounting year coincides with the calendar year. The annual financial statements have been prepared on a historical cost and accrual basis. The group's financial statements are presented in NOK which is also the parent company's functional currency. All figures in the tables have been rounded to the nearest thousand except where indicated otherwise. The financial statements of the IDEX group and IDEX ASA have been prepared in accordance with 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.

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

IFRS is continuously developed and recently published standards, amendments and interpretations have been reviewed and considered.

Standards and interpretations with effect from 1 January 2015:

The new and revised standards and interpretations adopted in 2015 have not had any impact on the result or equity of IDEX in 2015, but may affect the accounting for transactions and arrangements entered into in the future.

Standards and interpretations issued but not yet adopted:

IFRS 9 Financial Instruments (effective from 1 January 2018, but not yet approved by the EU): The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 15 Revenue from Contracts with Customers (effective from 1 January 2018, but not yet approved by the EU): 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 16 Leases (effective from 1 January 2019, but not yet approved by the EU): The standard replaces IAS 17 Leases. It sets out principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 requires lessees to recognise assets and liabilities for most leases, which is a significant change from IAS 17.

IDEX considers that the new standards, amendments and interpretations will not have a significant impact on the financial statements or notes, but may affect the accounting for future transactions or arrangements

IDEX will implement these standards and interpretations in due course.

Significant accounting judgements and estimates

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

Significant accounting judgments for IDEX

Acquired intangible assets: IDEX considers the acquisition of assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013, including the employment of PicoField's staff, to constitute a business combination. For the sake of clarity, IDEX did not acquire the shares of PicoField. The assets have been capitalised in accordance with IFRS, with the pertinent goodwill. The goodwill will be impairment tested annually.

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. IDEX has in 2014 and 2015 capitalised development expenses incurred in the respective years, related to the Cardinal fingerprint sensor product. All other development costs and internal costs related to creation of IP have been expensed when incurred.

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

Significant accounting estimates for IDEX

Share based remuneration: IDEX estimates the fair value of incentive subscription rights (SRs) at the grant date by using a Black & Scholes option pricing model. The valuation is based on share volatility, interest rates and duration of the SRs, and assumptions of staff attrition and propensity of early exercise. The 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.

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

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

Financial risk, capital management

IDEX is exposed to certain financial risks related to exchange rates and interest level. These are, however, insignificant compared to the business risk. There were no hedging transactions in 2015 or 2014.

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

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

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

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

The group does not have financial debt and has adequate liquidity and equity under current planning assumptions for a period significantly 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. A controlling interest is normally obtained when the group holds more than 50 per cent of the voting rights or has decisive power on the entity's operational and financial management. Minority interests, if any, are included in the group's equity. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company, using accounting policies consistent with the parent's.

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

Revenue

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

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

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

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

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

Cost of goods sold, cost of services sold

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

Currency

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

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

Translation differences due to the translation of a net investment in foreign operations and from related hedging objects are included in comprehensive income. Translation differences previously recognized in comprehensive income are reversed and 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 gross carrying amount and accumulated depreciations 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 duties, taxes and direct acquisition costs related to making the asset ready for use. 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 economic life. The depreciation period and method are assessed each year to ensure that the method and period used harmonise with the financial realities of the non-current asset. The same applies to the residual value.

Intangible assets

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

Shares in subsidiaries

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

Impairment of fixed assets and other long-term assets

An assessment of impairment losses on fixed assets is made when there is an indication of a fall in value. Goodwill is tested minimum annually. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be 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 there is information that the need for the impairment loss no longer exists. The reversal is recognised as revenue or an increase in other reserves. Reversal is limited to the updated recoverable amount and limited to the carrying amount that would have been recognised had no impairment losses been recognised for the asset in prior years.

Interest-bearing loans (receivables)

Extended loans are initially recognized 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 liability is derecognised.

Inventory

Inventory - raw materials, work in progress and finished goods - for manufacturing 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 customer prepayments 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 recognized 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 customer prepayments are recognised as payables.

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 size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will amount

to the present value of future payments to cover the liability. Any increase in the provisions due to time is recorded as interest costs.

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, are reported on the relevant operational line of the income statement, and not on the tax line. The 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 recognized when it is probable that the group will have a sufficient profit for tax purposes to utilise the tax asset. At each balance sheet date, IDEX reviews its unrecognized deferred tax assets and the value it has recognised. 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.

Contingent liabilities and assets

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

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

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

Share-based remuneration

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

Leasing agreements, rentals

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

Earnings per share

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

Cash flow

The cash flow statement has been 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, it 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. IDEX does not have significant revenue. Geographical segmentation has not been part of the management process. The company has therefore not presented segment reports. IDEX will implement segment reporting as and when segment reporting, whether business or geographical, will be informative.

3. Payroll expenses and remuneration

Payroll expense	IDEX group		IDEX ASA	
	2015	2014	2015	2014
Salaries	61 194	39 988	24 500	27 691
Social security taxes	6 637	4 222	3 913	3 491
Pension contribution	378	322	265	322
Other personnel expenses	4 797	1 929	450	1 715
Capitalised cost of development work	(547)	(440)	(547)	(440)
Payroll tax on exercised subscription rights	3 618	5 049	3 618	5 049
Share-based remuneration (notional salary)	10 479	12 604	10 479	12 604
Net employer's tax on share-based remuneration	11 669	(7 480)	11 669	(7 480)
Total	98 226	56 194	54 347	42 952
Average no. of employees (full-time equivalents)	46	34	17	22

The parent company provides a contribution-based pension insurance scheme for all its employees. The scheme satisfies the Norwegian mandatory service pension rules (obligatorisk tjenestepensjon, OTP). The contribution is 2 per cent of the employee's annual salary between 2G and 12G. G is the basic amount in the Norwegian social security system, and amounted to NOK 90 thousand in 2015. The pension scheme is a fully insured, defined contribution plan.

Employees of IDEX America are offered coverage in an insured health plan where the employee selects coverage level and inclusion of any family members, and the employee pays the full pre-tax premium. IDEX America contributes a salary supplement up to USD 1,800 per employee per month, depending on family status and chosen plan options. IDEX America does not offer or plan to offer any pension plans, but a 401k plan in 2016.

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

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

All employees but twelve (IDEX ASA: five) are male. Salary statistics per gender have not been prepared.

Remuneration to senior managers

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

2015

Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension cost	Share-based remuneration	Total remuneration
Hemant Mardia, CEO	3 513	2 823	41	incl. in salary	2 176	8 553
Fred Benkley, CTO as of 1 April	1 814	272	174		610	2 870
Ralph W. Bernstein, CTO until 31 March; adviser until 31 Oct.	1 286		4	6	120	1 416
Henrik Knudtzon, CFO	1 693	827	12	20	1 708	4 260
Preeti Mardia, SVP Operations	1 977	431		40	319	2 767
Art Stewart, SVP Product Management as of 1 January	1 935		174		722	2 831
Erling Svela, VP Finance	1 342	91	11	22	17	1 483
Anthony Sweeney, SVP Engineering as of 28 September	474		36		136	646
Kristian Wiermyhr, VP Sales until 7 September	1 188	168	9	14	126	1 505
Total	15 222	4 612	461	102	5 934	26 331

Salary, bonus and other benefits, whether cash or in kind, in 2015 are the amounts declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. Employers' tax is not included.

Ralph W. Bernstein left the CTO position on 31 March 2015. He continued to serve IDEX as an adviser under contract until 31 October 2015. The consulting fee has been included in the salary column in the table above. Kristian Wiermyhr left IDEX on 7 September 2015.

Managers' exercise of incentive subscription rights 2015		No of	Amount paid	Taxable gain
Amounts in NOK 1,000		subscr. rights		
Ralph W. Bernstein, CTO, 24 February		1 000 000	1 160	3 275
Erling Svella, VP Finance, 24 February		640 000	1 254	1 865

2014

Amounts in NOK 1,000	Salary	Incentive pay (bonus)	Other benefits	Pension cost	Share-based remuneration	Total remuneration
Hemant Mardia, CEO	2 478	2 250	4	incl. in salary	1 990	6 722
Ralph W. Bernstein, CTO	1 525		12	20	354	1 911
Henrik Knudtzon, CFO as of 4 Aug	656		5	8	1 870	2 539
Erling Svella, VP Finance	1 346	63	12	20	84	1 525
Kristian Wiermyhr, VP Sales	1 401	520	12	19	382	2 334
Total	7 406	2 833	45	67	4 680	15 031

Salary, bonus and other benefits, whether cash or in kind, in 2014 are the amounts declared for tax purposes for the year, while pension cost and share-based remuneration are expensed amounts in the year. Employer's tax is not included.

Managers' exercise of incentive subscription rights 2014		No of	Amount paid	Taxable gain
Amounts in NOK 1,000		subscr. rights		
Ralph W. Bernstein, CTO, 24 February		1 672 960	1 906	10 855
Erling Svella, VP Finance, 24 February		66 668	80	429
Total		1 739 628	1 986	11 284

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

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

Guidelines for remuneration to senior managers

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

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

Share-based remuneration to senior managers

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

Implementation and effect of the policies on remuneration to senior managers

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

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

The share-based remuneration reported in the tables is the period's notional cost of the respective managers' subscription rights. The equity effect of this cost is nil because the contra item is a notional equity injection of equal amount. In addition

the cost of employer's tax on the earned intrinsic value on the balance sheet date, is accrued. The value varies with the share price and may entail a net reversal of cost. For the reported managers in the respective years, the cost accrual for employer's tax on subscription rights in 2015 amounted to NOK 8,940 thousand and the accumulated accrual amounted to NOK 7,682 thousand at the end of the year (2014: NOK 3,040 thousand cost reversal and the accumulated accrual amounted to NOK 1,572 thousand).

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

For the shareholders an actual or possible exercise will represent a dilution. At the end of 2015, the number of outstanding subscription rights to management including their close associates was 10,450,000, corresponding to 2.0 per cent of the share capital (2014: 14,140,000 outstanding subscription rights corresponding to 3.4 per cent of the share capital at the time).

Board and election committee remuneration

IDEX has no other obligation to remunerate the board or election committee members in their capacity of board or committee members, 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 2015 resolved a board remuneration amounting to NOK 225 thousand per board member for the period from the annual general meeting 2014 to the annual general meeting 2015. The chairman received an additional remuneration of NOK 75 thousand for the service as chairman. Andrew James MacLeod received an additional remuneration of NOK 75 thousand because of additional time spent. 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. Chairman Morten Opstad chose to take NOK 100 thousand of his remuneration in shares and board members Hanne Høvdning and Andrew James MacLeod chose to take the full remuneration in shares. The transactions were completed in the second quarter of 2015.

The annual general meeting 2015 resolved a remuneration to the nomination committee for the period from the annual general meeting 2014 to the annual general meeting 2015 amounting to NOK 15 thousand per member and NOK 25 thousand to its chairman.

Based on the resolutions of the annual general meeting 2015, IDEX has accrued corresponding amounts for board and nomination committee remuneration in the period June-December 2015. The accruals amounted to NOK 985 thousand at the end of 2015 (2014: NOK 679 thousand). The nomination committee shall propose the remunerations for the period June 2015-May 2016 to the annual general meeting 2016.

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

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

4. Research and development expenses

Research costs are expensed when incurred. 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. IDEX capitalised in 2015 and 2014 development expenses related to the Cardinal fingerprint sensor product. All other development costs and internal costs related to creation of IP have been expensed when incurred. Any grants and contributions to research and development (R&D) that are not revenue, have been credited against costs.

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
Research and development expenses				
Gross R&D expenses	105 862	53 275	149 959	69 454
Capitalisation of development expense	(266)	(348)	(266)	(348)
Government grants credited to cost	(3 029)	(1 629)	(3 029)	(1 629)
Net R&D expenses	102 567	51 298	146 664	67 477
Estimated payroll cost related to R&D	76 193	41 909	32 779	32 110
Capitalisation of development work	(547)	(440)	(547)	(440)
Net estimated payroll expenses related to R&D	75 646	41 469	32 232	31 670

5. Government grants

Amounts in NOK 1,000	IDEX group and IDEX ASA	
	2015	2014
Grants during the year		
SkatteFunn (recognised as cost reduction)	3 029	1 629
EuroSTARS (recognised as other revenue)	0	91

To receive grants from SkatteFunn, the company has to be a research and development company. It is also required that the company reports progress and achievements as well as project costs to the Research Council of Norway. The Skattefunn grant for 2015 will be paid out in the second half of 2016. There were similar conditions for the EuroStars scheme that was completed in 2014, and the 2014 amount was paid out in 2015.

6. Audit and audit fees

Ernst & Young AS (EY) is the auditor for IDEX ASA and the group. The UK and US subsidiaries have not been subject to local audit. IDEX China's local financial statements for 2015 have been subject to local statutory audit by Shanghai Xin Guang Certified Public Accountants Co., Ltd. IDEX UK (IDEX Biometrics UK Ltd.), in which company IDEX ASA holds all the shares, has taken advantage of section 479a of the UK Companies Act 2006 to be exempt from audit of its financial statements for the period 29 August 2014 through 31 December 2015.

EY has conducted audit activities as appropriate for the inclusion of the subsidiaries in the group's financial statements. Audit fees for the statutory audit of IDEX ASA and the IDEX group in 2015 amounted to NOK 450 thousand (2014: NOK 380 thousand), of which NOK 295 thousand related to IDEX ASA (2014: NOK 230 thousand). Fees for other assurance services amounted to NOK 10 thousand (2014: NOK 94 thousand). Fees related to tax assistance amounted to NOK 56 thousand (2014: NOK 101 thousand) and other services, such as confirmations related to capital increases, NOK 83 thousand (2014: NOK 53 thousand). Total fees for 2015 amounted to NOK 599 thousand (2014: NOK 628 thousand). All amounts are excluding VAT.

7. Related party transactions

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

The chairman is a partner and chairman of the board in Advokatfirma Ræder DA. The law firm provided services to the company amounting to NOK 5,168 thousand in 2015 (2014: NOK 3,418 thousand). The amount in 2015 includes, among other assignments, Ræder's work with legal assistance in connection with the private placement of 52.5 million shares on 29 April 2015, transfer of listing from Oslo Axess to Oslo Børs on 11 May 2015, as well as the exercises of warrants in the fourth quarter of 2015. (2014 included legal assistance in connection with private placements in the first quarter, and listing prospectus for the private placement in January 2014.) The amounts include accruals.

Larry Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, served on IDEX's nomination committee 2014-2015, for which service the annual general meeting 2015 resolved a remuneration of NOK 15 thousand. Mr. Ciaccia 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.

On 24 February 2015, Ralph W. Bernstein, CTO at the time, exercised 1,000,000 subscription rights and acquired the corresponding number of shares at a weighted average price of NOK 1.61 per share; board member Hanne Høvding exercised 26,532 subscription rights granted as board remuneration in 2010 and acquired the corresponding number of shares at a price of NOK 1.20 per share; and Erling Sveta, VP of Finance, exercised 640,000 subscription rights and acquired the corresponding number of shares at a price of NOK 1.96 per share.

Following the annual general meeting of IDEX on 12 May 2015, chairman Morten Opstad and board members Hanne Høvding and Andrew James MacLeod elected to receive part or full board remuneration in shares. Mr. Opstad acquired 22,031 shares at NOK 0.15 per share instead of NOK 100,000 of his cash board remuneration. Ms. Høvding acquired 49,569 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 225,000. Mr. MacLeod acquired 66,092 shares at NOK 0.15 per share instead of receiving a cash board remuneration of NOK 300,000.

The board resolved on 24 February 2015 to grant 750,000 incentive subscription rights (SRs) at exercise price NOK 5.08 per share to Art Stewart, SVP Product Management, and on 13 October 2015 350,000 SRs at exercise price NOK 8.11 per share to Anthony Sweeney, SVP Engineering. The grants were made under the company's 2014 and 2015 incentive subscription rights plans as resolved at the annual general meetings on 7 May 2014 and 12 May 2015 respectively.

Robert N. Keith assists IDEX in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith's fee for his services amounts to NOK 2.0 million per year.

Charles Street International Ltd, which is a shareholder in IDEX, earned fees amounting to NOK 14.9 million, paid partly in shares, for providing services to IDEX in 2015.

There were no overdue open items with related parties at the end of 2015 or 2014. See also note 17.

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

The parent company purchases various services from the subsidiaries IDEX America and IDEX UK 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. The parent company has injected equity in IDEX China. IDEX China is using its equity to fund its activities. See note 17.

Amounts in NOK 1,000	IDEX ASA's cost of services from subsidiaries		Interest-income to IDEX ASA from subsidiaries	
	2015	2014	2015	2014
Intra-group transactions				
IDEX America Inc.	78 782	42 956	78	0
IDEX Holding Company Inc.	0	1	0	0
IDEX Biometrics UK Ltd.	7 405	342	6	0
Total	86 187	43 308	84	0

There were no overdue payables between any of the group companies at the end of 2015 or 2014.

8. Income tax expense

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2014	2014
Specification of the tax expense for the year				
Payable taxes on the result of the year	541	563	0	0
Change in deferred tax asset/liability	0	0	0	0
Tax expense on net result	541	563	0	0

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
Computation of taxes payable for the year				
Net result before taxes	(228 290)	(122 544)	(231 526)	(125 725)
Permanent differences	(38 494)	(1 757)	(38 494)	(1 757)
Changes in temporary differences	10 730	(8 856)	10 730	(8 856)
Basis for taxes payable	(256 054)	(133 157)	(259 290)	(136 338)

Calculated taxes payable on current year's result in the UK and the USA	541	563	0	0
27 % tax, representing taxes payable on current year's result in Norway	0	0	0	0
Taxes payable on current year's result	541	563	0	0

Amounts in NOK 1,000 IDEX group	Temporary differences		Change in temporary differences	
	31 Dec. 2015	31 Dec. 2014	2015	2014
Temporary differences	(10 072)	658	(10 730)	8 856

IDEX ASA	Temporary differences		Change in temporary differences	
	31 Dec. 2015	31 Dec. 2014	2015	2014
Temporary differences	(10 072)	658	(10 730)	8 856

Amounts in NOK 1,000 Specification of temporary differences	IDEX group		IDEX ASA	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Employer's tax on share-based remuneration	(13 900)	(2 230)	(13 900)	(2 230)
Fixed Assets	3 828	2 888	3 828	2 888
Total	(10 072)	658	(10 072)	658

Amounts in NOK 1,000 Specification of deferred taxes	IDEX group		IDEX ASA	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Losses carried forward	(761 889)	(502 599)	(761 889)	(502 599)
Temporary differences	(10 072)	658	(10 072)	658
Basis for deferred taxes	(771 961)	(501 941)	(771 961)	(501 941)
Calculated deferred tax, 27 % Norway	192 990	135 524	192 990	135 524
Deferred tax asset in the balance sheet	0	0	0	0

Amounts in NOK 1,000 Specification of payable taxes in the balance sheet	IDEX group		IDEX ASA	
	31 Dec. 2015	31 Dec. 2014	31 Dec. 2015	31 Dec. 2014
Taxes payable on this year's result	541	563	0	0
Total taxes payable	541	563	0	0

Amounts in NOK 1,000 Specification of actual tax expense	IDEX group		IDEX ASA	
	2015	2014	2015	2014
Result (loss) before tax	(228 290)	(122 544)	(231 526)	(125 725)
Theoretical tax expense (income), 27 % Norway	(62 512)	(33 946)	(62 512)	(33 946)
Calculated tax expense (income), UK and USA	541	563		
Tax on permanent differences	(10 393)	(474)	(10 393)	(474)
Change in tax rate from 28 % to 27 % in 2013				
Change in deferred tax asset not recognised on 31 December	72 905	34 420	72 905	34 420
Actual tax expense (income)	541	563	0	0

The accumulated deferred tax asset amounting to NOK 193.0 million is virtually entirely related to tax losses carry forward in Norway (2014: NOK 135.5 million). IDEX has not generated taxable profits in prior years. At 31 December 2015 there was not sufficiently convincing evidence that sufficient taxable profit will be generated, against which the unused tax losses could be applied. Consequently, no deferred tax asset has been recognised. There are no restrictions as to how long tax losses may be carried forward.

9. Earnings per share

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

	IDEX group	
	2015	2014
Net profit (loss) for the year (NOK 1,000)	(228 831)	(123 107)
Number of ordinary shares in issue at 31 December	531 009 416	413 488 862
Weighted average basic number of ordinary shares	459 123 063	406 478 449
Weighted average diluted number of shares	471 523 685	419 718 850
Basic and diluted profit (loss) per share in the year (NOK per share)	(0.50)	(0.30)

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	
	2015	2014	2015	2014
<i>Depreciation period (straight line, years)</i>	3, 10 and 17	<i>3, 10 and 17</i>	3, 10 and 17	<i>3, 10 and 17</i>
Cost at 1 January	52 678	23 600	52 678	23 600
Additions	813	29 078	813	29 078
Disposals at cost				
Currency adjustment				
Cost at 31 December	53 491	52 678	53 491	52 678
Accumulated depreciation at 1 January	1 613	403	1 613	403
Depreciation and impairment	4 446	1 210	4 446	1 210
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	6 059	1 613	6 059	1 613
Book value at 31 December	47 432	51 065	47 432	51 065

Goodwill

Goodwill Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
<i>Depreciation period (straight line, years)</i>	not applicable	<i>not applicable</i>	not applicable	<i>not applicable</i>
Cost at 1 January	8 260	8 260	8 260	8 260
Additions				
Disposals at cost				
Currency adjustment				
Cost at 31 December	8 260	8 260	8 260	8 260
Accumulated impairment at 1 January				
Impairment				
Accumulated impairment of disposed items				
Currency adjustment				
Accumulated impairment at 31 December	0	0	0	0
Book value at 31 December	8 260	8 260	8 260	8 260

IDEX acquired assets and intellectual property rights from PicoField Technologies, Inc. on 23 September 2013. The 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 2015. The recoverable amount has been determined based on the fair value of the equity of IDEX, based on the share price at 31 December 2015. The fair value of the equity at 31 December 2015 was NOK 5,602 million, while the book value of equity was NOK 747 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 Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
<i>Depreciation period (straight line, years)</i>	3	<i>3</i>	3	<i>3</i>
Cost at 1 January	788	0	788	0
Additions	813	788	813	788
Disposals at cost				
Currency adjustment				
Cost at 31 December	1 601	788	1 601	788
Accumulated depreciation at 1 January				
Depreciation and impairment	285		285	
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	285	0	285	0
Book value at 31 December	1 316	788	1 316	788

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

Acquired patents Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
<i>Depreciation period (straight line, years)</i>	10, 17	10, 17	10, 17	10, 17
Cost at 1 January	42 450	14 160	42 450	14 160
Additions		28 290		28 290
Disposals at cost				
Currency adjustment				
Cost at 31 December	42 450	42 450	42 450	42 450
Accumulated depreciation at 1 January	1 093	273	1 093	273
Depreciation and impairment	3 771	820	3 771	820
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	4 864	1 093	4 864	1 093
Book value at 31 December	37 586	41 357	37 586	41 357

The assets and intellectual property rights acquired from PicoField on 23 September 2013 and from Roger Bauchspies on 30 December 2014 have been capitalised in accordance with IFRS and is depreciated over the estimated economic useful life, viz. the lifetime of the respective patent(s).

Customer and supplier files and relationships Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
<i>Depreciation period (straight line, years)</i>	3	3	3	3
Cost at 1 January	1 180	1 180	1 180	1 180
Additions				
Disposals at cost				
Currency adjustment				
Cost at 31 December	1 180	1 180	1 180	1 180
Accumulated depreciation at 1 January	520	130	520	130
Depreciation and impairment	390	390	390	390
Accumulated depreciation of disposed items				
Currency adjustment				
Accumulated depr. and impairmt. at 31 December	910	520	910	520
Book value at 31 December	270	660	270	660

Customer files and relationships were acquired from PicoField on 23 September 2013 and depreciate over the estimated economic useful life of 3 years.

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

11. Tangible fixed assets

Amounts in NOK 1,000	IDEX group		IDEX ASA	
	2015	2014	2015	2014
<i>Depreciation period (straight line), years</i>	3-5	3-5	3-5	3-5
Cost at 1 January	8 045	2 407	2 763	1 701
Additions	2 624	4 824	1 494	1 062
Disposals at cost				
Currency adjustment	1 086	814		
Cost at 31 December	11 755	8 045	4 257	2 763
Accumulated depreciation at 1 January	2 457	1 229	1 529	1 088
Depreciation	2 388	1 098	669	441
Accumulated depreciation of disposed items				
Currency adjustment	334	130		
Accumulated depreciation at 31 December	5 179	2 457	2 198	1 529
Book value at 31 December	6 576	5 588	2 059	1 234

Fixed assets at the end of 2015 comprised upgrades, fixtures and fittings of leased facilities and office furniture, personal computers and servers with professional software, and laboratory instruments. Investments in progress amounted to NOK 252 thousand in IDEX group and IDEX ASA (2014: 0 (nil) for the group as well as the parent company).

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.

Amounts in NOK 1,000				Equity
Subsidiaries as at 31 December 2015	Ownership	Share of votes	Net profit 2015	31 Dec. 2015
IDEX Biometrics UK Ltd., England	100 %	100 %	221	249
IDEX Holding Company Inc., Delaware, USA	100 %	100 %	(6)	81
IDEX America Inc., Delaware, USA	100 %	100 %	2 444	4 195
IDEX Electronics (Shanghai) Co., Ltd, P. R. China	100 %	100 %	(1 507)	176

IDEX Biometrics UK Ltd. (IDEX UK) was incorporated on 29 August 2014 and commenced operations in the second half of 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 period 29 August 2014 through 31 December 2015.

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 facility is in Tewksbury, Massachusetts, USA.

IDEX Electronics (Shanghai) Co., Ltd. (IDEX China) was established on 26 June 2015 and commenced activities in the second half of 2015. The company is located in Shanghai.

13. Cash and bank deposits

Cash and bank deposits amounted to NOK 763,716 thousand at the end of 2015 (2014: NOK 227,961 thousand). Of this amount, NOK 3,119 thousand was employees' withheld payroll tax deposits (2014: NOK 1,210 thousand). Only the withheld payroll tax deposits were restricted. Deposits for rent of facilities or utilities have not been included in bank deposits.

Amounts in NOK 1,000	IDEX group	
Cash and bank deposits by currency	31 Dec. 2015	31 Dec. 2014
NOK	749 258	222 687
CNY	134	
GBP	1 656	
USD	12 668	5 274
Total	763 716	227 961

14. Restricted assets

IDEX has placed an amount corresponding to about 6 months' rent and allocations of its leasehold facilities, and 3 months' rent for the CEO's commuter apartment, into escrow accounts for the benefit of the respective landlords. At the end of 2015, the escrow accounts amounted to NOK 1,155 thousand (2014: NOK 1,143 thousand).

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

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

There is one class of shares, and all shares have equal rights and are freely negotiable. There were 531,009,416 shares in the company on 31 December 2015, compared to 413,488,862 shares on 31 December 2014. 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 2015 there were 2,606 shareholder accounts compared to 2,027 at the end of 2014. IDEX does not hold any of its own shares.

Number of shares, warrants		
2015	Warrants	Shares
Balance at 1 January	30 000 000	413 488 862
Private placement and issue of warrants on 29 April	26 250 000	52 500 000
Share issue (board remuneration) on 13 May		137 692
Private placement of shares (in lieu of cash payment) on 2 July		3 150 000
Exercise of warrants 16 November and 4 December	(56 250 000)	56 250 000
Exercises of incentive subscription rights on several dates		5 482 862
Balance at 31 December	0	531 009 416

2014	Warrants	Shares
Balance at 1 January	0	344 707 732
Private placement on 29 January	30 000 000	60 000 000
Private placement on 20 March		2 400 000
Share issue (board remuneration) on 8 May		63 897
Share issue to Roger Bauchspies, resolved 30 December, not issued		500 000
Exercises of incentive subscription rights on 24 February and 2 October		5 817 233
Balance at 31 December	30 000 000	413 488 862

2015:

Funds managed by Woodford Investment Management LLP (Woodford funds) acquired 52,500,000 new shares in IDEX at NOK 5.65 per share on 29 April 2015. The pricing of the shares was based on market prices up to 19 March 2015, when the investment terms were substantially agreed. The share issue was resolved by an extraordinary general meeting on 29 April 2015. In connection with the placement, the funds also received 26,250,000 warrants, each at an exercise price of NOK 8.50. The warrants were open to be exercised 12 months after the date of their issue and would expire 24 months after issue.

IDEX issued 3,150,000 shares at NOK 5.65 per share on 2 July 2015 to settle a payable amounting to NOK 17.8 million. 1,050,000 shares are restricted for six months and 1,050,000 shares are restricted for 12 months. The shares were issued under the authorisation to the board to issue shares, resolved by the annual general meeting on 12 May 2015. The board chose to apply the existing shareholders' waiver of their preemptive right to subscribe for shares because the share issue settled a payable debt related to the private placement of shares to the Woodford funds.

Funds managed by Invesco Asset Management Limited exercised 30,000,000 warrants at NOK 7.50 per share on 16 November 2015. The Woodford funds exercised 26,250,000 warrants at NOK 8.50 per share on 4 December 2015.

Several employees exercised vested incentive subscription rights on several occasions in 2015, in a combined total of 5,482,862 shares at average price NOK 1.50 per share.

Costs related to share issues have been charged against equity, and amounted to NOK 46,452 thousand in 2015.

2014:

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

IDEX issued 2,400,000 shares at NOK 5.00 per share on 20 March 2014 to settle a payable amounting to NOK 12.0 million. 800,000 shares are restricted for six months and 800,000 shares are restricted for 12 months. The shares were issued under the authorisation to the board to issue shares, resolved by the annual general meeting on 16 May 2013. The board chose to apply the existing shareholders' waiver of their preemptive right to subscribe for shares because the share issue settled a payable debt related to the private placement of shares to the Invesco funds.

In connection with the acquisition of patents and other IP from Roger Bauchspies on 30 December 2014, the board resolved a private placement of 500,000 new shares to Roger Bauchspies. The shares were issued at a subscription price equal to the par value per share of NOK 0.15, and are restricted on agreed terms. The subscription amount was paid and the shares were issued in January 2015. The fair value of the work for the share discount has been expensed in R&D with a corresponding injection of other equity amounting to NOK 1,300 thousand.

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

Costs related to share issues have been charged against equity, and amounted to NOK 13,226 thousand in 2014.

Shareholders registered at 31 December 2015	Number of shares	Percent of shares
Sundvall Holding AS	62 968 417	11.9 %
Invesco Perpetual High Income Fund	53 228 391	10.0 %
The Northern Trust Company (nominee)	48 800 054	9.2 %
Charles Street International Ltd	38 157 236	7.2 %
The Bank of New York Mellon SA/NV (nominee)	36 791 618	6.9 %
Euroclear Bank S.A./N.V. (nominee)	33 891 379	6.4 %
The Northern Trust Company Re UKDP (nominee)	28 927 688	5.4 %
The Northern Trust Company (nominee)	17 568 975	3.3 %
Colargol Invest AS	15 875 318	3.0 %
Smart Riches Ltd (World Wide Touch Technology (Holdings) Ltd) (continues)	13 613 617	2.6 %

Shareholders registered at 31 December 2015 (continued)	Number of shares	Percent of shares
Alden AS	7 472 808	1.4 %
Commerzbank AG	6 658 327	1.3 %
Statoil Pensjon	6 270 091	1.2 %
Dukat AS	6 225 000	1.2 %
Six Sis AG (nominee)	5 885 102	1.1 %
Skandinaviske Enskilda banken AB	5 400 869	1.0 %
MP Pensjon PK	4 770 680	0.9 %
Marc O'Polo Norge AS	4 613 148	0.9 %
KLP Aksjenorge Indeks	4 121 622	0.8 %
Giant Leap International Ltd	3 383 802	0.6 %
Others	126 385 274	23.8 %
Total	531 009 416	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 primary insiders and their close relations	31 December 2015		31 December 2014	
	Shares	Incentive subscr. rights	Shares	Incentive subscr. rights
Morten Opstad, chairman	6 889 196	0	6 867 165	0
Lawrence John Ciaccia, board member(*)	0	500 000	na	na
Deborah Lee Davis	0	0	na	na
Frode Haugli, board member	na	na	176 366	0
Hanne Høvdning, board member	317 575	0	241 474	26 532
Andrew James MacLeod, board member	379 092	0	56 000	0
Toril Nag, board member	na	na	0	0
Hemant Mardia, CEO(**)	265 625	6 500 000	265 625	7 000 000
Fred Benkley, CTO	0	850 000	na	na
Ralph W. Bernstein, CTO	na	na	681 799	2 000 000
Henrik Knudtzon, CFO	0	1 500 000	0	1 500 000
Preeti Mardia, SVP Operations(**)	0	500 000	na	na
Art Stewart, SVP Product Management	0	750 000	na	na
Erling Svela, VP Finance	203 167	0	26 667	640 000
Anthony Sweeney, SVP Engineering	0	350 000	na	na
Kristian Wiermyhr, VP Sales and Strategy	na	na	3 762 235	3 000 000
Total	8 054 655	10 950 000	12 077 331	14 166 532

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

*: The incentive subscription rights were granted to Lawrence John Ciaccia before he was elected board member and in his capacity of paid consultant to IDEX.

** : Preeti Mardia and Hemant Mardia are spouses and thus close relations. In the 2015 column, only their individual holdings are listed in order to avoid double counting.

IDEX has the practice of revolving its incentive subscription rights programme at each annual general meeting, when the preceding programme is closed for further grants and a new programme opened. In 2015 the board granted incentive subscription rights to employees and individual contractors under the 2014 programme i the period 1 January-11 May 2015, and made grants under the 2015 programme in the period 12 May-31 December 2015.

Under the 2015 subscription rights-based incentive programme resolved by the annual general meeting on 12 May 2015, the board may grant up to 46,912,022 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 12 months after the date of the grant. The subscription rights lapse on the fifth anniversary after the annual general meeting that resolved the programme. Grants under programmes for prior years have similar pricing rule, vesting schedule and duration. Unvested subscription rights terminate on the holder's last day of employment. Vested subscription rights may be exercised up to 90 days after the holder's last day of employment. There are no cash settlement alternatives.

	2015		2014	
	Number of subscr. rights	Weighted average exercise price	Number of subscr. rights	Weighted average exercise price
Incentive subscription rights				
Outstanding at 1 January	26 460 362	2.88	28 186 318	1.93
Granted	2 285 000	6.49	5 700 000	5.48
Exercised	(5 482 862)	1.50	(5 817 206)	1.13
Forfeited	(817 500)	5.62	(1 608 750)	1.63
Expired	(225 000)	5.20	0	
Outstanding at 31 December	22 220 000	3.48	26 460 362	2.88
Number which were exercisable at 31 December	11 395 000	2.83	10 652 737	2.14
Weighted average fair value of subscription rights granted in the year	2 365 000	3.06	6 450 000	2.46

The fair value for the subscription rights granted in the year has been calculated by use of the Black & Scholes option pricing model applying the following assumptions applied in 2015:

- Exercise price NOK 5.08-9.85 per share, weighted average NOK 6.49 per share
- Weighted average actual share price at date of grant NOK 6.50 per share
- Duration up to 4.8 years, weighted average 3.3 years
- Volatility of share price based on share price history 78-60 per cent
- Weighted average risk free interest rate of 0.8 per cent
- No expected dividend payment
- Actual population of subscription rights holders, no attrition

Incentive subscription rights held by primary insiders, employees and contractors at 31 December 2015				
	Grant date	Expiry date	Number of subscr. rights	Exercise price NOK
Lawrence John Ciaccia, board member(*)	12 Nov. 2013	16 May 2018	500 000	4.76
Hemant Mardia, CEO	28 Feb. 2013	15 May 2017	1 000 000	1.23
	6 May 2013	15 May 2017	4 000 000	1.80
	15 Sep. 2014	7 May 2019	1 500 000	4.45
Fred Benkley, CTO	23 Sep. 2013	23 Sep. 2017	500 000	4.67
	15 Sep. 2014	7 May 2019	350 000	4.45
Henrik Knudtzon, CFO	1 Apr. 2014	16 May 2018	1 500 000	7.03
Preeti Mardia, SVP Operations	10 Dec. 2013	15 May 2017	500 000	5.24
Art Stewart, SVP Product Management	24 Feb. 2015	7 May 2019	750 000	5.08
Anthony Sweeney, SVP Engineering	13 Oct. 2015	12 May 2020	350 000	8.11
Other employees and contractors	30 Aug. 2012	15 May 2017	375 000	1.00
	30 Aug. 2012	15 May 2017	1 125 000	1.30
	9 Jan. 2013	15 May 2017	937 500	1.00
	9 Jan. 2013	15 May 2017	1 137 500	1.30
	28 Feb. 2013	15 May 2017	2 000 000	1.23
	6 May 2013	15 May 2017	600 000	1.80
	13 Aug. 2013	16 May 2018	100 000	4.07
	23 Sep. 2013	16 May 2018	1 000 000	4.67
	4 Oct. 2013	16 May 2018	1 200 000	5.42
	10 Dec. 2013	16 May 2018	140 000	5.24
	20 Jan. 2014	16 May 2018	70 000	6.70
	1 Apr. 2014	16 May 2018	285 000	7.03
	17 Jun. 2014	7 May 2019	550 000	5.83
	15 Sep. 2014	7 May 2019	350 000	4.45
	14 Nov. 2014	7 May 2019	310 000	3.60
24 Feb. 2015	7 May 2019	240 000	5.08	
16 Apr. 2015	7 May 2019	540 000	6.49	
11 May 2015	7 May 2019	10 000	6.04	
11 Aug. 2015	12 May 2020	130 000	9.85	
4 Dec. 2015	12 May 2020	170 000	9.23	
Total			22 220 000	3.48

*: The incentive subscription rights were granted to Lawrence John Ciaccia before he was elected board member and in his capacity of paid consultant to IDEX.

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 2015 have been included below. The authorisations were resolved at the annual general meeting 2015 and are valid until the annual general meeting 2016 but no longer than 30 June 2016. The combined issue under both authorisations may not exceed 41,238,371 shares.

Purpose of the authorisation	Authorised number of shares	Issued number of shares
Private placement of shares to raise additional capital	46 912 022	3 150 000
Issue of shares in a rights issue to raise additional capital	46 912 022	0

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

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

IDEX group and IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Long-term receivables	1 155	0	0	0	0

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

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		IDEX China CNY	IDEX UK EUR	IDEX America GBP	USD
Long-term loans to grp. co.s	11 923	0	0	791	11 132

IDEX group and IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Customer receivables					
Due in less than 3 months	254		26		228
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	254	0	26	0	228

No receivables were overdue and there were no accruals for losses or potential losses at the end of 2015 or 2014.

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Short-term receivables from group companies					
Due in less than 3 months	2 620			417	2 203
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	2 620	0	0	417	2 203

IDEX group Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Other short-term receivables					
Due in less than 3 months	1 319		608		61
Due in 3-6 months	0				
Due in 6-12 months	3 000				
Total	4 319	0	608	0	61

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Other short-term receivables					
Due in less than 3 months	1 303		608		45
Due in 3-6 months	0				
Due in 6-12 months	3 000				
Total	4 303	0	608	0	45

No receivables were overdue and there were no accruals for losses or potential losses at the end of 2015 or 2014.

IDEX group and IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Long-term payables	9 445	0	0	0	9 445

The payable relates to the acquisition of IP from Roger Bauchspies in 2014, and is held at net present value (rate 12 per cent p.a.).

IDEX group Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Accounts payable					
Due in less than 3 months	17 755		2 919	124	4 887
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	17 755	0	2 919	124	4 887

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Accounts payable					
Due in less than 3 months	15 724		2 919	36	2 944
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	15 724	0	2 919	36	2 944

No payables were overdue without reason at the end of 2015 or 2014.

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Payables to group companies					
Due in less than 3 months	8 735		0	469	8 266
Due in 3-6 months	0				
Due in 6-12 months	0				
Total	8 735	0	0	469	8 266

The estimated employer's tax liability related to share-based remuneration which on 31 December 2015 amounted to NOK 13,900 thousand for the IDEX group as well as IDEX ASA, will be due only if and when the incentive subscription rights are exercised.

IDEX group Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Other short-term liabilities					
Due in less than 3 months	25 620	40		431	9 961
Due in 3-6 months	3 245				
Due in 6-12 months	3 584				3 584
Total	32 449	40	0	431	13 545

IDEX ASA Amounts in NOK 1,000	31 Dec. 2015 Total in NOK	NOK equivalent of amounts denominated in foreign currency			
		CNY	EUR	GBP	USD
Other short-term liabilities					
Due in less than 3 months	19 941				4 753
Due in 3-6 months	3 245				
Due in 6-12 months	3 584				3 584
Total	26 770	0	0	0	8 337

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 financial obligations at the end of 2015. The parent company's leasehold agreement for offices at Fornebu, ends in January 2017. IDEX America rents offices in Tewksbury, Massachusetts. The leasehold agreement ends in August 2017. IDEX China rents offices in Shanghai. The leasehold agreement ends in June 2017. The leasehold costs in 2015 amounted to NOK 3,950 thousand for the group including NOK 2,181 thousand for IDEX ASA (2014: NOK 2,452 thousand and NOK 1,583 thousand respectively).

Amounts in NOK 1,000

Minimum future lease/rental payments	IDEX group	IDEX ASA
Not later than one year	4 281	1 993
Later than one year and not later than five years	1 666	222
Later than five years	0	0

IDEX had no contingent assets or liabilities at the end of 2015 or 2014.

18. Inventory

Inventory, consisting mainly of fingerprint sensors which are manufactured for sale, is held at cost, which is less than recoverable value. An impairment charge amounting to NOK 7,916 thousand was made in 2015 (2014: No impairment charges). Inventoried third-party algorithm licences were written off because IDEX plans to use other algorithms.

19. Events after 31 December 2015

The board resolved on 26 February 2016 to issue a total of 912,500 shares to employees who had exercised incentive subscription rights which were granted in 2013 under the company's 2012 incentive subscription rights plan. The weighted average exercise price was NOK 1.47 per share. The board resolved on the same day to grant 2,475,000 incentive subscription rights (SRs) to employees and a service provider of the company. The grant was made under the 2015 incentive subscription rights plan as resolved at the annual general meeting on 12 May 2015. The exercise price of the SRs was NOK 8.10 per share. 25 per cent of 1,975,000 SRs vest on each anniversary from the date of the grant. 25 per cent of 500,000 SRs vest at grant and thereafter 25 per cent on each anniversary from the date of grant. All the SRs granted under the 2015 programme will expire on 12 May 2020. Following the exercise and grant there are 531,921,916 shares and 23,782,500 incentive subscription rights outstanding.

Between 31 December 2015 and the resolution of these annual financial statements, there have not been any events which have had any noticeable impact on IDEX's result in 2015 or the value of the group's assets and liabilities at 31 December 2015.

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 2015.

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.

London, 20 April 2016
The board of directors of IDEX ASA



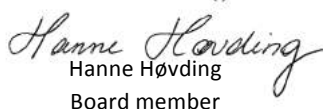
Morten Opstad
Chairman



Lawrence John Ciaccia
Board member



Deborah Lee Davis
Board member



Hanne Høvdig
Board member



Andrew James MacLeod
Board member



Hemant Mardia
CEO

Auditor's report



Statsautoriserte revisorer
Ernst & Young AS

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To the Annual Shareholders' Meeting of
IDEX ASA

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of IDEX ASA, comprising the financial statements for the Parent Company and the Group. The financial statements of the Parent Company and the Group comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, cash flows and changes in equity for the year then ended as well as a summary of significant accounting policies and other explanatory information.

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

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of IDEX ASA have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Parent Company and the Group as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Report on other legal and regulatory requirements

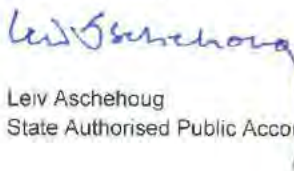
Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

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

Opinion on registration and documentation

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

Oslo, 20 April 2016
ERNST & YOUNG AS



Leiv Aschehoug
State Authorised Public Accountant (Norway)

Articles of association

English version, office translation for information purposes.

ARTICLES OF ASSOCIATION OF IDEX ASA
Corp.ID. no. NO 976 846 923 VAT
(last amended on 26 February 2016)

- § 1 The name of the company is IDEX ASA and it is a public limited company.
- § 2 The objective of the company is to deliver computer-based identification systems and other related activities.
- § 3 The business offices are in the Bærum municipality, Norway.
- § 4 The company's shares shall be registered in the Norwegian Registry of Securities.
- § 5 The share capital is NOK 79,788,287.40 divided into 531,921,916 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 3 to 7 members.
- § 7 The ordinary general meeting shall consider and resolve:
- Determination of the profit and loss account and balance sheet
 - Appropriation of (net) profit or covering of losses
 - Election of board and determination of board remuneration
 - Election of chairman and members of the nomination committee, and determination of remuneration to the members of the nomination committee
 - Election of auditor and determination of auditor's remuneration
 - Other matters which are governed by law
 - Other matters which are mentioned in the notice of the meeting
- § 8 a. IDEX shall have a nomination committee. The nomination committee shall have three members, including a chairman. Members of the nomination committee shall be elected by the Annual General Meeting for a term of two years.
- b. The nomination committee shall:
- Propose candidates for election to the Board of Directors
 - Propose the remuneration to be paid to the Board members
 - Propose candidates for election to the nomination committee
 - Propose the remuneration to be paid to the nomination committee members
- c. The guidelines for the nomination committee shall be resolved by the general meeting.
- § 9 Documents which timely have been made available on the Internet site of the company and which deal with matters that are to be considered at the general meeting need not be sent to the company's shareholders.
- § 10 As a general rule, the company's general meetings shall be conducted in Norwegian. The general meeting may however resolve by a simple majority vote that English shall be used.
- § 11 A shareholder who wishes to attend the general meeting, in person or by proxy, shall notify his/her attendance to the company no later than 2 days prior to the general meeting. If the shareholder does not notify the company of his/her attendance in a timely manner, the company may deny him/her access to the general meeting.

Corporate governance

Update resolved by the board of directors of IDEX ASA on 4 December 2015.

This statement outlines the position of IDEX ASA ("IDEX" or "the Company") in relation to the recommendations contained in the Norwegian Code of Practice for Corporate Governance dated 30 October 2014 ("the Code"). The Code is publicly available at www.nues.no and from Oslo Børs. In the following, the board of directors will address each recommendation of the Code and identify any areas where the Company does not fully comply with the recommendations and explain the underlying reasons for the deviations and any compensating measures where applicable.

1. Implementation and reporting on corporate governance

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

The board considers that in the present organisation the board and the management have adequate monitoring and control systems in place to ensure insight in and control over the activities.

The board has resolved ethical guidelines which apply to all employees, consultants and contractors as well as the elected board members. The ethical guidelines also incorporate the Company's guidelines on corporate social responsibility.

2. IDEX's business

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

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

3. Equity and dividends

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

In the past, the Company has on several occasions been in need of raising equity to fund its activities. All significant share issues or private placements have each been resolved by the shareholders at extraordinary general meetings. The board has proposed to the general meeting only reasonable open authorisations for share issues and moderate incentive schemes. Such board authorisations have explicitly stated the type and purposes of transactions in which the authorisations may be applied. Proposed authorisations to issue shares have been considered and voted separately by each type and purpose. The board authorisations to issue shares have been valid until the next annual general meeting, as recommended by the Code. The proposals have been approved by the shareholders.

The Company has not had in place any authorisation to the board to acquire own shares. As and when such authorisation should be adopted, the board will propose that the length of the authorisation be limited to a period ending at the next annual general meeting of shareholders.

IDEX has not as yet declared or paid any dividends on its shares. The Company does not anticipate paying any cash dividends on its shares in the next few years. IDEX intends to retain future earnings, if any, to finance operations and the expansion of its business. Any future decision to pay dividends will be based on a dividend policy to be instituted in due course, which policy will reflect the Company's financial condition, results of operation and capital requirements.

4. Equal treatment of shareholders and transactions with close associates

The Company places great emphasis on ensuring equal treatment of its shareholders. The Company has one class of shares. There are no trading restrictions or limitations relating only to non-residents of Norway under the articles of association of the Company. Each share carries one vote. There are no restrictions on voting rights of the shares.

In the authorisations to issue new shares where the shareholders resolve to waive the preemptive rights of existing shareholders, the rationale for doing so shall be included as part of the decision material presented to the general

meeting. If and when such transactions are conducted, the justification will also be included in the announcements to the market.

All related-party transactions, whether completed, in effect or future, have been and will be carried out on arm's length basis. Any not immaterial future related-party transactions shall be subject to an independent third-party valuation unless the transaction by law requires shareholder approval. The Company takes legal and financial advice on these matters when relevant.

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

Members of the board and the management are obliged to notify the board if they have any material direct or indirect interest in any transaction contemplated or entered into by the Company.

5. *Freely negotiable shares*

All shares are freely assignable. The articles of association do not contain any restrictions on the shares.

6. *General meetings*

The general meeting of shareholders provides a forum for shareholders to raise issues with the board. To the maximum degree possible, all members of the board shall be present at the general meeting. The Company's CEO and the auditor shall also be present at the general meeting. The shareholders elect a person to chair the general meeting. The board will arrange for an independent candidate if so requested by shareholders. Notice of a meeting of the shareholders shall be sent in a timely manner, and the Company shall issue the notice and documents for a general meeting, including the proxy form, no later than 21 days before the date of the general meeting. Foreign residents will receive the notice and any documents in English.

The general meeting has included in the articles of association of the Company that documents which deal with matters that are to be handled at the general meeting need not be sent to the Company's shareholders if the documents timely have been made available on the Internet site of the Company.

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

The notice will also provide information on the procedures shareholders must observe in order to participate in and vote at the general meeting. Shareholders who are unable to attend in person will be provided the option to vote by proxy in favour or against each of the board's proposals. The notice shall contain a proxy form as well as information of the procedure for proxy representation. The company has not included electronic voting or advance votes in the articles of association because there are as yet no reliable systems or practices for such voting. At the meeting, votes shall be cast separately on each subject and for each office/candidate in the elections. Consequently, the proxy form shall to the extent possible, facilitate separate voting instructions on each subject and on each office/candidate in the elections. The notice, as well as the Company's website, will set out that the shareholders have the right to propose resolutions in respect of matters to be dealt with at the general meeting.

7. *Nomination committee*

The nomination committee is implemented in the company's articles of association. The mandate for the nomination committee has been resolved by the annual general meeting. The mandate is compliant to the current version of the Code. The annual general meeting elects the chairman and two committee members. No current board member or IDEX executive is a member of the nomination committee. The current chairman of the nomination committee was formerly a board member of the company.

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

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

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

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

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

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

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

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

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

9. The work of the board of directors

The division of responsibility and duties between the board and the managing director is based on applicable laws and well-established practices, which have been formalized in writing through board instructions in accordance with the Norwegian Public Limited Companies Act. The board instructions also set out the number of scheduled board meetings per year and the procedures in connection with the board's work and meetings.

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

The board instructions list inter alia the following responsibilities:

- Issue interim and annual financial statements and other statutory reports;
- Issue notice of the annual general meeting;
- Resolve the annual plan and budget, including capital expenditure budget;
- Resolve investment in and disposals of subsidiaries and associated companies, and in real estate;
- Resolve and issue guarantees and other commitments and the pledging of assets;
- Resolve customer related or revenue generating agreements as well as other agreements and activities which are significant and would be expected to have a significant impact on the company's results and financial position; and
- Determine whether legal proceedings should be commenced or settled.

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

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

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

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

10. Risk management and internal control

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

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

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

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

The board has adopted an insider manual with ancillary documents. The insider manual is intended to ensure that, among other things, trading in the Company's shares by board members, executives and/or employees, including close relations to the aforementioned, are conducted in accordance with applicable laws and regulations.

11. Remuneration of the board of directors

A reasonable cash remuneration to the board members for their services from the annual general meeting in 2014 until the annual general meeting in 2015 was proposed to and resolved at the annual general meeting 2015. To lessen the cash outflow and stimulate shareholding among the board members, the annual general meeting granted an option for the board members to receive the remuneration partly or fully in kind in the form of shares. Three of the board members took up this option in 2015. Amount details are disclosed in the financial statements. The nomination committee shall propose board remuneration for the period between the annual general meetings of 2015 and 2016.

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

Larry Ciaccia, who was elected board member at the annual general meeting on 12 May 2015, served on IDEX's nomination committee 2014-2015, for which service the annual general meeting 2015 resolved the remuneration. Mr. Ciaccia has served on IDEX's Strategy Advisory Committee (SAC) since January 2014 and continues his tenure on the SAC, for which he is remunerated separately. Mr. Ciaccia also provides consulting services to IDEX for a fixed fee annual fee. The fees to Mr. Ciaccia are disclosed in the financial statements.

Any board member performing work for the Company beyond the board duty shall ensure that such assignments do not in any way affect or interfere with proper performance of the fiduciary duties as a board member. Moreover, the board, without the participation of the interested member, shall approve the terms and conditions of such arrangements. Adequate information about the remuneration shall be disclosed in the annual financial statements.

12. Remuneration to the management

IDEX offers market-based compensation packages for the executives and employees in order to attract and retain the competence which the Company needs. The exercise price for any subscription rights is in line with the share price at the time of the grant. The subscription rights vest in tranches over four years unless a special vesting schedule is deemed

appropriate by the board and resolved upon grant. No so-called golden parachutes are in effect, and post-employment pay will only apply in case the Company invokes contractual non-competition clauses.

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

At the annual general meeting, the board will present to the shareholders a statement of remuneration to senior managers in a separate document attached to the notice of the annual general meeting. The statement shall clearly state which aspects of the guidelines are advisory and which are binding, and the general meeting will resolve the aspects separately. The resolution by the annual general meeting is binding to the extent it relates to share-based compensation, and advisory in other aspects.

13. Information and communications

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

The board has adopted the following policies:

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

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

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

14. Take-overs

There are no takeover defence mechanisms in place. The board will endeavour that shareholder value is maximised and that all shareholders are treated equally. The board acknowledges its duty to not obstruct take-over bids and to not discourage or hinder competing bids. Any agreement with a bidder that acts to limit the company's ability to arrange other bids should only be entered into where it is self-evident that such an agreement is in the common best interest of the company and its shareholders. The board will avoid compensation to a bidder whose bid does not complete, and limit such compensation to the costs the bidder has incurred in making the bid. The board shall otherwise ensure full compliance with section 14 of the Code.

15. Auditor

IDEX's auditor is fully independent of the Company. IDEX represents a minimal share of the auditor's business. IDEX does not obtain business or tax planning advice from its auditor. The auditor may provide certain technical and clerical services in connection with the preparation of the annual tax return and other secondary reports, for which IDEX assumes full responsibility.

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

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

Board of directors

There are presently five board members including the chairman. At the annual general meeting 2015, Chairman Morten Opstad and board member Hanne Høvding were re-elected and Lawrence John (Larry) Ciaccia and Deborah Lee Davis were elected to board members for a period of two years. Board member Andrew James (Andy) MacLeod continued for the second year of his term and will stand for election at the annual general meeting in 2016. 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 nine meetings, of which three were held by telephone conference, in the period after the annual general meeting on 12 May 2015 and until and including 20 April 2016.

Morten Opstad, Chairman

Mr. Opstad has served as chairman of the board in IDEX since 1997. Mr. Opstad is a partner and chairman of the board in Advokatfirma Ræder DA in Oslo. He has rendered legal assistance with respect to establishing and organising several technology and innovation companies. His directorships include inter alia current board positions in Thin Film Electronics ASA (chairman) and cXense AS (chairman). Mr. Opstad has a legal degree (Cand.Jur.) from the University of Oslo from 1979. He was admitted to the Norwegian Bar Association in 1986. Mr. Opstad was born in 1953 and is a Norwegian citizen. He resides and works in Oslo. Mr. Opstad attended all of the board meetings in the period. As at 20 April 2016 Mr. Opstad and close relations held or controlled 6,889,196 shares and 0 (nil) rights to shares in IDEX.

Lawrence John (Larry) Ciaccia, Board member

Mr. Ciaccia was elected board member at the annual general meeting 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 20 April 2016 Mr. Ciaccia held 0 (nil) shares and 500,000 subscription rights to shares in IDEX.

Deborah Lee Davis, Board member

Ms. Davis was elected board member at the annual general meeting 2015. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Davis has more than 25 years of technology (software, telecommunications) and Internet (payments/financial services & retail) company experience, with 14 years in European and global vice president roles at PayPal, eBay, Verizon and Symantec. She holds non-executive director positions at Which?, Intelligent Environments and is an active trustee of SATIB Conservation Trust. Ms. Davis is a Member of the Institute of Company Directors, UK and holds a Bachelor of Applied Science (Electronics) Honours degree from the University of Melbourne and a Sloan Masters in Science (Management) with Distinction from London Business School. Ms. Davis was born in 1963 and is a dual citizen of the UK and Australia and splits her time across UK, Africa and the Far East. Ms. Davis attended all of the board meetings in the period. Ms. Davis does not hold shares or rights to shares in IDEX.

Hanne Høvding, Board member

Ms. Høvding has served on the board of IDEX since 2007. She is independent of the company's executive management, material business contacts and the company's larger shareholders. Ms. Høvding has a Bachelor's Degree in Economics and Business Administration from the Norwegian School of Economics and Business Administration. In her professional career Ms. Høvding has held several management positions within personnel administration, finance, credit card administration and debt collection. Ms. Høvding was born in 1954. She is a Norwegian citizen and resides and works in Oslo. Ms. Høvding attended all but one of the board meetings in the period. As at 20 April 2016 Ms. Høvding held 317,575 shares and 0 (nil) rights to shares in IDEX.

Andrew James (Andy) MacLeod, Board member

Mr. MacLeod was elected to the board of IDEX in May 2014. He is independent of the company's executive management, material business contacts and the company's larger shareholders. Mr. MacLeod is CTO for Vodafone plc.'s Africa, Middle East and Asia-Pacific region. Previously, Mr. MacLeod was Group Chief Networks Officer at Vodafone. He is a Fellow of the Royal Academy of Engineering and a Chartered Engineer (metals materials and mining), holds an MBA from Warwick Business School and an MA in Materials Science from Keble College, Oxford University. He has since the early 1990's held CEO, COO and CTO positions at major telecommunication companies. He is a board member of Vodafone Australia and Indus. Mr. MacLeod was born in 1957, is a British Citizen and resides in Winchester, England. Mr. MacLeod attended all but one of the board meetings in the period. As at 20 April 2016 Mr. MacLeod held 379,092 shares and 500,000 subscription rights to shares in IDEX.

Management

Hemant Mardia, Managing Director/CEO

Dr. Mardia serves as Managing Director of IDEX and CEO for the group. He joined IDEX as Managing Director/CEO in 2013. In 2012-2013, Dr. Mardia was President of Axxcss Wireless Ltd., a subsidiary of the Moseley Wireless Group. He was formerly CEO of Filtronic Plc, a London Stock Exchange listed business in the telecoms sector, for five years, and his prior career includes various management roles in telecoms, security and defense equipment companies. Dr. Mardia holds a Ph.D in electronics. Dr. Mardia was born in 1961. He is a British citizen and resides in England and Oslo. As at 20 April 2016 Dr. Mardia held 265,625 shares and 7,500,000 subscription rights to shares in IDEX.

Fred Benkley, Chief Technology Officer, IDEX America

Mr. Benkley has served as Chief Technology Officer at IDEX America Inc. since 2013. He has over 30 years of experience in the semiconductor technology and biometrics industries. Mr. Benkley founded Picofield Technologies in 2010, which company's technology was acquired by IDEX in 2013. Mr. Benkley founded Validity Sensors in 2002 and Metro Engineering prior. Mr. Benkley holds a B.S. in Electrical Engineering from Northeastern University. Mr. Benkley was born in 1957, is a US citizen and resides in Massachusetts, USA. As at 20 April 2016 Mr. Benkley held 0 (nil) shares and 850,000 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 20 April 2016 Mr. Knudtzon held 0 (nil) shares and 1,875,000 subscription rights to shares in IDEX.

Preeti Mardia, Senior Vice President of Operations Management

Mrs. Mardia joined IDEX as Senior Vice President of Operations in 2014. She has varied executive management and operations expertise across semiconductors, telecoms, aerospace, and food industry sectors. Mrs. Mardia previously worked within Moseley Wireless Group and Filtronic Plc as Operations Director. Mrs. Mardia is a board member of Thin Film Electronics ASA. She holds a degree in Food Science & Technology and holds a Masters Degree in Executive Management from Ashridge Executive Education, UK. Mrs. Mardia was born in 1967, is a British citizen and resides in England. As at 20 April 2016 Mrs. Mardia held 0 (nil) shares and 750,000 subscription rights to shares in IDEX.

Art Stewart, Senior Vice President of Product Management

Mr. Stewart joined IDEX in January 2015 as Senior Vice President of Product Management. Following an engineering design background in government communications systems design, Mr. Stewart joined AuthenTec in 2002 where he held various executive positions. Following Apple's acquisition of AuthenTec, Mr. Stewart joined Synaptics, which acquired Validity Sensors. He was appointed to Vice President of Product Management for Synaptics' Biometrics Product Division. Mr. Stewart has been a board representative at the FIDO Alliance, and currently serves on the board of the Biometrics Institute. Mr. Stewart was born in 1956, is a US citizen and resides in Montana, USA. As at 20 April 2016 Mr. Stewart held 0 (nil) shares and 950,000 subscription rights to shares in IDEX.

Erling Svella, Vice President of Finance

Mr. Svella served as IDEX's Chief Financial Officer (CFO) 2008-2014, when he assumed the position of Vice President for Finance. From 2006 until 2011 Mr. Svella was also on part-time basis the CFO of Thin Film Electronics ASA. From 2006 to 2008, he was CFO and corporate vice president in Kitron ASA. Earlier, he worked for Opticom, Elkem, Thorn EMI and Hewlett-Packard. Mr. Svella holds an MSc. in Forest Economy and Management from the Norwegian University of Life Sciences, an MBA from Henley Business School and he is a certified European financial analyst from the Norwegian School of Economics and Business Administration. Mr. Svella was born in 1958. He is a Norwegian citizen and resides in Oslo. As at 20 April 2016 Mr. Svella held 203,167 shares and 0 (nil) rights to shares in IDEX.

Anthony Sweeney, Senior Vice President of Engineering

Mr. Sweeney joined IDEX in September 2015 as Senior Vice President of Engineering. Prior to this role, he was General Manager and VP of Operations at Mercury Systems, Inc. Mr. Sweeney has over 25 years of experience in the semiconductor, defense and aerospace, and mobile infrastructure industries with various management roles including President of AC Executive Solutions, as well as several executive appointments at Endwave Corporation, including Managing Director of Endwave International, Inc. Mr. Sweeney holds an MBA from Boston University, MSEE and BSEE degrees from the University of Massachusetts Amherst, and an Executive Certificate in Strategy and Innovation from the MIT Sloan School. Mr. Sweeney was born in 1967 and resides in New Hampshire, USA. He is a US citizen and holds two US patents. As at 20 April 2016 Mr. Sweeney held 0 (nil) shares and 500,000 subscription rights to shares in IDEX.



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