



IDEX ASA

First Quarter 2018 report

First quarter and recent highlights

- **Mastercard unveiled pioneering remote enrolment for biometric cards**
 - IDEX and Mastercard have jointly developed a self-enrolment solution
- **Momentum is building for biometric cards**
 - Global payment providers are gearing up, multiple trials announced
 - IDEX has successfully completed all deliverables for certification of contact-based solution
 - Currently in active commercial discussions and ramp planning
 - Multiple vendors integrating IDEX's fingerprint sensor for both contact-based and contactless cards and actively demonstrating to issuers
- **IDEX preparing for mass commercialisation**
 - Preparing supply chain for volume ramp
 - Strengthened sales organisation with experts from the cards and payment industry
 - Increased focus on marketing communications
- **Stan Swearingen appointed CEO from 1 April 2018**

Outlook and key upcoming milestones

- **Commercial roll-out of biometric cards**
 - Additional customer trials and launches planned for contact-based cards
 - Expect proof of concept pilots in the second quarter of 2018 for contactless cards with subsequent customer trials
 - Initial production orders expected shortly
 - Several additional major card vendors expected to integrate IDEX's sensor into their biometric cards
 - Global expansion of customers and pipeline of opportunities





IDEX'S OFF-CHIP TECHNOLOGY DIFFERENTIATION

Off-chip technology enables unique adaptability in design and architecture

IDEX is the only supplier in the biometric card industry offering capacitive off-chip fingerprint solutions. The company's unique off-chip solutions represent a fundamentally different architecture and approach as compared to more traditional silicon-based sensors.

Off-chip sensing means that the chip, also referred to as the ASIC, is independent from the sensing array, providing a number of important advantages. This innovative architecture significantly increases adaptability and form factor flexibility, as well as offers sensor solutions with superior size and cost-to-performance characteristics.

IDEX's off-chip sensor is especially well suited for integration into biometric cards. The sensor provides a larger sensing area to deliver real-world usability and convenience at a significantly lower cost point than competing designs being proposed in the market today. The sensor is uniquely bendable and reliable as it is made of polymer. In addition, the flexible off-chip architecture enables ability to leverage innovative industry technologies, resulting in a simplified architecture reducing components, cost and complexity of the sensor.

IDEX's system approach securing leadership

In addition to its unique sensor technology, IDEX has taken a full system approach for biometric cards. The company offers both fingerprint sensors and fingerprint sensor modules, including IDEX's proprietary matcher algorithm optimised for both contact-based and contactless biometric card applications. The system approach means IDEX can ensure an optimised solution for its customers with superior performance and cost.

The company's extensive biometric expertise with fundamental innovators in the off-chip technology enables the company to develop important supporting solutions, such as the pioneering remote self-enrolment solution for mass adoption of biometric cards.

MOMENTUM IS BUILDING FOR BIOMETRIC CARDS

Significant advancements in sensor, software and systems technologies have enabled the ability to seamlessly incorporate fingerprint biometrics into standard smart cards for payment, ID, access control and others. Acknowledging the security benefits and convenience of biometrics, this technology has led leading global payment providers to aggressively pursue the development and commercial launch of biometric cards. End-user trials and proof of concepts conducted by companies, such as Mastercard and VISA, have increased both consumer awareness and card issuer interest in next-generation smart cards, leading to an inflection point in the market for biometric cards.

Together with its ecosystem partners, IDEX has taken a leading role in advancing the development of biometric enabled cards and establishing a robust supply chain to support commercial deployments. Given the importance of uncompromised security for card applications, especially in the payment and identification segments, the card ecosystem typically has very stringent certification requirements. These requirements include security elements, physical aspects of the card, and biometric performance. IDEX has successfully completed all of its required deliverables associated with such certification for its contact-based



solution. The company is now in active commercial discussions and ramp planning for commercial rollout, which is expected to result in volume shipments for a series of potential soft launches as well as initial volume customer orders.

In addition to its contact-based card solutions, IDEX is working closely together with its long-time partners on advanced solutions for contactless cards. Internal proof of concept pilots are planned for the second quarter of 2018, with subsequent end-customer trials.

Several major card vendors are currently integrating IDEX's fingerprint sensor for both contact-based and contactless cards into their biometrics cards and actively demonstrating these to issuers as part of their commercial engagements. Initial production orders are expected shortly.

IDEX's solution for contactless biometric cards is expected to have an accelerated path given extensive learning from the qualifying process for the company's contact-based payment card solutions.

IOT MARKET

The IoT market consists of a rapidly growing number of connected devices, many of which can benefit from seamlessly incorporated identification and security features. The market is broad and has a highly fragmented supply chain, and IDEX is focused on positioning its off-chip technology to capitalise on opportunities in select market verticals.

Although the IoT market currently represents a second-tier priority for IDEX, the company has a strategy to leverage its unique off-chip technology solutions and leading market position in biometric cards to capture incremental share in the IoT market.

MOBILE MARKET DEVELOPMENT

The market for current generation fingerprint sensors in mobile applications is characterized by extremely high competition and price erosion. During 2017, IDEX management proactively realigned its business to drive success in the biometric cards market, including focusing the vast majority of its investments and resources on differentiated solutions for the biometric cards market.

However, as OEMs increasingly launch new, premium flagship smartphones with infinity displays, potential new opportunities are expected to emerge in the mobile market. This trend represents a unique future opportunity for IDEX, as the company's off-chip technology enables sensing arrays to be integrated into mobile OLED displays. Given the company's strong research and development team with deep experience in display integration, IDEX will continue to allocate resources towards developing future mobile in-display sensor solutions. This development is also relevant for innovative card solutions.

STRENGTHENED SALES AND MARKETING ORGANISATION

During 2018, IDEX has strengthened its sales and marketing organisation in preparation for mass commercialisation of the company's fingerprint sensor for biometric cards. The company has attracted several experts from the cards- and payment industry and significantly upgraded its efforts on marketing communications.

On 8 May, IDEX announced that the company had appointed David Orme as SVP Global Sales and Marketing of the company. Mr Orme has a strong track record in supporting key sales, marketing and business development activity, in particular from Bell ID, where he was the CEO for 9 years and drove the business to substantial growth until acquisition by Rambus Inc., a top tier semiconductor company, in 2016. Most recently, Mr Orme has helped transition the Bell ID business to being part of Rambus Security Division. He has also been the COO of Quadnetics Group plc and Bell Group plc, both major electronic security companies. Mr Orme will join IDEX's executive management team from early June.

IDEX has recently made several new hires in Asia as part of the transformation to a card centric organisation. The hires have extensive experience from the smart card- and fingerprint industry, including companies such as Gemalto, Oberthur, Synaptics, NEXT Biometrics and Authentec. In addition, IDEX has engaged a Global Head of Marketing Communications and a PR agency.

On 22 February, IDEX's Board of Directors appointed Stan Swearingen as CEO of IDEX ASA, effective from 1 April 2018. Stan Swearingen joined IDEX in May 2016 and previously served as the company's Chief Products Officer. Stan gained extensive industry and leadership experience from key roles at prior companies, such as Atmel and Synaptics. While at Synaptics, he was instrumental in the formulation the biometric fingerprint strategy, including the acquisition of Validity. He has also held senior positions at several other semiconductor companies.



Stan Swearingen, CEO of IDEX

In the first quarter of 2018, the company had a net decrease in staff from 117 full-time equivalents (FTE) to 108 FTE.

RECENT EVENTS

On 1 May 2018, IDEX announced that the company has been working with Mastercard in the development of a remote self-enrolment solution to enable convenient and secure mass enrolment for biometric cards.

Issuers and consumers are increasingly demanding biometric cards, which to successfully deploy in mass volume requires a cost-effective enrolment solution that prevents users from having to visit a physical branch. The innovative, low-cost process developed by IDEX and Mastercard allows users to conveniently enrol themselves remotely. The enrolment process is very safe as it takes place entirely inside the smartcard using its standard secure EMV chip, and completion of the process does not rely on an external computer, smartphone or internet connection. The remote self-enrolment solution can be used with both contact-based and contact-less biometric cards.

OUTLOOK

IDEX's top priority is to continue to secure its leadership position in the market for biometric cards. In addition, the company will selectively leverage its sensor solutions into the IoT market when existing solutions can be sold to customers. IDEX's off-chip technology is also uniquely suited for integration into the smartphone display, and the company considers this an exciting opportunity going forward.

The company is currently in active commercial discussions and final preparations for commercial roll-out of the contact-based solution for biometric cards, which is expected to result in initial production orders shortly.

Further, the company anticipates proof of concept pilots for its biometric solution for contactless cards to begin in the second quarter of 2018, with subsequent customer trials. The company's contactless solution is expected to have an accelerated path given the extensive learning from previous proof of concept pilots, end customer trials and the certification process for its contact-based payment card.

IDEX continues to experience strong interest from multiple card vendors and expect additional customers and increased pipeline of opportunities globally.

Oslo, 8 May 2018
The Board of Directors of IDEX ASA

FINANCIAL REVIEW

Consolidated interim financial statements at 31 March 2018 (Unaudited)

Profit and loss statements

IDEX recorded total revenues of NOK 1.8 million in the first quarter of 2018, including NOK 0.5 million in product sales and NOK 1.4 million in services income. This compares to total revenues of NOK 6.8 million in the first quarter of 2017, where NOK 6.6 million originated from product sales. The reduction in revenue is due to reduced shipments of sensors for use in mobile handsets. The gross margin on sensor sales was 19.9 per cent in the first quarter of 2018. In the first quarter of 2017, gross margin was at 19.3 per cent. The gross margins at small volumes are necessarily not representative of gross margin at mass volume stage.

The total operating expenses in the first quarter of 2018 amounted to NOK 55.8 million, down from NOK 59.2 million in the comparable period in 2017. The operating expenses includes payroll expenses, external development expenses and other operating expenses. The decrease is mainly due to lower development expenses, both as some larger development projects have been completed and as more development is done by internal resources.

The payroll expenses amounted to NOK 37.9 million in the first quarter of 2018, compared to NOK 35.6 million in the first quarter of 2017.

The underlying payroll cost excluding share-based remuneration was NOK 33.3 million in the first quarter this year, up from NOK 32.7 million in the corresponding period of 2017. The increase mainly reflects that the average number of IDEX employees was 100 full-time equivalents (FTE) in the first quarter this year, up from 87 FTE in the first quarter last year. In addition, there are variations between quarters because of other staff related items such as recruiting costs.

The net cost of share-based remuneration often varies substantially between quarters because of share price variations as well as grants and exercises. The total cost of share-based remuneration was NOK 4.6 million in the first quarter this year, compared to a reversal of NOK 1.4 million in the first quarter last year. Most of the variation between periods is caused by accrual or reversal of potential employer's tax on outstanding subscription rights, or actual employer's tax on exercise.

The total number of staff was 108 FTE at 31 March 2018, down from 117 FTE at 31 December 2017, because of staff adjustments resolved in the fourth quarter 2017. The staff comprises of 97 FTE IDEX employees and 11 individual contractors working full time or regularly as part of the development team or the sales team.

Development expenses amounted to NOK 10.7 million in the first quarter of 2018, down from NOK 15.0 million in the corresponding quarter of 2017 as explained above.

Other operating expenses, mainly comprising expenses related to sales, marketing and administration, amounted to NOK 7.2 million in the first quarter of 2018. In the first quarter last year, the other operating expenses amounted to NOK 8.6 million. The reduction was mainly in legal expenses.

Amortisation and depreciation amounted to NOK 1.7 million in the first quarter this year, in line with the NOK 1.6 million reported in the corresponding quarter last year.

IDEX recorded an EBIT loss of NOK 56.0 million in the first quarter of 2018, compared to a loss of NOK 59.5 million in the same period of 2017.

Net financial items amounted to NOK 0.2 million income in the first quarter this year, as opposed to an expense of NOK 0.8 million in the first quarter last year. The variation in net financial items between periods is mainly caused by re-/devaluations of the US dollar causing gains or losses on receivables and debt denominated in US dollars.

Due to profits in IDEX's subsidiaries in the USA and UK, there was a tax charge of NOK 1.1 million in the first quarter of 2018, compared to a tax charge of NOK 0.2 million the corresponding period last year.

The IDEX group had a net loss of NOK 56.8 million in the first quarter of 2018, compared to a loss of NOK 60.5 million in the same period last year.

Loss per basic weighted average number of shares amounted to NOK 0.10 in this quarter, compared to a loss of NOK 0.11 per share in the first quarter of 2017.

Balance sheets

At 31 March 2018, IDEX had a cash balance of NOK 244.8 million, down from NOK 302.1 million at the end of 2017 and from NOK 506.8 million at the end of the first quarter of 2017. The group has no debt to financial institutions or lenders.

The main assets held in the balance sheet are acquired intangible assets and cash in bank. Cash is the dominant item, representing nearly 80 per cent of the total assets.

The acquired intangible assets and intellectual property rights have been capitalised in accordance with IFRS, and included goodwill amounting to NOK 8.3 million and depreciating assets in an original acquisition amount of NOK 36.9 million. The assets depreciate over the economic life of the respective assets. IDEX's self-developed intellectual property rights and product development costs are generally not held in the balance sheet because they do not satisfy the IFRS criteria for capitalisation. No development expenses have been capitalised in 2018 or 2017.

Tangible fixed assets amounted to NOK 7.3 million at 31 March 2018, down from NOK 8.0 at 31 December 2017 and up from NOK 5.8 million from 31 March 2017. The fixed assets are scientific equipment and engineering tools, leasehold outfitting, office equipment and furniture with useful lives of 3-5 years.

Inventory was at NOK 10.7 million at 31 March 2018, up from NOK 9.3 million at the end of the previous quarter and from NOK 9.4 million at the end of the first quarter last year. The inventory consists mainly of card and IoT components and sensors.

IDEX had no customer receivables at 31 March 2018. This is related to the company's shift away from sales to the mobile market to the biometric cards market. At the end of the previous quarter, customer receivables amounted to NOK 0.6 million and to NOK 4.4 million at the end of the first quarter 2017.

Total short-term liabilities amounted to NOK 25.9 million at 31 March 2018, down from NOK 28.9 million at 31 December 2017 and from NOK 55.2 million at 31 March 2017.

Equity amounted to NOK 284.5 million at the end of the first quarter of 2018, down from NOK 337.1 million at the end of 2017 and from NOK 515.8 million at the end of the first quarter of 2017. The decrease is mainly caused by the net loss.

IDEX does not have any debt to financial institutions or lenders. The company has adequate equity and liquidity to operate as going concern for longer than 12 months from the date of this report.

The net working capital, inventory plus receivables less trade accounts payable, amounted to NOK 20.2 million at 31 March, up from NOK 16.3 million at 31 December 2017 and from NOK 8.6 million at 31 March 2017. IDEX's customer receivables have been considerably reduced the last five quarters, as has trade accounts payable. IDEX will necessarily need to build up its inventory and accumulate receivables as sales increase.

Cash flow, cash position

IDEX's operational cash outflow was NOK 57.5 million in the first quarter of 2018, compared to NOK 35.1 million in the first quarter of 2017. The main operating cash items are the operating losses in each period, partly offset by the equity part of the share-based compensation and depreciation, as well as the working capital changes. The working capital varies between quarters, mainly due to fluctuating payables to suppliers and accrued liabilities. Future growth of sales is expected to cause an increase in working capital.

IDEX invested NOK 0.4 million in the first quarter of 2018, mainly in scientific equipment and engineering tools. In the corresponding quarter of 2017, the investments amounted to NOK 1.7 million. Investments vary according to project requirements for new equipment and tooling. Staff growth also mandates investments. IDEX outfitted new facilities in the UK and USA in 2017.

No employees or contractors exercised incentive subscription rights during the first quarter of 2018. In the first quarter last year, exercises of incentive subscription rights injected NOK 10.8 million in new equity net of expenses.

IDEX's balance sheet solvency, which is the cash position less the net of receivables and short-term liabilities, amounted to NOK 231.0 million at 31 March, compared to NOK 283.3 million at year end 2017 and to NOK 464.1 million at the end of March last year. The reduction was mainly caused by the net loss in the period, net of share-based compensation cost.

INTERIM FINANCIAL STATEMENTS 31 MARCH 2018

Interim consolidated statements of comprehensive income

Amounts in NOK 1,000	Note	1 January- 31 March 2018	1 January- 31 March 2017	1 January- 31 December 2017
Operating income				
Product sales		452	6 578	16 036
Other operating revenue		1 389	194	1 434
Total revenue	2	1 841	6 772	17 470
Cost of goods sold				
		362	5 467	13 691
Gross margin		1 479	1 305	3 779
Operating expenses				
Payroll expenses	5	37 914	35 558	149 285
Development expenses		10 723	14 988	56 256
Other operating expenses	9	7 186	8 629	39 779
Total operating expenses		55 823	59 175	245 320
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)				
		(54 344)	(57 870)	(241 541)
Amortisation and depreciation	3	1 656	1 622	7 501
Profit before interest and tax (EBIT)		(56 000)	(59 492)	(249 042)
Financial income and expenses				
Interest income		366	705	2 285
Other financial income		1 921	182	2 644
Interest expenses		(8)	(25)	(64)
Other financial expenses		(2 057)	(1 664)	(7 159)
Net financial items		222	(802)	(2 294)
Net result before tax				
		(55 778)	(60 294)	(251 336)
Income tax expense (credit)	6	1 069	173	4 150
Net profit (loss) for the period		(56 847)	(60 467)	(255 486)
Other comprehensive income				
		(557)	9	(386)
Total comprehensive income (loss) for the period, net of tax				
		(57 404)	(60 458)	(255 872)
Profit (loss) per share - basic and diluted	7	NOK (0.10)	NOK (0.11)	NOK (0.47)

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

Interim consolidated balance sheets

Amounts in NOK 1,000	Note	31 March 2018	31 March 2017	31 December 2017
ASSETS	8			
Long-term assets				
Goodwill		8 260	8 260	8 260
Other intangible assets		29 552	34 069	30 464
Tangible fixed assets		7 349	5 841	8 002
Long-term receivables		1 232	936	1 251
Total long-term assets	3	46 393	49 106	47 977
Current assets				
Inventory and receivables				
Inventory		10 697	9 415	9 255
Customer receivables			4 389	550
Other receivables		6 748	5 933	6 236
Prepaid expenses		5 440	2 094	3 327
Total inventory and receivables		22 885	21 831	19 368
Cash and bank deposits				
Cash and bank deposits		244 776	506 845	302 105
Total cash and bank deposits		244 776	506 845	302 105
Total current assets		267 661	528 676	321 473
TOTAL ASSETS		314 054	577 782	369 450
EQUITY AND LIABILITIES				
Equity				
Paid-in-capital				
Share capital		81 357	81 036	81 357
Share premium		1 185 355	1 183 193	1 185 355
Other paid-in capital		79 192	60 238	74 387
Total paid-in-capital	4	1 345 904	1 324 467	1 341 094
Other equity		(1 061 436)	(808 618)	(1 004 032)
Total equity	1	284 468	515 849	337 062
Liabilities				
Long-term liabilities				
Other long-term liabilities		3 659	6 779	3 497
Total long-term liabilities		3 659	6 779	3 497
Short-term liabilities				
Accounts payable		2 731	13 199	3 052
Public duties payable		1 853	20 790	2 452
Accrued payable income tax		3 677	1 447	2 902
Notional employer's tax on share incentives	5	1	1 255	179
Other short-term liabilities		17 665	18 463	20 306
Total short term liabilities		25 927	55 154	28 891
Total liabilities		29 586	61 933	32 388
TOTAL EQUITY AND LIABILITIES		314 054	577 782	369 450

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

Interim consolidated cash flow statements

Amounts in NOK 1,000	Note	1 January- 31 March 2018	1 January- 31 March 2017	1 January- 31 December 2017
Cash Flows from operating activities				
Profit (loss) before taxes (EBT)		(55 778)	(60 294)	(251 336)
Share-based remun. (equity part)	4	4 810	3 119	17 263
Amortisation and depreciation	3	1 656	1 622	7 501
Interest income		(366)	(705)	(2 285)
Change in receivables, inventory		(3 517)	7 788	9 070
Change in payables, accruals		(2 964)	14 704	(12 369)
Net other items		(1 333)	(1 377)	(3 018)
Net cash flow from operational activities		(57 492)	(35 143)	(235 174)
Cash flows from investing activities				
Investments in tangible assets	3	(384)	(1 675)	(6 857)
Investments in intangible assets	3		(294)	(294)
Change in long-term receivables	3	19	349	41
Interest income		366	705	2 285
Net cash provided by investing activities		1	(915)	(4 825)
Cash flows from financing activities				
Share issues net of expenses	4		10 820	13 303
Paid-in, not registered share capital			(811)	(811)
Change in long-term payables		162	275	(3 007)
Net cash provided by financing activities		162	10 284	9 485
Net change in cash and cash equivalents		(57 329)	(25 774)	(230 514)
Opening cash balance		302 105	532 619	532 619
Closing cash balance		244 776	506 845	302 105

Interim consolidated statements of equity

Amounts in NOK 1,000	Note	Share capital	Share premium	Other paid-in capital	Retained earnings (uncovered loss)	Total equity
Balance 1 March 2018		81 357	1 185 355	74 382	(1 004 032)	337 062
Share-based remuneration	5			4 810		4 810
Profit (loss) for the period					(56 847)	(56 847)
Other comprehensive income					(557)	(557)
Balance 31 March 2018	1	81 357	1 185 355	79 192	(1 061 436)	284 468
Balance 1 January 2017		80 067	1 173 342	57 119	(748 160)	562 368
Share issues		969	9 851			10 820
Share-based compensation				3 119		3 119
Profit (loss) for the period					(60 467)	(60 467)
Other comprehensive income					9	9
Balance 30 March 2017		81 036	1 183 193	60 238	(808 618)	515 849
Balance 1 January 2017		80 067	1 173 342	57 119	(748 160)	562 368
Exercises of subscription rights	4	1 273	12 013			13 286
Share issue (board remuneration)		17				17
Share-based remuneration	5			17 263		17 263
Profit (loss) for the year					(255 486)	(255 486)
Other comprehensive income					(386)	(386)
Balance 31 December 2017	1	81 357	1 185 355	74 382	(1 004 032)	337 062

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

NOTES

Notes to the condensed consolidated interim financial statements 31 March 2018 (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 near Oslo, Norway. IDEX ASA's 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 identification systems and other related activities.

IDEX ASA holds a subsidiary group in the USA, a subsidiary in the People's Republic of China and a subsidiary in the UK. The subsidiaries provide technical development services, sales facilitation and marketing assistance and/or logistics processing for IDEX ASA.

2 Accounting policies and risk factors

This condensed consolidated interim financial report for 2018 has been prepared in accordance with IAS 34 Interim financial reporting. The interim financial report should be read in conjunction with the annual financial statements for 2017. The IFRS accounting policies applied in this report are consistent with those applied and described in the annual financial statements for 2017.

This interim financial report has not been subject to audit. The report was approved by the board of directors on 8 May 2018.

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's balance sheet comprises mainly cash and working capital and the company is fully funded on equity. IDEX does not hold financial instruments or significant financial assets or liabilities, and has limited financial risks related to currency and interest rates.

The company's major risk is its business risk, meaning its ability to earn revenue. The revenue to date in 2018 is lower than the same periods in 2017 and 2016. The future revenue generation will depend on IDEX's ability to market and deliver successful and competitive products, and further the company's ability to legally protect its intellectual property rights.

IDEX considers that its fingerprint sensor technology has one of the best biometric performances, and that its fingerprint sensor products offer unique properties, particularly in the card market.

The going concern assumption has been applied when preparing this interim financial report. IDEX has commenced earning recurring revenue, but continues to operate at a loss. The company does not have any debt to financial lenders, and IDEX has adequate liquidity and equity under current planning assumptions for a period longer than 12 months from the date of this report.

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 2018	8 260	30 464	8 002	1 251	47 977
Additions			384		384
Depreciation and impairment losses		(912)	(742)		(1 654)
Effects of changes in foreign currency			(295)	(19)	(314)
Balance 31 December 2018	8 260	29 552	7 349	1 232	46 393
Balance 1 January 2017	8 260	34 843	4 695	1 277	49 075
Additions		294	1 675	176	2 145
Disposals and retirements at cost				(525)	
Depreciation and impairment losses		(1 068)	(553)		(1 621)
Effects of changes in foreign currency			24	8	32
Balance 31 March 2017	8 260	34 069	5 841	936	49 106
Balance 1 January 2017	8 260	34 843	4 695	1 277	49 075
Additions		294	6 857	595	7 746
Disposals and retirements at cost		(1 871)	(3 073)	(636)	(5 580)
Depreciation and impairment losses		(4 252)	(2 822)		(7 074)
Depr. on disposed and retired assets		1 450	2 458		3 908
Effects of changes in foreign currency			(113)	15	(98)
Balance 31 December 2017	8 260	30 464	8 002	1 251	47 977

Acquired intangible assets and intellectual property rights have been capitalised in accordance with IFRS, and included goodwill amounting to NOK 8.3 million and depreciating assets in an original acquisition amount of NOK 38.5 million. The assets depreciate over the economic life of the respective assets. The major items depreciate over 9.5 years and 17.3 years from acquisition, through July 2024 and to the end of 2030 respectively. Under IFRS goodwill is not amortised but impairment tested at each year end. Intangible assets that are fully depreciated are by definition retired. I

IDEX's self-developed patents and other intellectual property rights are generally not held in the balance sheet because they do not satisfy the IFRS criteria for capitalisation. Development costs have largely been expensed for the same reason. IDEX has not capitalised any development expenses in 2018 or 2017.

4 Shares and subscription rights

Number of financial instruments	Incentive subscription rights	Shares
Balance 1 January 2018	25 260 000	542 383 105
1 January-31 March: Granted incentive subscription rights	5 215 000	
1 January-31 March Expired/forfeited incentive subscr. rights	(623 750)	
Balance 31 March 2018	29 851 250	542 383 105
Balance 1 January 2017	26 037 500	533 780 255
1 January-31 March: Granted incentive subscription rights	2 800 000	
1 January-31 March: Issued shares for incentive sub.rights exerc. in 2016		125 000
1 January-31 March: Exercised incentive subscription rights	(6 337 500)	6 337 500
1 January-31 March: Expired incentive subscription rights	(1 090 000)	
Balance 31 March 2017	21 410 000	540 242 755

Number of financial instruments	Incentive subscription rights	
	rights	Shares
Balance 1 January 2017	26 037 500	533 780 255
1 January-31 December: Granted incentive subscription rights	9 810 000	
1 January-31 December: Issued shares for incentive sub.rights exerc. in 2016		125 000
1 January-31 December: Exercised incentive subscription rights	(8 375 000)	8 362 500
1 January-31 December: Expired/forfeited incentive subscr. rights	(2 212 500)	
29 May: Issued shares in lieu of board remuneration		115 350
Balance 31 December 2017	25 260 000	542 383 105

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 per year, 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 subscription 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 31 March 2018 was NOK 6.28 per share.

5 Payroll expenses

Amounts in NOK 1,000	1 January-31 March 2018	1 January-31 March 2017	1 January-31 December 2017
Salary, payroll tax, benefits, other	33 281	32 732	133 289
Payroll tax on exercised subscr. rights		4 204	4 306
Share-based remun., notional cost	4 810	3 119	17 263
Accr. (rev.) payr. tax on share-based remun.	(177)	(4 497)	(5 573)
Payroll expenses	37 914	35 558	149 285

The fair value at grant date of subscription rights granted to employees is 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 and IDEX UK.

7 Profit (loss) per share

	1 Jan.-31 Mar. 2018	1 Jan.-31 Mar. 2017	1 Jan.-31 Dec. 2017
Profit (loss) attributable to the sh.holders (NOK 1 000)	(57 404)	(61 565)	(255 872)
Weighted average basic number of shares	542 383 105	536 293 450	540 670 366
Weighted average diluted number of shares	542 657 305	542 882 795	544 068 814
Profit (loss) per share, basic and diluted	NOK (0.10)	NOK (0.11)	NOK (0.47)

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

IDEX has in the first quarter 2018 recorded NOK 453 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. Board member Larry Ciaccia serves on IDEX's Strategy Advisory Council (SAC). The SAC service fee is USD 15 thousand per year. In addition Mr. Ciaccia provides consulting services beyond board duty to IDEX for a fixed fee of USD 50 thousand per year. Board member Andy MacLeod provides consulting services beyond board duty to IDEX for a fixed fee of GBP 60 thousand per year.

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

10 Events occurring after the balance sheet date

Between 31 March 2018 and the resolution of these condensed consolidated interim financial statements, there have not been any events that have had any noticeable impact on IDEX's result in the first quarter of 2018 or the value of the company's assets and liabilities at 31 March 2018.