

IDEX company presentation

3 March 2010



IDEX the ID of you.

IDEX has developed the patented SmartFinger® swipe sensor technology, taking the proven biometric ID of fingerprinting into the digital age mass markets.



Presentation outline

- The SmartFinger® technology
- The market opportunity
- Business plan
- Status on development and marketing
- Corporate information
- Summary



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Personal security for every card you own

- SmartFinger® ensures the *user friendly* application of a secure personal ID system in daily life
- SmartFinger® delivers *on-device* fingerprint enrollment and verification using a *robust* and *low-cost* swipe sensor
- SmartFinger® offers a stand-alone system, verification independent of online or database connections
- SmartFinger® is the *next generation* biometric sensor technology, *market ready* and suitable for receptive mass market applications
- SmartFinger® can be manufactured at the crucial price performance nexus to create mass market adoption



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The landscape we explore

IDEX single line sensor array,
pitch: 0,0508 mm

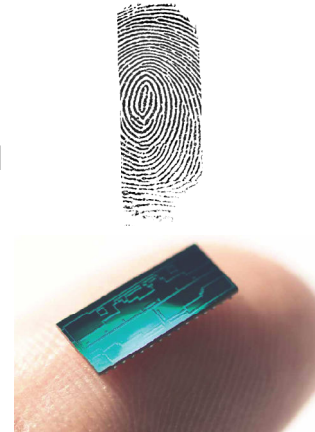
Human fingerprint pitch: ~ 0,6 mm

Picture by James Sullivan

The SmartFinger® swipe sensor

- Finger is swiped over sensor
- Fingerprint image reconstructed by measuring movement of finger
- Patented sensing principle, imaging scheme and chip solution

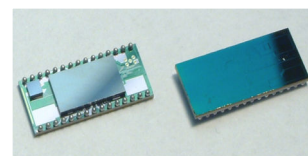
- SmartFinger® award winning technology
 - Small size and low power consumption
 - Unsurpassed image quality
 - High biometric performance
 - Suitable for low cost and mass production
 - Simple product integration



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Competitive advantages

- Usability of sensor
 - Superfast biometric performance (false rejection, false acceptance)
 - Flexibility of speed and direction of finger movement
 - Durable surface coating for long term operation and high reliability
- Production cost
 - Low cost sensor chip technology
 - Separate small, cost optimized electronics
- Ease of integration
 - Flat and thin
 - A variety of packaging options
 - Power saving and finger-on detection
 - Small software footprint allows for *on-card* verification independent of online or database connections



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SmartFinger® features

- Biometric authentication
- Navigation
- Pointing
- Tap /double tap
- Scrolling
- Power saving and wake up functionality



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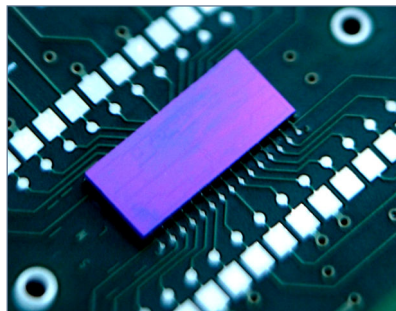
Applications

- Smartcards for ID, banking and access
- PC and peripherals
- Mobile and wireless



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SmartFinger® is a breakthrough technology in mass market biometric identification



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On-Card fingerprint system

A 'killer' application for the IDEX
SmartFinger® technology

- High biometric performance
 - High security, low false acceptance
 - User friendliness, low false rejections
- Thickness, chip solution and choice of materials enables compatibility with standard smartcard format
- IP licensing to major manufactures enables seamless product integration and introduction to mass markets



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The market opportunity;
ID, access control and financial
transactions.



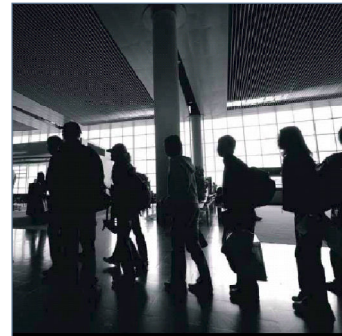
Identity theft - an immense problem

- Identity theft is doubling every year
- Identity fraud in the U.S. alone cost more than USD 55 billion USD
- Multifactor authentication is required for ID, access control and transactions
- Fingerprint biometrics is the obvious solution



Fingerprint ID for the mass-market

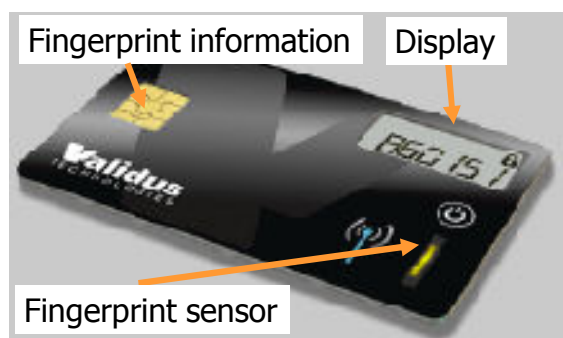
- “On-device” authentication to avoid centralized databases of personal biometric information
 - Privacy
 - Data handling
 - Security
- Compatibility with existing infrastructure
 - Terminals
 - Internet banking and commerce
 - Access gates
 - ATMs



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On-Card fingerprint system

- *On-card* fingerprint enrollment
- *On-card* authentication
- Utilizes existing infrastructure
- Communication options
 - Display
 - Near-field communication
 - Smartcard chip



SmartFinger® raises card security to the next level by incorporating biometric ID within existing systems.



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A variety of applications and markets

- E-commerce (accommodates high value & volume transactions and opens cross border transactions)
- Online banking services (access & transactions)
- Universities (access to sensitive data & identification)
- Health care (access to medical records, prescriptions & current research)
- Physical & logical access
- Government and civilian identification
- Airport security (increased deployment in non-supported Clear® airports)
- Online brokerages (increased security & authentication for online trading)
- P2P money exchange (increased security over current static PINs)
- Credit & Debit cards (POS requires software modification only)
- IT service providers
- Prepaid cards (POS requires software modification only)
- Transportation
- Telecoms



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The card market is an immense potential

Governmental ID	5 billion cards
Military	75 million cards
Financial institutions	3 billion cards
Enterprise & physical access	1 billion cards
Annual total	9 billion cards



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Example: Visa cards

Visa Inc. is the world's largest retail electronic payments network, with more than US\$4.4 trillion transacted on our payment products over the four quarters ended December 31, 2009.

VISA INC. OPERATES THE WORLD'S LARGEST RETAIL ELECTRONIC PAYMENTS NETWORK*	
16,100	Financial institution customers (As of September 30, 2009)
1.8 billion	Visa cards (As of September 30, 2009)
US\$4.4 trillion	Total volume** (During the four quarters ended December 31, 2009)
US\$2.8 trillion	Payments volume (During the four quarters ended December 31, 2009)
1.6 million	ATMs*** (As of September 30, 2009)
62 billion	Total transactions**** (During the four quarters ended December 31, 2009)

Excludes Visa Europe, unless otherwise noted

**Based on payments volume, total volume, number of transactions and number of cards in circulation. Figures are rounded.*

*** Includes payments and cash transactions.*

**** As reported by client financial institutions and therefore may be subject to change; includes merchant outlets and ATMs in the Visa Europe territory.*

***** includes payments and cash transactions.*

<http://corporate.visa.com/about-visa/>

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EuroSmart vision paper

Jacques Seneca, Eurosmart Chairman,
Brussels 19 April 2007:

"We can already foresee the 20 billion devices per year milestone passed by 2020, based on already identified new applications.."

www.eurosmart.com



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Business plan
The road to mass market adoption



The slide features a background image of a hand pointing at a laptop keyboard. The text 'Business plan' and 'The road to mass market adoption' is overlaid in white. The IDEX logo, consisting of a stylized fingerprint icon and the word 'IDEX', is positioned in the bottom right corner of the slide.

IDEX' business propositions

- For the very high volume markets IDEX offers licensing partnerships with manufacturing companies
- The performance and usability of the SmartFinger® also puts IDEX in a position to deliver products in a variety of medium-volume/high-margin markets
- IDEX has demonstrated one of the highest performing swipe fingerprint sensors
- The SmartFinger® sensor chip solution enables ease of product integration and compatibility with card formats
- IDEX has recently closed important agreements and commercial contracts aimed at entering high volume markets



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The slide contains a list of five bullet points detailing IDEX's business propositions. The IDEX logo is located in the bottom right corner. The number '22' is at the bottom right of the slide.

The road to mass markets

- IDEX has offered superior performance from the out-set, but no commercial success to date
 - The chosen markets, mobile and PC, has been slow adopters
 - Lacked commercial volume manufacturing partner
 - Cost never low enough for commercial adoption
- Currently well positioned
 - Established manufacturing partners to bring cost down
 - Price/performance potentially best in industry
 - Continuous development has put us into the lead with a new generation sensor and authentication software
 - Identification and focus on exciting mass market; ID, access and financial cards
 - Combination of market opportunity and pricing can set off mass adoption



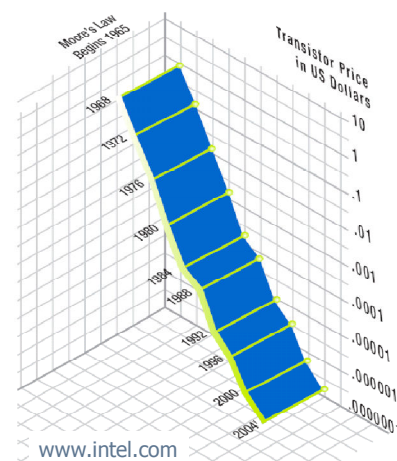
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Manufacturing cost drops dramatically with mass adoption

Strong price impact

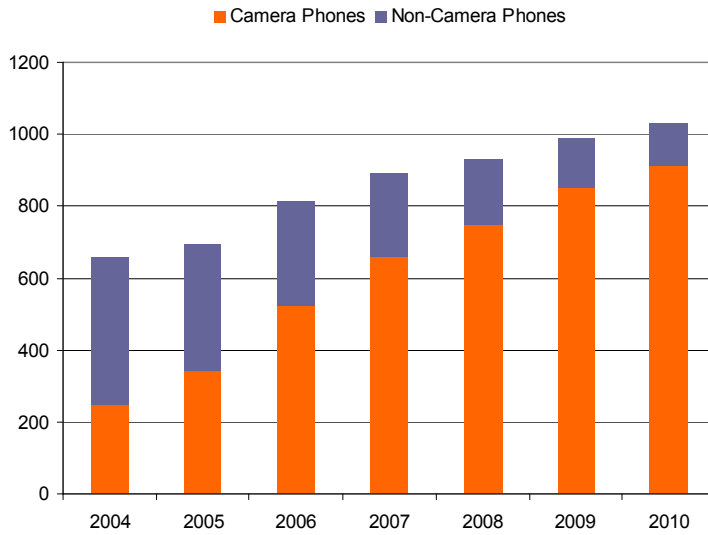
Examples:

- Data storage and memory
- Camera chips
- Camera phones
- Flat-screen TVs



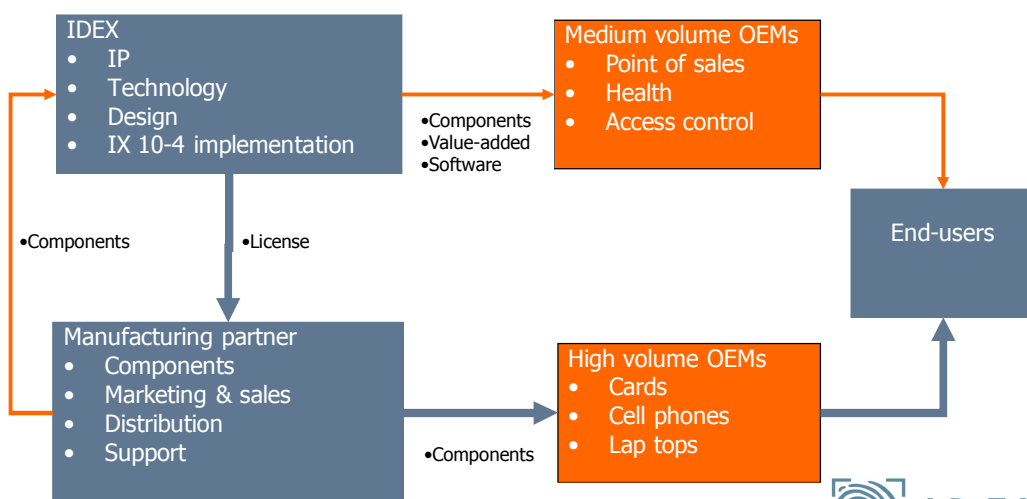
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Example: Uptake of cameras in cell phones



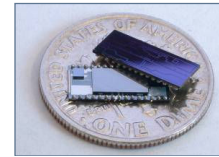
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Business models



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Outlook



2010..

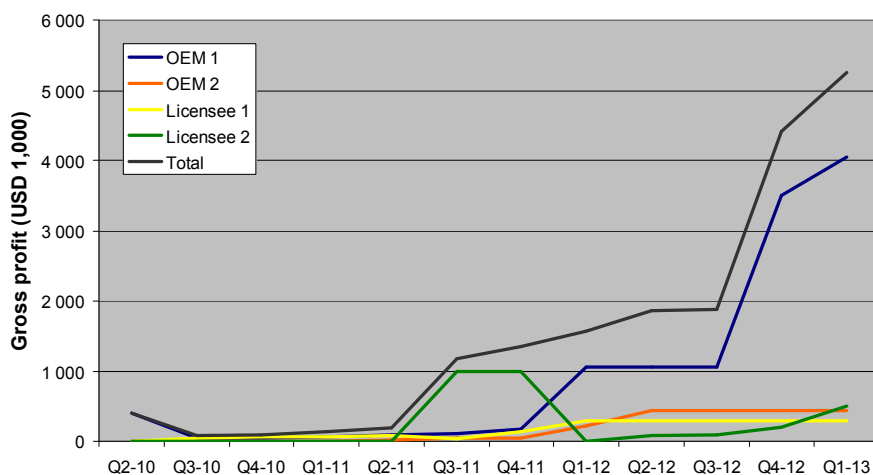
- Release of next generation fingerprint sensor
- To have the SmartFinger® technology implemented in products on the market

..and beyond

- SmartFinger® - the chosen technology in the card mass markets
- Manufacturing partners chosen
- The road to mass adoption of the SmartFinger® begins!



Gross profit projection of current customer/partner portfolio



- Key assumptions, see overleaf

Key assumptions

- Current unit pricing, manufacturing costs and margins
- Agreed license terms and royalty rates where fixed by contract, otherwise terms as expected
- OEM 1: Customer's volume forecast, IDEX has prolonged the ramp-up stage by one quarter
- OEM 2: Expected timing and volumes based on enquiries
- Licensee 1: Current joint plan and IDEX' volume projection
- Licensee 2: Current joint plan and IDEX' volume projection



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Status on development and marketing



Product development

- In 2008 IDEX released the SmartFinger® IX 10-4 silicon swipe fingerprint sensor based on the patented sensor technology, chip solution and imaging principle
- In 2009 a design for stand-alone fingerprint authentication modules was completed
- Next generation fingerprint sensor technology based on low-cost material technology enabling design into ID cards and Smartcards



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Business & development partnerships

- January 2009:
 - Agreement with a major semiconductor company
- July 2009: 
 - IDEX and **Validus Technologies Corporation** announced a strategic commercial licensing agreement for use of IDEX's patented SmartFinger® technology in Validus' new generation of patented biometric powered cards (VALIDcard™)
 - Validus is a technology and solution provider in the area of security and authentication, with a specific focus on combating identity theft and cyber crime



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Business & development partnerships

- September 2009: 
 - IDEX and **Ionics EMS Inc.** announced a strategic IP licensing agreement providing Ionics rights to manufacturing and sales of fingerprint sensor products based on IDEX' patented SmartFinger® technology.
 - Ionics is a leading electronics services provider based in the Philippines and listed at the Singapore Stock Exchange
- January 2010: 
 - IDEX received an order from **Bundesdruckerei GmbH**
 - Bundesdruckerei is one of the world's leading suppliers of high-security technology solutions and ID cards. Since 1987, Bundesdruckerei has produced more than 230 million ID cards and passports



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Corporate information



About IDEX ASA

- IDEX is headquartered at Fornebu (Oslo), Norway with its US office in Silicon Valley, California
- Staff
 - 8 persons in Norway (2 part-time)
 - 1 person full time in USA
 - 5 contractors working 50-100 per cent time at IDEX' premises
- IDEX ASA is a public company
- Trades are currently reported on the NOTC list
- IDEX was recently admitted to listing at the Oslo Axxess if Oslo Børs latest 12 March 2010



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Funding, shares

- Accumulated investment into the technology since 1999 is NOK 235 million
- Shares current: 420 million
- Warrants total, expiry 2011: 313 million
- Gross number of shares: 733 million
- Q1 2010: Capitalization to satisfy listing conditions:
 - NOK 15-20 million private placement
 - NOK 15-20 million in early exercise of warrants
- Q1 2010: Share consolidation 3 to 1 to achieve share price > NOK 1.00



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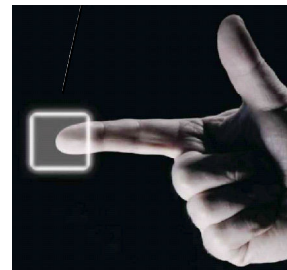


Summary

Proven *next generation* biometrics,
enormous receptive markets,
market ready *disruptive* technology.



- SmartFinger® is the *next generation* fingerprint sensor technology, *market ready* and suitable for a range of mass market applications.
- IDEX has identified suitable applications with technologically receptive markets of immense potential.
- IDEX has established relationships with suitable manufacturing partners to deliver solutions at a *price/performance nexus* that will disrupt competition.





Supplemental slides



History - key events

- 1996: Established. Business idea: Commercialization of fingerprint-based ID technology
- 1997: Partnership with SINTEF
- 1999: First prototype
- 1999: Trades reported on NOTC
- 2000: Key functionality patented (pointing, navigation)
- 2001: Licensing agreement with ST Microelectronics
- 2003: First version of SmartFinger® sensor manufactured by ST Microelectronics
- 2004: Admitted to NOTC A-list
- 2007: Licensing agreement with ST Microelectronics terminated due to technical and IP dispute
- 2008: SmartFinger® IX-10-4 sensor released to partners and customers
- 2009: Verification of second generation SmartFinger® prototype
- 2009: Receives Frost & Sullivan Global Swipe Sensor Product Differentiation Innovation of the Year Award
- 2009: Strategic alliances with Validus Technologies (cards) and Ionics EMS (manufacturing)
- 2010: Listed at Oslo Axess



Pro forma balance sheet 31 December 2009 + Q1 2010 + Funding

• Fixed assets	0.7	• Equity	28.9
• Receivables	3.3	• Debt	0
• Cash	29.3	• Payables	4.4

- Assuming Q1/2010 equals average of 2009, NOK 6.0 million cash costs per quarter (ex financial items)
- Assuming NOK 15.0 million placement
- Assuming NOK 15.0 million warrants exercise



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Interim report Q4 2009

Consolidated interim Profit and loss statements Amounts in NOK 1,000	2009 1 Oct.-31 Dec.	2008 1 Oct.-31 Dec.	2009 1 Jan.-31 Dec.	2008 1 Jan.-31 Dec.
Operating income				
Sales revenue	-	-	3	25
Other operating revenue	13	-	65	2 225
Total revenue	13	-	68	2 250
Operating expenses				
Payroll expense	2 532	2 400	9 013	9 135
Share-based remuneration	1 096	735	2 993	1 283
Research and development expenses	992	984	4 989	4 256
Other operating expenses	3 435	2 554	8 296	6 780
Total operating expenses	8 055	6 673	25 291	21 454
Profit (loss) before interest, tax, depreciation and amortization (EBITDA)	(8 042)	(6 673)	(25 223)	(19 204)
Depreciation	28	6	43	20
Profit before interest and tax (EBIT)	(8 070)	(6 679)	(25 266)	(19 224)
Financial Income and Expenses				
Interest income	53	117	116	318
Other financial income	26	1	114	9
Interest expense	(589)	(583)	(2 420)	(2 233)
Other financial expense	(38)	(7)	(129)	(11)
Net financial items	(548)	(472)	(2 319)	(1 917)
Net result before tax	(8 618)	(7 151)	(27 585)	(21 141)
Taxes	-	-	-	-
Net profit (loss) for the period	(8 618)	(7 151)	(27 585)	(21 141)

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