

## IDEX ASA interim report for the first half of 2015

### Highlights

- Ground-breaking off-chip touch sensors currently being actively sampled by select top-tier mobile customers with positive feedback  
*Volume manufacturing established in partnership with Cypress Semiconductor and AMKOR supporting product competitive advantage*
- Executed commercial agreement with world leading Fortune 500 company in July  
*Will accelerate commercialisation, enable mass production and wide distribution of IDEX's transformational in-glass fingerprint sensor modules*
- Entered into strategic partnership with global payments company  
*Strong validation of the massive market potential in the card market and the joint biometric payment card program will leverage IDEX technology in Cards market*
- Formed collaborative partnership with Nok Nok Labs  
*Combines best-in-class security and fingerprint sensor technologies for superior online security solutions and will strengthen IDEX's ability to supply secure end-to-end online solution*
- Strengthened management team and board of directors  
*Further enhances technological and business expertise across IDEX*
- Private placement of NOK 297 million completed  
*Represents strong recognition from blue chip fund manager and enhances long-term funding*
- Transferred IDEX listing from Oslo Axess to Oslo Børs  
*Traded on the main list from 11 May providing investors enhanced visibility*

### Outlook and key upcoming milestones

- Positive feedback from sampling of new generation off-chip touch sensor and expect to secure design wins in the second half of 2015 with subsequent sensor shipments
- Accelerated commercialisation of best-in-class sensor technology through announced partnerships in mobile and card market
- Begin sampling in-glass sensor in late 2015 enabled through strategic partnership with Fortune 500 company accelerates time-to-market
- The strategic partnership with the global payments company expected to deliver initial trials in the second half of 2015 which should lead to shipments from late 2016
- Expand existing and new partnerships providing established high-volume manufacturing and market channels to exploit identified market opportunities
- IDEX is now positioned to capture significant share of the multi-billion dollar market opportunity for fingerprint sensors based on strong product portfolio and partners

IDEX made significant strides both operationally and financially in the first half of 2015.

#### Sampling of a new generation touch sensor

In March IDEX's partner Cypress Semiconductor (NASDAQ: CY) introduced the TrueTouch® Fingerprint Reader, designed to bring reliable, easy-to-use user authentication to smartphones, tablets, wearables and other mobile devices.

This new generation touch sensor began sampling with top-tier mobile customers towards the end of the second quarter.

#### Strategic partnership with global payments company

In June IDEX announced a strategic partnership with an undisclosed global

payments company for the development of a worldwide biometric payment card programme.

Mass adoption of fingerprint sensors in the mobile market and recent developments of mobile payment applications are changing the paradigm for security and convenience by eliminating PINs and passwords. The biometric card market is an enormous emerging opportunity where cost efficient fingerprint sensors are ideal to provide increased security and user-friendly authentication for payment and identification purposes.

IDEX's unique and patented off-chip technology using a flexible substrate enables a bendable fingerprint sensor that is ideal for smart card integration.

The programme will commence in the second half of 2015.

#### Commercial agreement with Fortune 500 company

In July it was announced that IDEX entered into a strategic partnership with an undisclosed global tier-one company that has a significant presence in the mobile market.

The agreement enables scalable manufacturing and distribution of IDEX technology with the key objective of accelerating adoption and mass commercialisation of IDEX's in-glass fingerprint sensor modules.

The commercial agreement resulted from an undisclosed joint development agreement that the parties entered into in 2014. The identity of the company remains undisclosed for competitive reasons.

At the time the agreement was announced, Dr. Hemant Mardia, CEO of IDEX, commented, "Sensing in glass

is the ultimate solution for mobile OEMs especially for display integration. The durability and the look and feel are much better than conventional sensors, and with IDEX patented technology the biometric performance is also superior."

#### Partnership with Nok Nok Labs

Also in July, IDEX announced a partnership with Nok Nok Labs, an innovator in modern authentication and a founding member of the FIDO Alliance. FIDO is an industry consortium launched in 2013 to revolutionize online security with open standards for simpler, stronger authentication.

IDEX and Nok Nok Labs are collaborating to integrate IDEX's latest generation of high-performance touch-based fingerprint sensors with the Nok Nok Labs S3 Authentication Suite, which will be offered to OEMs as a pre-certified solution.

#### Strengthens management team and board

During the first half, IDEX has continued to build a first-class organization, strengthening both the management team and the board of directors.

Two senior industry experts became part of the management team. Art Stewart, formerly Vice President of Synaptics and Vice President of AuthenTec, joined as Senior Vice President of Product Management. Lunji Qiu joined as General Manager and Vice President of IDEX China. Mr. Qiu comes from the same role at Next Biometrics China and has been General Manager and Vice President for AuthenTec China previously.

At the annual general meeting in May, two new board members were elected.

Deborah Davis has more than 25 years of experience within technology and financial services from companies such as PayPal, eBay, Verizon and Symantec.

Larry Ciaccia, previously the CEO of AuthenTec, played a pivotal role in transforming AuthenTec from an early stage company into the world's leading fingerprint sensor company. AuthenTec was acquired by Apple in 2012. He has been a member of IDEX's Strategy Advisory Council since January 2014.

#### Private placement of shares raising NOK 297 million

On 29 April an extraordinary general meeting approved a private placement of 52,500,000 new shares. At a price of NOK 5.65 per share the investment totalled NOK 297 million. The private placement also included an issue of 26,250,000 warrants.

"We are pleased to secure this significant funding. We believe the investment in IDEX is a strong recognition of the value creation potential of IDEX's fingerprint sensor technology," said Dr. Hemant Mardia, CEO of IDEX.

#### Transferred from Oslo Axess to Oslo Børs

On 11 May, IDEX shares started trading on the main list of the Oslo Stock Exchange.

In 2015 there has been significantly increased interest in IDEX shares. The share price rose by 150 per cent during the first half to close at NOK 6.92 on 30 June. The positive trend continued into the second half, bringing new all-time highs for the share price.

#### Outlook

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

In the short term, our major push is the new generation touch sensor developed with our partner Cypress Semiconductor. This is currently being sampled to select leading mobile customers. The feedback has been very positive, and we expect design wins in the second half of 2015, with shipments thereafter.

Within the mobile market, our partnership with the global tier-one company will accelerate adoption and mass commercialisation of IDEX's in-glass fingerprint sensor modules, which we consider the ultimate solution for the mobile market. Responding to a huge pull for in-glass sensors from mobile OEMs, we expect to be sampling our in-glass fingerprint sensors by the end of 2015.

While mass adoption of fingerprint sensors is being achieved in the mobile market, IDEX is seeing increased interest for payment and ID applications in the smart card market. In the second half of 2015, IDEX and an undisclosed global payments company will commence a worldwide biometric payment card programme.

IDEX expects to continue strengthening the organisation going forward, especially in the USA and the Far East.

The huge commercial opportunities combined with the robust development of both our products and partners and enhanced funding give us confidence that we now have an excellent base from which we can deliver strong growth in a market that will expand strongly over the next 5 years.

**Fornebu, 11 August 2015**

**The board of directors of IDEX ASA**

*A financial narrative and interim financial statements with notes are enclosed.*

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## Interim consolidated financial statements as at 30 June 2015 (Unaudited)

### Profit and loss statements

IDEX earned NOK 83 thousand revenue from product deliveries in the first half of 2015 (Q2: NOK 30 thousand). The revenue in the corresponding period of 2014 amounted to NOK 103 thousand (Q2/2014: NOK 6 thousand), which originated mainly from government support of research and development (R&D) activities. The gross margin in the first half was NOK 20 thousand (Q2: NOK 1 thousand), compared to NOK 103 thousand in the first half of 2014 (Q2/2014: NOK 6 thousand).

The operating expenses in the first half amounted to NOK 95.2 million (Q2: NOK 48.0 million), up from NOK 55.0 million in the same period of 2014 (Q2/2014: NOK 25.0 million). IDEX grew its staff and expanded its operation through 2014 and during the first half of 2015. IDEX is ramping up its operational capacity across all key functions including product development, supply chain, operations and sales, to secure commercialisation of its products. The operating costs increased by NOK 40.2 million. The underlying activity increase amounted to NOK 22.2 million, while share-based compensation increased by NOK 6.5 million and exchange rate increase of the US dollar by nearly 30 per cent caused an increase by NOK 11.5 million when expenses are measured in NOK.

The payroll expenses increased significantly, to NOK 43.1 million in the first half of 2015 (Q2: NOK 17.7 million) compared to NOK 27.4 million in the first half of 2014 (Q2/2014: NOK 11.4 million). The underlying cost of salaries including payroll taxes and other personnel expenses relate to the increased number of employees, and amounted to NOK 29.5 million in the first half of 2015 (Q2: NOK 14.2 million), up from NOK 19.9 million in the first half of 2014 (Q2/2014: NOK 11.8 million). The balance to the reported total payroll expenses is the net effect of the share-based remuneration, the

effect of which varies substantially between quarters. Firstly, the notional cost of incentive subscription rights, including accrued employer's tax, varies with the share price, and may cause a net reversal of cost between quarters. The cost or reversal does not have any cash effect. Secondly, the cash cost of social security due on exercised subscription rights occurs only on exercise. This cost is funded by the proceeds from the exercise. The cost of share-based remuneration in the first half of 2015 was NOK 14.0 million, compared to NOK 7.5 million in the first half of 2014.

R&D expenses amounted to NOK 41.8 million in the first half (Q2: NOK 25.4 million), up from NOK 20.3 million in the first half of 2014 (Q2/2014: NOK 9.8 million). The increase in activity level relates to product development and industrialisation of fingerprint sensors, core technology and new sensor materials (glass).

Other operating expenses amounted to NOK 10.3 million in the first half of 2015 (Q2: NOK 4.9 million), compared to NOK 7.3 million in the first half of 2014 (Q2/2014: NOK 3.9 million). The main reason for the increase is expanded sales and marketing activities.

The total staff of employees and ongoing individual contractors was 66 at 30 June 2015, up from 43 one year ago and 55 at the end of the first quarter 2015. IDEX had 47 employees at 30 June 2015, and 14 technical/scientific individual contractors work full time or regularly as part of the development team. Five sales representatives and field engineers work on contract.

Depreciation amounted to NOK 3.3 million in the first half of 2015 (Q2: NOK 1.6 million), more than three times the depreciation in the first half of 2014, which amounted to NOK 1.0 million, (Q2/2014: NOK 0.5 million). The in-

crease was mainly caused by the purchase of patents and other IP on 30 December 2014, which depreciates over 9.5 years. NOK 2.1 million was invested in scientific equipment and engineering tools in the first half, the same level as in the first half of 2014.

EBIT in the quarter amounted to a loss of NOK 98.4 million (Q2: NOK 49.6 million), compared to a loss of NOK 55.8 million in the first half of 2014 (Q2/2014: NOK 25.5 million). The increased loss year-on-year was caused by major step-up in R&D activities, staff additions, the effect of share-based remuneration and the appreciation of the US dollar (USD) against the Norwegian Krone (NOK).

Financial items amounted to a net cost of NOK 0.6 million in the first half (Q2: net income of NOK 0.2 million), compared to an income of NOK 2.5 million in the first half of 2014 (Q2/2014: NOK 1.9 million). Net interest income was NOK 1.6 million (Q2: NOK 1.0 million), while net foreign exchange loss, mainly related to USD payables and debt, amounted to NOK 2.2 million (Q2: NOK 0.7 million).

Because IDEX's wholly-owned American subsidiary makes a profit, there was a tax charge in an amount of NOK 0.3 million in the first half (Q2: NOK 0.2 million). The net result for IDEX in the first half was a loss amounting to NOK 99.3 million (Q2: NOK 49.2 million), compared to a loss amounting to NOK 53.4 million in the first half of 2014 (Q2/2014: NOK 23.6 million).

Profit/loss per basic weighted average number of shares amounted to a loss of NOK 0.23 in the first half of 2015. Per share results are not directly comparable between quarters or years because the number of shares has increased by share issues.

## Balance sheets

IDEX has a very strong balance sheet because of the private placements in the first quarter of 2014 and the second quarter of 2015. At 30 June 2015, IDEX held a cash balance amounting to NOK 431.1 million, and the group has no financial debt.

The main assets held on the balance sheet are the intangible assets acquired from PicoField in 2013 and Roger Bauchspies in 2014, inventoried licences acquired from BIO-key International, Inc. in 2014, and cash in bank. Cash is the major item, representing 86 per cent of the total assets.

The assets and intellectual property rights acquired from PicoField in 2013 have been capitalised in accordance with IFRS, and includes goodwill in an amount of NOK 8.3 million and depreciating assets in an original acquisition amount of NOK 15.3 million. On 30 December 2014, IDEX acquired patents and other IP from Roger Bauchspies in an amount of NOK 28.3 million, which assets will depreciate over the economic life.

IDEX's own patents and other intel-

lectual property rights are generally not held in the balance sheet because they do not satisfy the criteria for capitalisation. Development costs have in the past been expensed for the same reason. In 2014, IDEX capitalised own development expenses relating to the Cardinal sensor product, in an amount of NOK 0.8 million, and in the first half of 2015, IDEX capitalised NOK 0.5 million own development expenses.

Fixed assets amounted to NOK 6.3 million at 30 June 2015. These assets are scientific equipment and engineering tools, leasehold upgrades, office equipment and furniture.

On 30 June 2015, the total assets amounted to NOK 502.8 million, of which NOK 431.1 million were cash. The total assets amounted to NOK 299.3 million at the beginning of 2015, and NOK 332.3 million at 30 June 2014. The balance sheet has been strengthened by share issues. The cash position is further commented upon below.

The major liabilities are various operational payables to suppliers and employees, and amounted to NOK 68.8

million at 30 June 2015, up from 55.9 million at 31 December 2014. The main reason for the year-on-year increase are costs related to the private placement of shares. The costs have been settled after 30 June 2015 in partially restricted shares, not cash. One year ago, the liabilities amounted to NOK 24.6 million. At that time, payables to suppliers were significantly lower. There are usually variations between quarters due to fluctuating payables to suppliers and accrued liabilities.

In addition to the private placement in April, new equity amounting to NOK 5.5 million was added in the first half by exercise of incentive subscription rights. Equity amounted to NOK 434.0 million at 30 June 2015, up from NOK 243.4 million at the beginning of the year.

IDEX does not have financial debt. The company has adequate equity and liquidity for going concern for significantly longer than 12 months from the date of this report.

## Cash flow, cash position

The operational cash outflow in the first half was NOK 80.9 million. The main cash item is the operating loss in the period, partly offset by working capital, the equity part of the share-based compensation and depreciation.

The working capital inflow of NOK 7.4 million was mainly caused by the accrued fees, less the remittance to Roger Bauchspies in the first quarter. There are usually variations between quarters due to fluctuating payables to

suppliers and accrued liabilities.

NOK 1.6 million was invested in scientific equipment and engineering tools in the first half, same level as in the first half of 2014. Investments vary according to project requirements for new equipment and tooling. Own development expenses amounting to NOK 0.5 million has been capitalised in the first half.

In the first half, new equity amounting to NOK 296.6 million was raised in a

private placement, and NOK 5.5 million was paid in by exercise of incentive subscription rights.

At 30 June 2015 the cash position amounted to NOK 431.1 million, while net of receivables less payables and accruals amounted to NOK 49.4 million payable, leaving a balance sheet solvency of NOK 381.7 million. IDEX does not have financial debt.

## IDEX ASA

### Condensed consolidated interim financial statements with notes 30 June 2015 (Unaudited)

Interim consolidated statements of comprehensive income	1 April-30 June 2015	1 April-30 June 2014	1 January-30 June 2015	1 January-30 June 2014	1 January-31 December 2014
Amounts in NOK 1,000					
<b>Operating income</b>					
Sales and services income	33	6	83	12	1 423
Other operating revenue				91	91
<b>Total revenue</b>	33	6	83	103	1 514
<b>Cost of goods sold</b>	32		63		852
Gross margin	1	6	20	103	662
<b>Operating expenses</b>					
Payroll expenses	17 737	11 388	43 082	27 374	56 194
Research and development expenses	25 361	9 779	41 799	20 322	51 298
Other operating expenses	4 902	3 860	10 274	7 281	19 233
<b>Total operating expenses</b>	48 000	25 027	95 155	54 977	126 725
<b>Profit (loss) before interest, tax, depreciation and amortization (EBITDA)</b>	(47 999)	(25 021)	(95 135)	(54 874)	(126 063)
Depreciation	1 621	496	3 295	961	2 307
<b>Profit before interest and tax (EBIT)</b>	(49 621)	(25 517)	(98 431)	(55 835)	(128 371)
<b>Financial income and expenses</b>					
Interest income	987	1 936	1 643	2 582	5 667
Other financial income	63	191	1 242	301	2 096
Interest expenses			(1)		(4)
Other financial expenses	(806)	(190)	(3 463)	(412)	(1 932)
<b>Net financial items</b>	244	1 937	(579)	2 471	5 827
<b>Net result before tax</b>	(49 377)	(23 580)	(99 010)	(53 364)	(122 544)
Income tax expense (credit)	155		303		563
<b>Net profit (loss) for the period</b>	(49 222)	(23 580)	(99 313)	(53 364)	(123 107)
<i>Profit (loss) per share - basic and diluted</i>	<b>NOK (0.11)</b>	<i>NOK (0.06)</i>	<b>NOK (0.23)</b>	<i>NOK (0.13)</i>	<b>NOK (0.30)</b>
<b>Net profit (loss) for the period</b>	(49 222)	(23 580)	(99 313)	(53 364)	(123 107)
Other comprehensive income	(422)	2	29	2	(1 407)
<b>Total comprehensive income for the period, net of tax</b>	(49 644)	(23 578)	(99 284)	(53 362)	(124 514)

The notes are an integral part of this condensed interim financial report.



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Interim consolidated balance sheets	30 june	30 June	31 December
Amounts in NOK 1,000	2015	2014	2014
<b>ASSETS</b>			
<b>Long-term assets</b>			
Goodwill	8 260	8 260	8 260
Other intangible assets	41 103	14 332	42 805
Fixed assets	6 349	2 503	5 588
Long-term receivables	1 143	1 125	1 143
<b>Total long-term assets</b>	<b>56 855</b>	<b>26 220</b>	<b>57 796</b>
<b>Current assets</b>			
<b>Inventory and receivables</b>			
Inventory	7 944	5 690	7 944
Accounts receivable	33	4	1 070
Other receivables	3 967	4 350	2 498
Prepaid expenses	2 890	1 330	2 044
<b>Total inventory and receivables</b>	<b>14 834</b>	<b>11 374</b>	<b>13 556</b>
<b>Cash and bank deposits</b>			
Cash and bank deposits	431 115	294 667	227 961
<b>Total cash and bank deposits</b>	<b>431 115</b>	<b>294 667</b>	<b>227 961</b>
<b>Total current assets</b>	<b>445 949</b>	<b>306 041</b>	<b>241 517</b>
<b>TOTAL ASSETS</b>	<b>502 804</b>	<b>332 261</b>	<b>299 313</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Paid-in-capital</b>			
Share capital	70 391	61 867	61 948
Share premium	738 436	463 031	463 766
Other paid-in capital	39 604	26 809	32 787
<b>Total paid-in-capital</b>	<b>848 431</b>	<b>551 707</b>	<b>558 501</b>
Other equity	(414 434)	(243 999)	(315 150)
<b>Total equity</b>	<b>433 997</b>	<b>307 708</b>	<b>243 351</b>
<b>Liabilities</b>			
<b>Long-term liabilities</b>			
Other long-term liabilities	11 503		10 079
<b>Total long-term liabilities</b>	<b>11 503</b>	<b>-</b>	<b>10 079</b>
<b>Short-term liabilities</b>			
Accounts payable	29 361	5 016	8 997
Public duties payable	1 858	2 342	2 207
Accrued payable income tax	1 005		652
Notional employer's tax on share incentives	8 569	5 634	2 231
Other short-term liabilities	16 511	11 561	31 796
<b>Total short term liabilities</b>	<b>57 304</b>	<b>24 553</b>	<b>45 883</b>
<b>Total liabilities</b>	<b>68 807</b>	<b>24 553</b>	<b>55 962</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>502 804</b>	<b>332 261</b>	<b>299 313</b>

The notes are an integral part of this condensed interim financial report.





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Interim consolidated cash flow statements Amounts in NOK 1,000	1 April-30 June 2015	1 April-30 June 2014	1 January-30 June 2015	1 January-30 June 2014	1 January-31 December 2014
<b>Cash Flows from operating activities</b>					
Profit (loss) before interest and taxes	(49 621)	(25 517)	(98 431)	(55 836)	(128 371)
Share-based remuneration (equity part)	3 267	3 735	6 797	6 626	12 604
Depreciation	1 622	496	3 296	961	2 307
Interest paid			(1)		(4)
Change in working capital and other items	17 352	(27 964)	7 404	(8 472)	8 425
<b>Net cash flow from operational activities</b>	<b>(27 380)</b>	<b>(49 250)</b>	<b>(80 935)</b>	<b>(56 721)</b>	<b>(105 039)</b>
<b>Cash flows from investing activities</b>					
Purchases of assets	(920)	(1 008)	(1 602)	(1 552)	(33 113)
Capitalised development costs	(509)		(509)		(788)
Change in long-term receivables		340		(678)	(697)
Interest received	987	1 936	1 643	2 582	5 667
<b>Net cash provided by investing activities</b>	<b>(442)</b>	<b>1 268</b>	<b>(468)</b>	<b>352</b>	<b>(28 931)</b>
<b>Cash flows from financing activities</b>					
Share issues net of expenses	277 817	136	283 112	304 561	305 377
Paid-in, not registered share capital	21		21		
Change in long-term payable	97		1 424		10 079
<b>Net cash provided by financing activities</b>	<b>277 935</b>	<b>136</b>	<b>284 557</b>	<b>304 561</b>	<b>315 456</b>
<b>Net change in cash and cash equivalents</b>	<b>250 114</b>	<b>(47 846)</b>	<b>203 154</b>	<b>248 192</b>	<b>181 486</b>
Opening cash balance	181 001	342 513	227 961	46 475	46 475
Closing cash balance	431 115	294 667	431 115	294 667	227 961

Interim consolidated statements of changes in equity Amounts in NOK 1,000	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance 1 January 2015	61 948	463 766	32 787	(315 150)	243 351
<b>Share issues</b>	<b>8 442</b>	<b>274 670</b>			<b>283 112</b>
<b>Paid-in, not registered share capital</b>			<b>21</b>		<b>21</b>
<b>Share-based compensation</b>			<b>6 797</b>		<b>6 797</b>
<b>Total comprehensive income for the period</b>				<b>(99 284)</b>	<b>(99 284)</b>
Balance 30 June 2014	70 390	738 436	39 605	(414 434)	433 997
Balance 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
Share issues	10 161	294 400			304 561
Share-based compensation			6 626		6 626
Total comprehensive income for the period				(53 363)	(53 363)
Balance 30 June 2014	61 867	463 031	26 809	(243 999)	307 708
Balance 1 January 2014	51 706	168 631	20 183	(190 636)	49 884
<b>Share issues</b>	<b>10 242</b>	<b>295 135</b>			<b>305 377</b>
<b>Share-based compensation</b>			<b>12 604</b>		<b>12 604</b>
<b>Total comprehensive income for the period</b>				<b>(124 514)</b>	<b>(124 514)</b>
Balance 31 December 2014	61 948	463 766	32 787	(315 150)	243 351

The notes are an integral part of this condensed interim financial report.

## Notes to the condensed consolidated interim financial statements 30 June 2015 (Unaudited)

### 1 IDEX ASA and the IDEX group

IDEX ASA is a public limited liability company incorporated and domiciled in Norway. The address of the registered office, which is also the head office, is Martin Linges vei 25 at NO-1364 Fornebu, Norway. IDEX ASA shares have been listed at Oslo Børs since 12 March 2010. The objective of

the company as stated in the articles of association is to deliver computer-based identification systems and other related activities.

IDEX ASA holds a subsidiary group in the

USA, established in 2013, which provides development services as well as sales and marketing services to IDEX ASA. IDEX ASA also a subsidiary in the UK, established 2014, and a subsidiary in People's Republic of China, established 2015, which company provides various services to IDEX ASA.

### 2 Basis of preparation, accounting policies, resolution. Risks

This condensed consolidated interim financial report for the first half of 2015 has been prepared in accordance with IAS 34 Interim financial reporting. This condensed consolidated interim financial report should be read in conjunction with the annual financial statements for 2014. The IFRS accounting policies applied in this condensed interim financial report are consistent with those applied and described in the annual financial statements for 2014.

It is the duty of the board of directors to duly present the principal risks of IDEX and its business. IDEX does not have any significant assets or liabilities with financial risk. IDEX does not hold financial instru-

ments or noteworthy financial assets or liabilities, and has limited financial risks related to currency and interest rates.

The company's major long-term risk is its business risk, meaning its ability to earn revenue. This risk is difficult to assess, because IDEX hitherto has earned insignificant revenue from its technology. The company's ability to earn revenue depends on firstly, its ability to develop and market successful components which its partners will embed in their products and systems, and secondly, the company's ability to legally protect its intellectual property rights, and finally, to maintain a competitive advantage. IDEX considers that its finger-

print sensor technology has one of the best biometric performances, and that the fingerprint sensor product range offers unique properties.

The going concern assumption has been applied when preparing this interim financial report. IDEX does not earn recurring revenue. The company does not have financial debt, and IDEX has adequate liquidity and equity under current planning assumptions for a period significantly longer than 12 months from the date of this report.

This interim financial report has not been subject to audit. The report was approved by the board of directors on 11 August 2015.

### 3 Long-term assets

Amounts in NOK 1,000	Goodwill	Other intangible assets	Tangible fixed assets	Long-term receivables	Total long-term assets
Balance 1 January 2015	8 260	42 805	5 588	1 143	57 796
<b>Additions</b>		<b>509</b>	<b>1 602</b>		<b>2 111</b>
<b>Disposals at cost</b>					
<b>Depreciation and impairment losses</b>		<b>(2 211)</b>	<b>(1 084)</b>		<b>(3 295)</b>
<b>Effects of changes in foreign currency</b>			<b>244</b>		<b>244</b>
Balance 30 June 2015	8 260	41 103	6 349	1 143	56 855
Balance 1 January 2014	8 260	14 937	1 178	446	24 821
<b>Additions</b>			<b>1 552</b>	<b>678</b>	<b>2 230</b>
<b>Disposals at cost</b>					
<b>Depreciation and impairment losses</b>		<b>(605)</b>	<b>(205)</b>	<b>1</b>	<b>(809)</b>
<b>Effects of changes in foreign currency</b>			<b>(22)</b>		<b>(22)</b>
Balance 30 June 2014	8 260	14 332	2 503	1 125	26 220
Balance 1 January 2014	8 260	14 937	1 178	446	24 821
<b>Additions</b>		<b>29 077</b>	<b>4 824</b>	<b>697</b>	<b>34 598</b>
<b>Disposals at cost</b>					
<b>Depreciation and impairment losses</b>		<b>(1 209)</b>	<b>(1 098)</b>		<b>(2 307)</b>
<b>Effects of changes in foreign currency</b>			<b>684</b>		<b>684</b>
Balance 31 December 2014	8 260	42 805	5 588	1 143	57 796



Under IFRS goodwill is not amortised but impairment tested at each year end. IDEX's own 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. Development costs have in the past been expensed for the same reason.

IDEX has in the first half of 2015 capitalised own development expenses relating to the Cardinal sensor product in an amount of NOK 0.5 million.

2014:  
IDEX capitalised own development expenses relating to the Cardinal sensor product, in an amount of NOK 0.8 million.

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

#### 4 Shares, warrants and subscription rights

Number of financial instruments	Incentive subscription rights	Warrants	Shares
Balance 1 January 2015	26 460 362	30 000 000	413 488 862
26 January and 24 February 2015: Exercise of subscription rights	(3 131 362)		3 131 362
24 February 2015: Grant of incentive subscription rights	1 015 000		
16 April 2015: Grant of subscription rights	540 000		
29 April 2015: Private placement of shares		26 250 000	52 500 000
11 May 2015: Grant of subscription rights			
13 May 2015: Exercise of subscription rights, Issue of board remuneration shares	(71 500)		289 192
Forfeited subscription rights as at 31 March 2015	(242 500)		
Balance 30 June 2015	24 570 000	56 250 000	469 409 416
Balance 1 January 2014	28 186 345	0	344 707 732
2 and 20 January 2014: Grant of subscription rights	570 000		
29 January 2014: Private placement to funds managed by Invesco		30 000 000	60 000 000
24 February 2014: Exercise of subscription rights	(5 275 983)		5 275 983
20 March 2014: Private placement to Cenkos Securities			2 400 000
1 April 2014: Grant of subscription rights	1 890 000		
8 May 2014: Issue of board remuneration shares			63 897
17 June 2014: Grant of subscription rights	580 000		
Balance 30 June 2014	25 950 362	30 000 000	412 447 612
15 September 2014: Grant of subscription rights	2 200 000		
2 October 2014: Exercise of subscription rights	(541 250)		541 250
14 November 2014: Grant of subscription rights	460 000		
30 December 2014: Issue to Roger Bauchspies			500 000
Forfeited subscription rights during 2014	(1 608 750)		
Balance 31 December 2014	26 460 362	30 000 000	413 488 862

IDEX has granted incentive subscription rights (SRs) to employees and individual contractors. Unless specifically resolved otherwise, 25 per cent of each grant of subscription rights vest 12 months following

the date of the grant, and expire on the fifth anniversary following the general meeting that resolved the programme. Unvested subscription rights terminate on the holder's last day of employment. Vested sub-

scription rights may be exercised up to 90 days after the holder's last day of employment. The weighted average exercise price of outstanding incentive SRs on 30 June 2015 was NOK 3.20 per share.

#### 5 Payroll expenses

Amounts in NOK 1,000	1 April-30 June 2015	1 April-30 June 2014	1 January-30 June 2015	1 January-30 June 2014	1 January-31 December 2014
Salary, payroll tax, benefits, other expenses	14 166	11 762	29 502	19 921	46 461
Capitalised cost of development work	(388)	-	(388)	-	(440)
Payroll tax on exercised subscription rights	71	27	1 453	4 904	5 049
Share-based remun., notional salary expense	2 959	3 735	6 176	6 626	12 604
Share-based remun., accrual (rev.) of emplr.'s tax	930	(4 136)	6 339	(4 077)	(7 480)
Payroll expenses	17 737	11 388	43 082	27 374	56 194

The fair value at grant date of subscription rights granted to employees are expensed over the vesting period of each tranche. The fair value of the subscription rights is determined using a Black & Scholes option pricing model.

Employer's social security tax related to share-based remuneration is calculated on the balance sheet date based on the earned intrinsic value of the subscription rights, and the adjustment to the accrued amount is charged or credited to cost.

When subscription rights are exercised, the accrued payroll tax is reversed and the actual payroll tax is expensed.

## 6 Income tax expense

The income tax expense relates to estimated income tax on profit in IDEX America.

## 7 Profit (loss) per share

	1 January – 30 June 2015	1 January – 30 June 2014	1 January – 31 December 2014
Profit (loss) attributable to the shareholders (NOK 1 000)	(99 313)	(29 784)	(121 987)
Weighted average basic number of shares	433 504 518	387 719 509	406 478 449
Weighted average diluted number of shares	444 219 802	404 954 985	419 718 850
Profit (loss) per share, basic and diluted	NOK (0.23)	NOK (0.08)	NOK (0.30)

When the period result is a loss, the loss per diluted number of shares is not reduced by the higher diluted number of shares but equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of subscription rights or warrants exceeds the average share price in

the period, the subscription rights or warrants are not counted as being dilutive.

## 8 Contingent assets and liabilities

IDEX does not have any contingent assets or contingent liabilities. IDEX has not issued any guarantees.

## 9 Related party transactions

In the first half of 2015 IDEX has recorded NOK 2,090 thousand for services provided by IDEX's legal counsel, law firm Ræder, in which chairman Morten Opstad is a partner. Mr. Opstad's work beyond board duty has been invoiced by Ræder. The services in 2015 include legal assistance in connection with the private placement of 52.5 million shares on 29 April 2015 and transfer of listing from Oslo Axess to Oslo Børs on 11 May 2015.

Robert N. Keith assists IDEX in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith's fee amounts to NOK 500 thousand per quarter of service.

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 1.16 per share; board member Hanne Høvdning 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 Svela, 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 Høvdning 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. Høvdning 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.

Charles Street International Ltd, which is a shareholder in IDEX, earned a fee amounting to NOK 5,933 thousand, paid in shares, for advising IDEX in connection with the private placement on 29 April 2015.

## 10 Events occurring after the balance sheet date

Between 30 June 2015 and the resolution of these condensed consolidated interim financial statements, there have not been any events which have had any noticeable impact on IDEX's result in the first half of 2015 or the value of the company's assets and liabilities at 30 June 2015.

The board of IDEX ASA resolved on 2 July 2015 to issue a total of 3,150,000 new shares to the

company's advisers in the private placement on 29 April 2015. As stated in the listing prospectus dated 7 May 2015, the fees to the advisers were payable in cash or shares, as determined by the advisers, at the same subscription price as the shares issued in the placement, NOK 5.65 per share. 1/3 of the shares shall be held for a minimum period of 12 months from the date of issuance, 1/3 of the shares shall be held for a minimum period

of 6 months following the date of issuance, and the remaining 1/3 of the shares shall be free from restrictions. The shares have been issued. The shares were issued under the authorization to the board to issue shares, resolved by the annual general meeting on 12 May 2015. Following the placement, the company's share capital is NOK 70,883,912.25 divided into 472,559,416 registered shares each with a nominal value of NOK 0.15.

## Responsibility statement 30 June 2015 (Unaudited)

We confirm, to the best of our knowledge, that the condensed consolidated financial statements with notes for the period 1 January-30 June 2015 has been prepared in accordance with IAS 34 - Interim Financial Reporting and gives a true and fair view of IDEX's assets, liabilities, financial position and profit or loss as a whole. Major related parties transactions have been disclosed in note 9.

We also confirm, to the best of our knowledge, that the interim report issued in concert with these condensed financial statements includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year.

**Fornebu, 11 August 2015**

***The board of directors of IDEX ASA***

*Morten Opstad, Chairman*

*Larry Ciaccia, Board Member*

*Deborah Davis, Board Member*

*Hanne Høvdig, Board Member*

*Andrew J. MacLeod, Board Member*

*Hemant Mardia, CEO*