



IDEX ASA
THIRD QUARTER

Recent operational highlights

- Strong commercial momentum in Mobile with eight design wins and two launches
- Significant progress on Cards with Safran partnership and completion of successful pilot trial
- Gaining market traction with three customers in the Internet of Things (IoT) market
- Organisation further strengthened with appointment of Chief Products Officer, SVP of Worldwide Sales and several key roles
- Revenues of NOK 8.4 million in the quarter, NOK 26.1 million YTD

Outlook and key upcoming milestones

- Customer pilot programmes of ISO card sensor expected to commence in the fourth quarter of 2016 and to be completed in the first quarter of 2017
- Expect additional mobile design wins and launches of smartphones with IDEX sensor
- Launch of Cardinal based glass/ ceramic sensor products in the first quarter of 2017
- Continued shipments of sensors to IoT customers
- Further strengthening of organisation to support commercial programmes



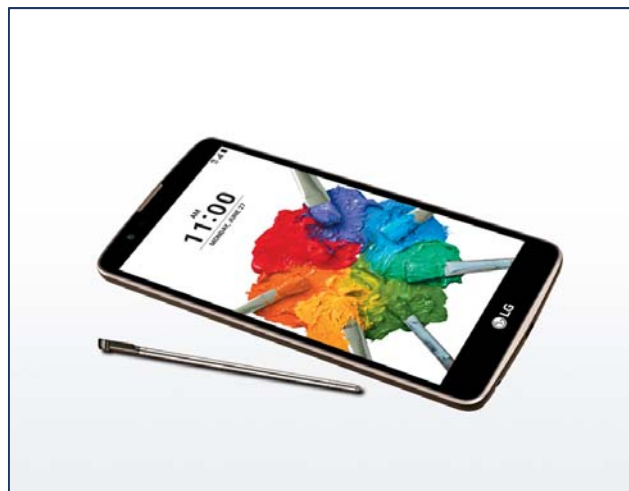
STRONG COMMERCIAL MOMENTUM IN MOBILE

Multiple design wins and launch of new handset

IDEX's Cardinal touch fingerprint sensor has gained a strong momentum in the mobile market. Following the launch of the LG Stylus 2 Plus in June this year, which was the first smartphone launched with an IDEX fingerprint sensor, the company has received seven new design wins for several mobile OEMs.

The launch of the first LG smartphone marked the commercial breakthrough for IDEX, being one of only a few fingerprint sensor vendors supplying sensors to tier-one mobile handsets. The sensor has received positive reviews from users and bloggers, and led to a second win with LG for a phone launched in October. The phone was a specific model for the US carrier Verizon Wireless (for more information see section "Events after the close of the quarter").

In addition, IDEX has received several design wins from two Asian mobile customers, securing further validation of the attractive value proposition of IDEX's fingerprint sensors.



The first of these two, a major Asian mobile customer has selected the Cardinal touch fingerprint sensor for integration into several new smartphone models. The initial production order was received in October and the first launch is expected in the fourth quarter this year.

The second, a Chinese mobile OEM is the result of IDEX's expanded direct sales presence in China. This handset is expected to be in mass production in the first half of 2017.

IDEX is continuing to qualify the off-chip Eagle sensor with a tier-one OEM. All sensor specific requirements are met, and the remaining item to close is a customer specific software feature which requires further enhancement.

Developing glass and ceramic sensors to meet market demand

The mobile market for fingerprint sensors is rapidly evolving towards integration in the active display. IDEX and most market analysts believe that flagship mobile devices will move to flexible OLED displays with integrated fingerprint sensors within the next few years.

OLED is an emerging display technology that enables thin, efficient displays and lighting panels. Thin OLEDs are already used in mobile devices and TVs and the next generation of these panels will be flexible and bendable. The displays are lighter, thinner and more durable compared to glass-based displays.

In the intervening period, the industry is developing interim sensor designs for placement under the cover glass. However, the existing fingerprint sensor supply chain is not yet suited to supporting under-glass

sensors as glass vendors are unable to produce cover glass components that are mechanically strong enough at the low thickness required to get good image performance with sensors currently available. In addition, device makers have also understood the need to physically identify the sensor in the cover glass, because if the users cannot feel or see the sensor, their finger may miss the sensing area which causes authentication to fail. This issue can be eliminated if the cover glass is recessed, but this makes the cover glass component even more difficult to manufacture.

To circumvent this problem, but still provide the look and feel of an integrated glass sensor, fingerprint sensor vendors are introducing sensor solutions into glass and ceramic tops. Apple has led the way at the latest iPhone 7 equipped with a sapphire sensor integrated into the cover glass. IDEX is extending the Cardinal product family to meet this specific need and expects to launch products in the first quarter of 2017 based on the currently established value chain.

In parallel, IDEX is continuing its in-glass development to provide a sensor seamlessly integrated in the cover glass with high performance of today's discrete systems. Industrialising this design has taken longer than expected due to the need to implement a new supply chain requiring significant production tooling investments. IDEX is actively working with multiple partners to achieve economic cost levels and also to ensure alignments of the solutions with the market direction towards active display integration.

SIGNIFICANT PROGRESS ON CARD PROGRAMMES

Partnering with Safran Identity & Security and completed successful pilot trial

Today, IDEX and Safran Identity & Security announced that the companies are partnering to commercialise the first mass deployable biometric smart cards. The partners have successfully completed a live trial of these cards at the global payment company that IDEX has been working with since June 2015.

The partnership with Safran combines IDEX patented off-chip flexible polymer touch technology with Safran's world-leading biometric capabilities and its card manufacturing expertise to make biometric cards a commercial reality.

Safran provides the biometric card software, security expertise and manufacturing capabilities. The result of the collaboration is a significant breakthrough for the smart card industry in the form of a polymer touch sensor integrated into a standard thickness card that can be replicated efficiently in existing card production facilities.



The programme with IDEX's undisclosed global payment provider is moving ahead with consumer trials at several lead customers scheduled for later in the fourth quarter of 2016 and into the first quarter of 2017.

IDEX technology uniquely suited for cards

IDEX offers a card sensor with unparalleled features for card integration. The off-chip technology has two inherent benefits. Firstly, the sensor is flexible since it is made of polymer, which is a flexible material. Alternative sensors are typically made of silicon, which is a brittle material and may not withstand bending. Secondly, since a fingerprint sensor on a card has to have a larger sensing area due to the processing constraints on a card, it offers a significant cost advantage over a conventional silicon sensor, as it has a much lower silicon footprint. IDEX's off chip sensor uses less than 13 mm² silicon for the ASIC whereas a silicon sensor with a suitable area for a card implementation will have a silicon footprint in the range of 10 times that of IDEX.

IDEX is able to scale the fingerprint image area as required for the best biometrics. The company has collaborated with blue chip partners in the card ecosystem to ensure that the manufacturing of the solution is highly scalable. This means that the flexible sensor is uniquely designed for volume manufacturing and compatible with existing infrastructure, including security approvals and Point of Sales terminals.

GAINING TRACTION WITHIN IOT SEGMENT

Launch of BIO-key's SideTouch and initiated shipment to two additional IoT customers

IDEX has shipped its polymer Eagle fingerprint sensor to three different Internet of Things (IoT) customers. The company has received repeat orders for sensors to be integrated into different application areas.

This includes BIO-key's USB dongle called SideTouch®, which was launched in the Microsoft Store and other retailers in September this year, as well as a door lock and an encrypted storage solution from two Asian customers.



The SideTouch® product

The IoT market potential is huge, but also fragmented. IDEX is focusing on selected vertical opportunities, where its off-chip fingerprint sensor offer a strong value proposition. The off-chip sensor uniquely combines excellent biometric performance from

a medium- to large sized sensor with a very compelling cost point. The off-chip technology also enables greater flexibility in terms of sensor material and form factors than other competing sensors.

ORGANISATIONAL UPDATE

IDEX strengthens commercial team to support increased customer traction

Through the third quarter, IDEX further strengthened its team to meet the significant customer demand for fingerprint sensors, as well as to drive the continued transition to a direct sales model. The direct sales model enables IDEX to improve control of the sensor sales and distribution process, while also expanding customer engagements and opportunities.

The company has attracted highly talented sales and marketing personnel with extensive customer networks and track records of driving revenue growth.

In August, Mr. Yang Chiah Yee was appointed SVP of Worldwide Sales and joined the executive management team of IDEX. Mr Yee has extensive executive sales experience in the semiconductor industry, including eight years at Atmel, most recently as VP of Worldwide Sales and more than two decades driving sales at semiconductor companies to deliver profitable growth.

In addition to Mr. Yee several senior commercial roles have been filled, including a sales team in Korea, an Asia Pacific Sales Director and a Director of Product Management.

Investing in product development and Cards team

In May this year, IDEX announced that Mr. Stan Swearingen had joined IDEX's Strategy Advisory Council, a committee which advises IDEX on market, technology and strategic trends in the market for fingerprint sensors. Mr. Swearingen was further appointed Chief Products Officer of the company in October, joining the executive management team of IDEX from November 2016. Mr. Swearingen's previous experience includes roles as SVP and CTO at semiconductor companies Atmel and Synaptics. Mr. Swearingen has attracted further world class talent to IDEX with particular focus on best in class silicon and display integration expertise.

IDEX is ramping up a Card-focused organisation and has appointed Lim Goh as Director of the Cards product line. The company now also has an advanced silicon team with display integration expertise.

EVENTS AFTER THE CLOSE OF THE QUARTER

Mobile handset for major US carrier launched

On 19 October 2016, LG launched a handset featuring IDEX's touch fingerprint sensor Cardinal Q. The handset is a specific model for US carrier Verizon Wireless named LG Stylo 2 V.

This is the second handset that has been launched with IDEX's touch sensor. The design win was announced on 18 July this year.

IDEX receives initial production order from major Asian OEM

On 11 October, IDEX announced that the company had received the initial production order for its Cardinal touch fingerprint sensor from the major Asian smartphone customer announced on 8 August this year.

IDEX Secures Cardinal Sensor Design Win for Chinese Mobile Customer

On 3 October, IDEX announced that a Chinese smartphone customer had selected the Cardinal touch fingerprint sensor for integration into a mobile handset. The handset is expected to be in mass production in the first half of 2017.

Additional Design Win with major Asian OEM

On 26 October, IDEX announced an additional design win with the major Asian smartphone customer that the company announced multiple design wins for on 8 August this year. The customer has selected IDEX's Cardinal touch fingerprint sensor for integration into a further mobile handset program.

IDEX shipping polymer fingerprint sensors for multiple IOT wins

On 31 October, IDEX announced that the company was shipping polymer Eagle fingerprint sensors to three different Internet of Things (IoT) customers. The company has received repeat orders for sensors to be integrated into different application areas including the USB dongle from BIO-key, the SideTouch®, as well as a door lock and an encrypted storage solution from two other Asian customers.

Partnership with Safran Identity & Security to commercialize smart cards

On 9 November, Safran Identity & Security and IDEX announced that the two companies are partnering to commercialise the world's first ISO standard form factor smart cards with a touch fingerprint sensor. Together the two partners design an innovative touch fingerprint sensor and develop a scalable process for integration and volume production of ISO ID-1 form factor cards.

OUTLOOK

IDEX's strategy is to drive adoption of its sensor technology across three mass markets: mobile devices, ID and smart cards, and the Internet of Things. In the recent quarters IDEX have gained strong commercial traction across the business segments, and expect this to continue going forward

Continued design win traction in mobile

IDEX expects to see a continued stream of design wins in mobile, which in turn is expected to convert into orders and subsequent revenues for the company as the design wins are converted into handset launches to the market. The initial design wins are with the conventional silicon sensor family Cardinal, and IDEX expects strong momentum here going forward. IDEX also expects to launch glass and ceramic sensors in the first quarter 2017 to meet the demand from the mobile OEMs.

Completion of card customer pilot

The company expects to pass major commercial milestones in the first quarter 2017. IDEX has shipped low volumes of sensors to its partners for integration into biometric cards to be used for several customer pilots scheduled in fourth quarter 2016 and into the first quarter 2017. Once the pilots have successfully been completed and the results have been analysed, IDEX expects to be able to announce further details about the programme. IDEX also expects to announce further partnerships in the card ecosystem.

Strong product and technology development

At the core of IDEX activities is product and technology development. IDEX is accelerating its investments



into leveraging its off-chip technology for products suitable for current and future market demand. This effort will be driven by the new Chief Product Officer, Stan Swearingen.

IDEX has developed a growing portfolio of high-performance and cost-effective products. The company has leading-edge IP, a highly knowledgeable organisation with an expanded direct sales team, tier-one industry partners, and a solid financial position. With these assets, the company expects to capture a significant share of the expanding, multi-billion dollar market opportunity for fingerprint sensors.

FINANCIAL REVIEW

Consolidated interim financial statements as at 30 September 2016 (Unaudited)

Profit and loss statements

IDEX recorded revenues of NOK 26.1 million from sensor deliveries in the first nine months of 2016 (Q3: NOK 8.4 million), up from NOK 0.2 million in the first nine months of 2015 (Q3 2015: NOK 0.1 million). The gross margin was NOK 4.2 million, representing a 16 per cent margin in the first nine months. The gross margins on the early-stage shipment reflect that the Cardinal sensor, which represent the majority of the volumes shipped year to date, is a co-developed product.

The total operating expenses in the first nine months of the year amounted to NOK 155.2 million (Q3: NOK 57.0 million), up from NOK 146.7 million in the first nine months of 2015 (Q3 2015: NOK 51.6 million). The depreciation of the US dollar by 9 per cent in the first nine months has reduced the costs when measured in NOK.

The total payroll expenses were NOK 66.6 million in the first nine months (Q3: NOK 27.1 million), which was in line with NOK 66.1 million in the first nine months of 2015 (Q3 2015: NOK 23.1 million). The underlying salary cost increased from NOK 49.2 million in the first nine months of 2015 to NOK 62.0 million in the first nine months of 2016 due to an increase in the number of employees. The net effect of share-based remuneration, which often vary substantially between quarters, was NOK 12.7 million lower in the first nine months of 2016 than in the same period of 2015. The notional cost of incentive subscription rights, including accrued employer's tax, varies with the share price. The cost element related to the subscription rights was the about the same in both periods. The accrued employer's tax on subscription rights amounted to a credit of NOK 5.8 million in the first nine months of 2016, compared to a cost of NOK 6.4 million in the same period of 2015. The cost or reversal does not have any cash effect.

R&D expenses amounted to NOK 69.3 million in the first nine months (Q3: NOK 23.0 million), compared to NOK 66.0 million in the first nine months of 2015 (Q3 2015: NOK 24.2 million). R&D expenses vary according to the amount of services and materials purchased externally.

Other operating expenses, mainly comprising sales and marketing and general admin, amounted to NOK 19.2 million in the first nine months of 2016 (Q3: NOK 7.0 million), up from NOK 14.6 million in the first nine months of 2015 (Q3 2015: NOK 4.3 million). The increase was mainly related to an increase in sales and marketing activities.

The total number of employees and on-going individual contractors was 80 at 30 September 2016, up from 74 at 30 June this year and 69 at 30 September last year. The staff of 80 includes 67 IDEX employees, 10 technical/scientific individual contractors working full time or regularly as part of the development team, and three sales representatives working on contract.

Depreciation amounted to NOK 5.7 million in the first nine months (Q3: NOK 1.8 million), compared to NOK 4.9 million in the first nine months of 2015 (Q3 2015: NOK 1.7 million). NOK 0.9 million was invested in scientific equipment and engineering tools in the first nine months of 2016, compared to NOK 2.6 million in the same period of 2015.

EBIT in the first nine months amounted to a loss of NOK 156.7 million (Q3: NOK 57.7 million loss), compared to a loss of NOK 151.6 million in the first nine months of 2015 (Q3 2015: NOK 53.2 million loss). The increase in operating expenses has been offset by the gross margin on shipments.

Net financial items were a negative NOK 1.3 million in the first nine months (Q3: negative NOK 1.3 million). In the first nine months of 2015, net financial items amounted to a negative NOK 1.3 million (Q3 2015: negative NOK 0.8 million). Interest income is small due to the low interest. The variation between periods is mainly caused by re-/devaluations of the US dollar causing gain/loss on receivables and debt denominated in US dollars.

Due to profits in IDEX's wholly-owned subsidiaries in the USA and UK, there was a tax charge in an amount of NOK 0.6 million in the first nine months (Q3: NOK 0.2 million), compared to a tax charge of NOK 0.5 million for the corresponding period last year (Q3 2015: NOK 0.2 million).

The IDEX group had a net loss of NOK 158.6 million in the first nine months of 2016 (Q3: NOK 59.2 million), compared to a net loss of NOK 153.5 million in the corresponding period of 2015 (Q3 2015: NOK 54.1 million). The loss per basic weighted average number of shares amounted to NOK 0.30 in the first nine months, compared to NOK 0.34 per share in the first nine months of 2015.

Balance sheets

IDEX has a strong balance sheet after raising net NOK 1,029.8 million in 2014 and 2015, mainly in private placements of shares. At 30 September 2016, IDEX held a cash balance amounting to NOK 579.4 million, and the group had no financial debt.

The main assets held on the balance sheet are the intangible assets acquired in 2013 and 2014, inventory and receivables, and cash in bank.

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 amounting to NOK 43.6 million. The assets depreciate over economic life for the respective assets. The major items depreciate over 17.3 years or 9.5 years from acquisition.

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 in the past largely been expensed for the same reason. No development expense has been capitalised in the first nine months of 2016. In the first nine months of 2015, IDEX capitalised own development expenses of NOK 0.6 million related to the Cardinal sensor product.

Fixed assets amounted to NOK 4.9 million at 30 September 2016, down from NOK 6.6 million at the end of 2015. The fixed assets are scientific equipment and engineering tools, leasehold upgrades, office equipment and furniture with useful lives of 3-5 years.

At the end of the first nine months, inventory amounted to NOK 7.6 million, up from NOK 2.3 million at the end of 2015. IDEX will necessarily need to build up its inventory when shipment volume increases.

Customer receivables amounted to NOK 7.0 million at 30 September 2016, in line with from NOK 7.1 million at the end of the second quarter 2016 and down from NOK 0.3 million at the end of 2015. IDEX expects customer receivables to increase when shipment volume increases.

On 30 September 2016, the total assets amounted to NOK 651.5 million, of which NOK 579.4 million was cash. At 31 December 2015, total assets amounted to NOK 828.3 million.

The major liabilities are various operational payables to suppliers and employees, and amounted to NOK 40.3 million at 30 September 2016, up from NOK 35.7 million at the end of the preceding quarter and NOK 69.1 million at 31 December 2015. The increase is normal variations between quarters due to fluctuating payables to suppliers and accrued liabilities.

Equity amounted to NOK 601.5 million at 30 September 2016, down from NOK 656.5 million at 30 June 2016 and NOK 749.7 million at the end of 2015. The decreases are mainly caused by the net loss in the third quarter and the first nine months respectively.

IDEX does not have financial debt. The company has adequate equity and liquidity to operate as 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 nine months of 2016 was NOK 186.0 million (Q3: NOK 44.4 million outflow). The main operating cash item was the operating loss amounting to NOK 156.7 million in the period, partly offset by the equity part of the share-based compensation and depreciation. Change in working capital was negative by NOK 42.3 million in the first nine months mainly due to increased customer receivables and payment of liabilities since year-end 2015. There are usually variations between quarters, mainly due to fluctuating payables to suppliers and accrued liabilities.

NOK 0.9 million was invested in scientific equipment and engineering tools in the first nine months, down from NOK 2.6 million in the first nine months of 2015. Investments vary according to project requirements for new equipment and tooling. IDEX has not capitalised any of its own development expenses in the first nine months of 2016. In the first nine months of 2015 IDEX capitalised NOK 0.6 million own development expenses.

In the first nine months, employees who exercised incentive subscription rights injected new equity amounting to NOK 1.5 million net of expenses. In 2015, new equity amounting to NOK 724.4 million net of expenses was raised by a private placement of shares, payables settled in shares, two exercises of warrants and two rounds of exercises of incentive subscription rights.

At 30 September 2016 the cash position amounted to NOK 579.4 million, compared to NOK 623.4 million at 30 June 2016 and NOK 763.7 million at 31 December 2015. The balance sheet solvency, which is the cash position less the net of receivables and short term liabilities, amounted to NOK 553.6 million compared to NOK 701.7 million at the end of 2015. IDEX does not have financial debt.

Fornebu, 9 November 2016
The Board of Directors of IDEX ASA

FINANCIAL STATEMENTS

IDEX ASA, Interim consolidated statements of comprehensive income

Interim consolidated statements of comprehensive income	1 July- 30 September 2016	1 July- 30 September 2015	1 January- 30 September 2016	1 January- 30 September 2015	1 January- 31 December 2015
Amounts in NOK 1,000					
Operating income					
Sales and services income	8 412	89	26 084	172	349
Other operating revenue					
Total revenue	8 412	89	26 084	172	349
Cost of goods sold	7 246	1	21 901	64	137
Gross margin	1 166	88	4 183	108	212
Operating expenses					
Payroll expenses	27 088	23 051	66 646	66 133	98 226
Research and development expenses	22 952	24 244	69 271	66 043	102 567
Other operating expenses	7 009	4 276	19 244	14 550	18 972
Total operating expenses	57 049	51 571	155 161	146 726	219 765
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(55 883)	(51 483)	(150 978)	(146 618)	(219 553)
Depreciation	1 811	1 699	5 740	4 994	6 834
Profit before interest and tax (EBIT)	(57 694)	(53 183)	(156 718)	(151 613)	(226 388)
Financial income and expenses					
Interest income	205	826	692	2 469	2 810
Other financial income	784	1 202	1 596	2 444	3 312
Interest expenses			(1)	(1)	(1)
Other financial expenses	(2 254)	(2 783)	(3 593)	(6 246)	(8 023)
Net financial items	(1 265)	(755)	(1 306)	(1 334)	(1 902)
Net result before tax	(58 959)	(53 938)	(158 024)	(152 947)	(228 290)
Income tax expense (credit)	193	211	584	514	541
Net profit (loss) for the period	(59 152)	(54 149)	(158 608)	(153 461)	(228 831)
<i>Profit (loss) per share - basic and diluted</i>	NOK (0.11)	<i>NOK (0.11)</i>	NOK (0.30)	<i>NOK (0.34)</i>	<i>NOK (0.50)</i>
Net profit (loss) for the period	(59 152)	(54 149)	(158 608)	(153 461)	(228 831)
Other comprehensive income	(252)	(940)	(419)	(489)	(1 006)
Total comprehensive income for the period, net of tax	(59 404)	(55 089)	(159 027)	(153 950)	(229 837)

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

IDEX ASA, Interim consolidated balance sheet

Interim consolidated balance sheets	30 September	30 September	31 December
Amounts in NOK 1,000	2016	2015	2015
ASSETS			
Long-term assets			
Goodwill	8 260	8 260	8 260
Other intangible assets	35 626	40 128	39 172
Fixed assets	4 903	7 171	6 576
Long-term receivables	1 181	1 144	1 155
Total long-term assets	49 970	56 703	55 163
Current assets			
Inventory and receivables			
Inventory	7 633	8 283	2 281
Customer receivables	7 041	77	254
Other receivables	4 329	4 844	4 319
Prepaid expenses	3 155	2 560	2 531
Total inventory and receivables	22 158	15 764	9 385
Cash and bank deposits			
Cash and bank deposits	579 375	381 950	763 716
Total cash and bank deposits	579 375	381 950	763 716
Total current assets	601 533	397 714	773 101
TOTAL ASSETS	651 503	454 417	828 264
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital			
Share capital	79 842	70 884	79 651
Share premium	1 171 761	755 905	1 170 454
Other paid-in capital	53 901	43 106	44 566
Total paid-in-capital	1 305 504	869 895	1 294 671
Other equity	(704 014)	(469 100)	(544 987)
Total equity	601 490	400 795	749 684
Liabilities			
Long-term liabilities			
Other long-term liabilities	9 734	12 907	9 445
Total long-term liabilities	9 734	12 907	9 445
Short-term liabilities			
Accounts payable	12 569	9 821	17 755
Public duties payable	1 686	3 900	4 012
Accrued payable income tax	998	1 308	1 019
Notional employer's tax on share incentives	8 116	8 664	13 900
Other short-term liabilities	16 910	17 022	32 449
Total short term liabilities	40 279	40 715	69 135
Total liabilities	50 013	53 622	78 580
TOTAL EQUITY AND LIABILITIES	651 503	454 417	828 264

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

IDEX ASA, Interim consolidated cash flow statements

Interim consolidated cash flow statements Amounts in NOK 1,000	1 July- 30 September 2016	1 July- 30 September 2015	1 January- 30 September 2016	1 January- 30 September 2015	1 January- 31 December 2015
Cash Flows from operating activities					
Profit (loss) before interest and taxes	(57 694)	(53 183)	(156 718)	(151 613)	(226 388)
Share-based remuneration (equity part)	4 140	3 523	9 335	10 320	11 779
Depreciation	1 811	1 699	5 740	4 994	6 834
Net financial gain (cost)	(1 470)		(1 998)	(1)	(4 712)
Change in working capital and other items	8 862	(20 201)	(42 313)	(12 797)	25 124
Net cash flow from operational activities	(44 351)	(68 162)	(185 954)	(149 097)	(187 363)
Cash flows from investing activities					
Purchases of assets	(71)	(1 041)	(856)	(2 643)	(2 624)
Capitalised development costs		(132)		(641)	(813)
Change in long-term receivables	(11)	(1)	(10)	(1)	(12)
Interest income	205	826	692	2 469	2 810
Net cash provided by investing activities	123	(348)	(174)	(816)	(639)
Cash flows from financing activities					
Share issues net of expenses	222	17 962	1 499	301 074	724 391
Paid-in, not registered share capital		(21)			
Change in long-term payable	(13)	1 404	288	2 828	(634)
Net cash provided by financing activities	209	19 345	1 787	303 902	723 757
Net change in cash and cash equivalents	(44 019)	(49 165)	(184 341)	153 989	535 755
Opening cash balance	623 394	431 115	763 716	227 961	227 961
Closing cash balance	579 375	381 950	579 375	381 950	763 716

IDEX ASA, Interim consolidated statements of equity

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 2016	79 651	1 170 454	44 566	(544 987)	749 684
Share issues	191	1 307			1 498
Share-based compensation			9 335		9 335
Total comprehensive income for the period				(159 027)	(159 027)
Balance 30 September 2016	79 842	1 171 761	53 901	(704 014)	601 490
Balance 1 January 2015	61 948	463 766	32 787	(315 150)	243 351
Share issues	8 935	292 139			301 074
Share-based compensation			10 320		10 320
Total comprehensive income for the period				(153 950)	(153 950)
Balance 30 September 2015	70 883	755 905	43 107	(469 100)	400 795
Balance 1 January 2015	61 948	463 766	32 787	(315 150)	243 351
Share issues	17 703	706 688			724 391
Share-based compensation			11 779		11 779
Total comprehensive income for the period				(229 837)	(229 837)
Balance 31 December 2015	79 651	1 170 454	44 566	(544 987)	749 684

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

NOTES TO FINANCIAL STATEMENTS

Notes to the condensed consolidated interim financial statements 30 September 2016 (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. The US company provides development services as well as sales and marketing assistance to IDEX ASA. IDEX ASA also has a subsidiary in the UK, established in 2014, and a subsidiary in the People's Republic of China, established in 2015. The subsidiaries provide various services to IDEX ASA.

2 Accounting policies and risk factors

This condensed consolidated interim financial report for the first nine months of 2016 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 2015. The IFRS accounting policies applied in this report are consistent with those applied and described in the annual financial statements for 2015.

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 instruments 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 until 2016, IDEX has earned only 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 fingerprint 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 yet earn a significant amount of 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 9 November 2016.

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 2016	8 260	39 172	6 576	1 155	55 163
Additions			856	29	885
Disposals at cost					
Depreciation and impairment losses		(3 546)	(2 194)		(5 740)
Effects of changes in foreign currency			(336)	(3)	(338)
Balance 30 September 2016	8 260	35 626	4 903	1 181	49 970
Balance 1 January 2015	8 260	42 805	5 588	1 143	57 796
Additions		641	2 643	1	3 285
Disposals at cost					
Depreciation and impairment losses		(3 318)	(1 678)		(4 996)
Effects of changes in foreign currency			618		618
Balance 30 September 2015	8 260	40 128	7 171	1 144	56 703
Balance 1 January 2015	8 260	42 805	5 588	1 143	57 796
Additions		813	2 625	12	3 450
Disposals at cost					
Depreciation and impairment losses		(4 446)	(2 388)		(6 834)
Effects of changes in foreign currency			753		753
Balance 31 December 2015	8 260	39 172	6 576	1 155	55 163

Under IFRS goodwill is not amortised but impairment tested at each year end. Acquired patents and other capitalised intangible assets depreciate over the economic life.

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 may be expensed for the same reason.

2015:

IDEX capitalised in 2015 NOK 0.8 million development expenses related to the Cardinal sensor product.

4 Shares, warrants and subscription rights

Number of financial instruments	Incentive subscription rights	Warrants	Shares
Balance 1 January 2016	22 220 000	-	531 009 416
1 January-30 September: Granted incentive subscription rights	6 155 000		
1 January-30 September: Exercised incentive subscription rights	(1 137 500)		1 137 500
1 January-30 September: Expired and forfeited incentive subscription rights	(830 000)		
25 May 2016: Issue of board remuneration shares			133 339
Balance 30 September 2016	26 407 500	-	532 280 255
Balance 1 January 2015	26 460 362	30 000 000	413 488 862
1 January-30 September: Granted incentive subscription rights	1 765 000		
1 January-30 September: Exercised incentive subscription rights	(3 282 862)		3 282 862
1 January-30 September: Expired and forfeited incentive subscription rights	(342 500)		
29 April 2015: Private placement of shares, issue of warrants		26 250 000	52 500 000
13 May 2015: Issue of board remuneration shares			137 692
2 July 2015: Private placement of shares			3 150 000
Balance 30 September 2015	24 600 000	56 250 000	472 559 416
Balance 1 January 2015	26 460 362	30 000 000	413 488 862
1 January-31 December: Granted incentive subscription rights	2 285 000		
1 January-31 December: Exercised incentive subscription rights	(5 482 862)		5 482 862
1 January-31 December: Expired and forfeited incentive subscription rights	(1 042 500)		
29 April 2015: Private placement of shares, issue of warrants		26 250 000	52 500 000
13 May 2015: Issue of board remuneration shares			137 692
2 July 2015: Private placement of shares			3 150 000
16 November 2015: Exercise of warrants		(30 000 000)	30 000 000
4 December 2015: Exercise of warrants		(26 250 000)	26 250 000
Balance 31 December 2015	22 220 000	-	531 009 416

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 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 30 September 2016 was NOK 4.56 per share.

5 Payroll expenses

Amounts in NOK 1,000	1 July-30 September 2016	1 July-30 September 2015	1 January-30 September 2016	1 January-30 September 2015	1 January-31 December 2015
Salary, payroll tax, benefits, other expenses	23 157	19 727	62 032	49 229	73 007
Capitalised cost of development work		(56)		(444)	(547)
Payroll tax on exercised subscription rights	186	97	1 063	1 550	3 618
Share-based remun., notional salary expense	4 178	3 189	9 335	9 365	10 479
Share-based remun., accrual (rev.) of emplr.'s tax	(433)	94	(5 784)	6 433	11 669
Payroll expenses	27 088	23 051	66 646	66 133	98 226

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 January – 30 September 2016	1 January – 30 September 2015	1 January – 31 December 2015
Profit (loss) attributable to the shareholders (NOK 1 000)	(158 608)	(153 461)	(228 831)
Weighted average basic number of shares	531 843 790	446 642 832	459 123 063
Weighted average diluted number of shares	543 141 842	458 488 521	471 523 685
Profit (loss) per share, basic and diluted	NOK (0.30)	NOK (0.34)	NOK (0.50)

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

On 26 February 2016, the board granted incentive subscription rights (SRs) to the following managers who are primary insiders:

Name, position	Number of subscription rights (SR) granted
Hemant Mardia, CEO	1,000,000
Henrik Knudtzon, CFO	375,000
Preeti Mardia, SVP Operations	250,000
Art Stewart, SVP Product Management	200,000
Anthony Sweeney, SVP Engineering	150,000

The grants were made under the 2015 incentive subscription rights plan. The exercise price of the SRs is NOK 8.10 per share.

Following the annual general meeting of IDEX on 11 May 2016, board members could elect to receive part or full board remuneration in shares in lieu of cash, paying a subscription price of NOK 0.15 per share. Board member Deborah Davis acquired 48,487 shares, board member Hanne Høvding acquired 48,487 shares, and board member Andrew James Macleod acquired 36,365 shares.

In the first nine months of 2016 IDEX has recorded NOK 2,714 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. Mr. Ciaccia also provides consulting services beyond board duty to IDEX for a fixed fee of USD 50 thousand per year.

Effective 1 February 2016, board member Andy MacLeod provides consulting services beyond board duty to IDEX for a fixed fee of GBP 60 thousand per year. On 26 February 2016 Mr. MacLeod was granted 500,000 incentive subscription rights (SRs) in his capacity as service provider. The grant was made under the 2015 incentive subscription rights plan. The exercise price of the SRs is NOK 8.10 per share.

Robert N. Keith assists IDEX in strategic analysis and in dealing with larger, international, prospective partners. Mr. Keith's fee for his services in the year 2016 amounts to NOK 2.0 million.

10 Events occurring after the balance sheet date

On 9 November 2016 the board resolved to grant 1,840,000 incentive subscription rights (SRs) to employees and individual contractors of the company. The grant was made under the 2016 incentive subscription rights plan. The exercise price of the SRs is NOK 6.59 per share. On the same date, the board resolved to issue 1,500,000 shares at an average price of NOK 1.23 per share to an employee who had exercised subscription rights which were granted in 2012.

Between 30 September 2016 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 nine months of 2016 or the value of the company's assets and liabilities at 30 September 2016.