



 **IDEX**
THE ID OF YOU

FIRST QUARTER 2012

Ralph W. Bernstein (CEO)
15 May 2012

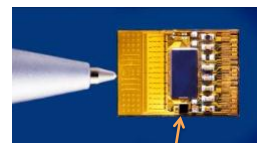
IDEX – THE ID OF YOU

Mission:

Secure, Safe and Simple ID

Business:

IDEX delivers world leading fingerprint biometrics technology and products



Products:
Fingerprint sensor components, modules and accompanying software

First quarter highlights

- Main commercial milestone
 - ▶ IDEX' partners committed to launch products with 'IDEX inside'
- Rise in partner activity
 - ▶ Partner strategy open doors to major players in the industry
- Production ramp up; key milestone achieved
 - ▶ Sensor manufacturing migrated to suppliers' full-scale production equipment and methods
- Exploring strategic opportunities
 - ▶ The strategic partner evaluation project has attracted interest from several of the targeted companies
- Funding secured through private placement of shares



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FINANCIALS AS AT 31 MARCH 2012

Erling Svella, CFO

15 May 2012

Profit and loss statements

Consolidated interim Statements of comprehensive income Amounts in NOK 1,000	1 January- 31 March 2012	1 January- 31 March 2011	1 January- 31 December 2011
Operating Income			
Sales revenue	3		99
Other operating revenue	584		1 224
Total revenue	587	-	1 323
Operating expenses			
Payroll expense	5 367	3 978	17 696
Research and development expenses	2 948	3 224	13 481
Other operating expenses	2 365	2 148	7 632
Total operating expenses	10 680	9 350	38 809
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(10 093)	(9 350)	(37 486)
Depreciation	79	51	245
Profit before interest and tax (EBIT)	(10 172)	(9 401)	(37 731)
Financial Income and Expenses			
Interest income	81	24	348
Other financial income	28	26	66
Interest expense			
Other financial expense	(11)	(7)	(38)
Net financial items	98	43	376
Net result before tax	(10 074)	(9 358)	(37 355)
Taxes			
Net profit (loss) for the period	(10 074)	(9 358)	(37 355)
<i>Profit (loss) per share -basic and diluted</i>	NOK (0.04)	NOK (0.04)	NOK (0.15)

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Balance sheets: Assets

Consolidated interim balance sheets Amounts in NOK 1,000	31 March 2012	31 March 2011	31 December 2011
ASSETS			
Long-term assets			
Fixed assets			
Machinery and office equipment	860	881	939
Total fixed assets	860	881	939
Financial assets			
Long-term receivables	325	319	325
Total financial assets	325	319	325
Total long-term assets	1 185	1 200	1 264
Current assets			
Receivables			
Accounts receivable			19
Other receivables	1 716	1 572	3 161
Prepaid expenses	514	544	343
Total receivables	2 230	2 116	3 523
Cash and bank deposits			
Cash and bank deposits	13 025	3 821	21 462
Total cash and bank deposits	13 025	3 821	21 462
Total current assets	15 255	5 937	24 985
TOTAL ASSETS	16 440	7 137	26 249

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Balance sheets: Equity and liabilities

Consolidated interim balance sheets Amounts in NOK 1,000	31 March 2012	31 March 2011	31 December 2011
EQUITY AND LIABILITIES			
Equity			
Paid-in-capital			
Share capital	40 794	32 240	40 794
Share premium reserve	63 429	29 274	63 429
Other paid-in capital	8 526	3 767	7 409
Total paid-in-capital	112 749	65 281	111 632
Other equity	(102 340)	(64 269)	(92 266)
Total equity	10 409	1 012	19 366
Liabilities			
Short-term liabilities			
Accounts payable	1 311	1 545	2 230
Public duties payable	838	910	471
Other short-term liabilities	3 882	3 670	4 182
Total short term liabilities	6 031	6 125	6 883
Total liabilities	6 031	6 125	6 883
TOTAL EQUITY AND LIABILITIES	16 440	7 137	26 249

Cash flow statements

Consolidated interim cash flow statements Amounts in NOK 1,000	1 January-31 March 2012	1 January-31 March 2011	1 January-31 December 2011
Profit (loss) before interest and taxes	(10 172)	(9 401)	(37 731)
Share-based remuneration (equity part)	1 117	767	4 409
Depreciation	79	51	245
Interest paid			
Change in working capital and other items	458	31	(608)
Net cash flow from operational activities	(8 518)	(8 552)	(33 685)
Purchases of property, plant and equipment		(300)	(552)
Change in long-term receivables			(7)
Interest received	81	24	348
Net cash provided by investing activities	81	(276)	(211)
Share issues			42 709
Net cash provided by financing activities	-	-	42 709
Net change in cash and cash equivalents	(8 437)	(8 828)	8 813
Opening cash balance	21 462	12 649	12 649
Closing cash balance	13 025	3 821	21 462

Changes in equity

Consolidated interim 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 2012	40 794	63 429	7 409	(92 266)	19 366
Share-based compensation			1 117		1 117
Total comprehensive income for the period				(10 074)	(10 074)
Balance 31 March 2012	40 794	63 429	8 526	(102 340)	10 409
Balance 1 January 2011	32 240	29 274	3 000	(54 911)	9 603
Share-based compensation			767		767
Total comprehensive income for the period				(9 358)	(9 358)
Balance 31 March 2011	32 240	29 274	3 767	(64 269)	1 012
Balance 1 January 2011	32 240	29 274	3 000	(54 911)	9 603
Share issues	8 554	34 155			42 709
Share-based compensation			4 409		4 409
Total comprehensive income for the period				(37 355)	(37 355)
Balance 31 December 2011	40 794	63 429	7 409	(92 266)	19 366



IDEX
THE ID OF YOU

BUSINESS UPDATE

Main commercial design win milestone

- SmartFinger selected for two customer products
- IDEX' partners committed to launch products with 'IDEX inside' in 2012
- Key results of IDEX's extensive work with partners

Milestone orders in major markets for IDEX SmartFinger Film:

Embedx BioMatrix™ smart card

- **System-on-card solution for security access control**

- ▶ Pilot: University dormitories and student activity centers



S.I.C. TOUCH PROX CARD & FID®

- **System-on-card** (Touch Prox Card)
- **Mobile security** (FID)

- ▶ FID: Designed for Apple iPhone, iPad and Android-based devices



Rise in partner partner activity

- All cooperation programs announced in 2011 still active
- Several product prototypes demonstrated
- Continuous delivery of sensors batches and biometric modules
- IDEX' Partner strategy paves the way into major players in the industry

The number of partner companies tripled during the last 12 months



Production ramp up; key milestone achieved

- Main manufacturing and assembly processes established
- Sensors are now manufactured using the suppliers' full-scale production equipment and methods
- Production capacity sufficient to meet current customers' demand
- Production chain expanded to increase capacity in response to foreseeable orders

Ionics – main production partner

- ▶ Licensed to produce and sell fingerprint sensors to be embedded in products
- ▶ Contracted to produce sensors that IDEX sells to customers and other partners



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Exploring strategic opportunities

- Announced partner evaluation project has good traction
- Interest from several of the potential strategic industry partners
- IDEX' value proposition:
 - ▶ Strong IP, advanced technology blocks, competitive product solutions and potential mass market opportunities

Pareto appointed as advisor to evaluate strategic industry partners:

- ▶ To take advantage of the fast developments in biometric data protection
- ▶ To fully exploit the potential of IDEX's ground breaking SmartFinger technology in the fast expanding market for biometric ID
- ▶ To accelerate the establishment of high-volume products with IDEX SmartFinger inside
- ▶ A strong partner with manufacturing skills and/or market access will bring the IDEX technologies and products to mass volume applications

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Fingerprint market trends

Emerging technologies & growing market prospects

- Contactless biometric cards
 - ▶ On-card fingerprint systems allows secure contactless transactions and reduce the risk of skimming
- Mobile phone biometric security
 - ▶ Near Field Communication (NFC) makes effortless contactless payment and data exchange possible
 - ▶ Fingerprint biometrics to ensure security and privacy
- The Internet of Things
 - ▶ Fingerprint biometrics is the obvious choice for personal security and privacy

” Large-scale Government Projects and Growing Uptake in Other Sectors Boost Market Prospects

Frost & Sullivan, "Global Civil and Military Biometrics Market Assessment", 24 Jan 2012

Fingerprint biometrics is still the main technology used, but there is now more emphasis on dual biometric checks.

Law Enforcement and the Military will be adopting portable reader devices for field use.

National id's will be adopted by countries world wide. This will be an access card to computers, transport, etc.



IDEX's application area road map

- Safe, Secure and Simple personal ID
 - ▶ Fingerprint biometrics is the obvious choice for personal security and privacy





IDEX - THE ID OF YOU

What we do:

- IDEX enables mass market deployment of biometrics:
 - ▶ *Fingerprint ID on every card you own*
- With the fingerprint reader **at** the card or device, IDEX adds security **and** safeguards your privacy
- IDEX SmartFinger® Film links the owner uniquely to the card just with a swipe of the finger

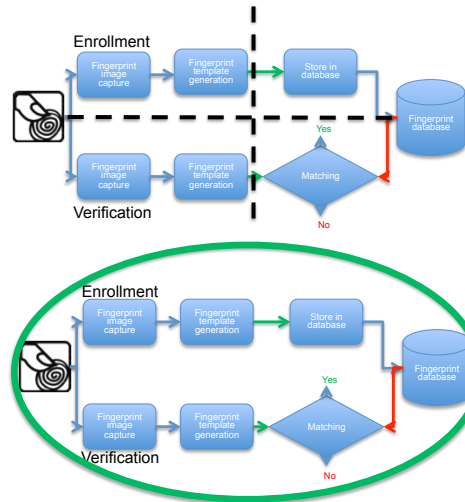
Progress:

- First sensor deliveries completed in 2011
- 10+ partners committed to design SmartFinger Film into demonstrators, prototypes and products
- First commercial orders in Q1 2012
- IDEX is fully dedicated to production ramp-up
- Pareto Securities appointed as advisor for strategic partner evaluation project



The BioMatrix™ card from Embedx Corp.

Fingerprint system configurations



Conventional fingerprint systems:

- Enrollment in "public offices".
- Fingerprints stored in centralized data bases.
- Separate infrastructure for verification systems.
- Used in e-passports and national ID

On-device fingerprint systems:

- Enrollment, fingerprint databases and verification on-device or card.
- Fingerprints stored on-card only.
- Utilizes existing infrastructure.
- Enables mass market deployment.

Biometric system-on-device

- 1. Enrollment:** The user enrolls and stores the fingerprint on the device using the integrated fingerprint reader. The device is immediately linked uniquely to the owner - just with a swipe of the finger.
- 2. Verification:** The owner opens the device by comparing its fingerprint with the one stored at the device, using the fingerprint sensor at the device.
- 3. Authorization:** The device authorizes the device directly towards access systems, card readers, ATMs and other existing infrastructure.



Biometrics system-on-card offers

Added security and convenience

- Fingerprint enabled
- No PIN codes and passwords to remember – to lose

Safeguarding privacy

- Safe management of personal information
- Fingerprint never deposited on external readers
- Fingerprint never leaves card
- No centralized use of fingerprints databases

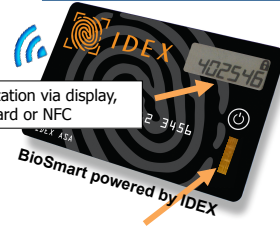
Utilizes existing infrastructure

- ATMs and terminals
- Internet
- Enterprise systems
- Access gates

Suitable for mass market deployment

Fingerprint data securely stored inside the card. No biometric data is transmitted.

Authorization via display, smart card or NFC

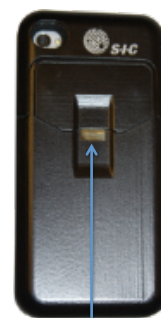
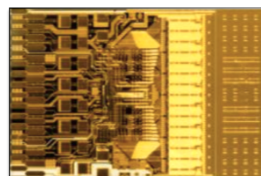
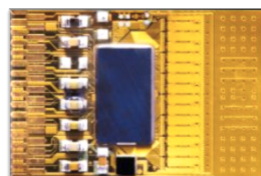


IDEX SmartFinger® Film

The SmartFinger® Film sensor

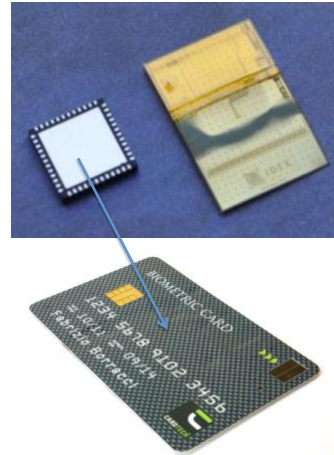
The SmartFinger® sensor includes:

- a protectively coated polymer sensing array,
- an integrated electronic chip (ASIC),
- electrostatic discharge protection,
- software library for fingerprint image reconstruction and biometric authentication.



Smartfinger® Secure Processor (SSP)

- A stand-alone biometric authentication software solution programmed onto standard Cortex M3 microcontrollers
- Lean resource requirements:
 - 32 kRAM, 32 MHz CPU, 120 kB flash
- Works with Smartfinger Film® polymer fingerprint sensor technology
- Embedded application with host API

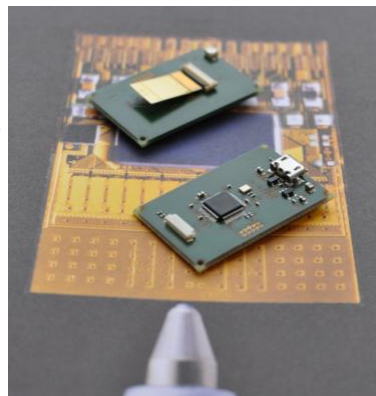


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Smartfinger® Secure Module (SSM)

- Secure biometric authentication module with:
 - SmartFinger Film Sensor
 - SmartFinger Secure Processor (SSP)
- On device enrollment, template storage and verification within the very same module
- Stores up to 250 templates
- Ready for integration into a variety of biometric products such as USB sticks, remotes and access control solutions



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Summary

- **Main commercial milestone**
 - ▶ In April, two partners selected SmartFinger Film for their biometric devices
 - ▶ Products with 'IDEX inside' expected on the market in 2012
- **Rise in partner activity**
 - ▶ All cooperation programs announced in 2011 still active
 - ▶ Continuous delivery of sensors and biometric modules to partners
- **Production ramp up; key milestone achieved**
 - ▶ Key manufacturing and assembly processes established
 - ▶ Production capacity sufficient to meet current customers' demand
 - ▶ Sensors manufactured using full-scale production equipment and methods
- **Exploring strategic opportunities**
 - ▶ Announced partner evaluation project has good traction
 - ▶ Interest from several of the targeted potential partners
- **Funding secured through private placement of shares**



THANK YOU

15 May 2012