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PRESENTATION

Stanley A. Swearingen - *Idex ASA - CEO*

Okay, good morning, everybody, and welcome to IDEX's Second Quarter 2018 Presentation. So I'm excited to be here. A lot of good momentum building. So we'll do the presentation first, and I'll turn it over to Henrik to then share financials, and then we'll have a Q&A session afterwards.

So a point of disclaimer today. In particular, today, I've decided to show some fairly forward-looking technology for our roadmap and our pipeline. So I do want to bring attention to this and make sure that you do read this because, as I mentioned, there will be forward-looking comments in my presentation.

So as I mentioned when I started, a lot of momentum building. So we're pretty excited about finally, to be at this phase where the market is materializing, and we're seeing it in that many forms and fashions.

So first, multiple customer trials and launches are starting to complete. So I believe the term pilot will be behind us here in the next 6 months. So we'll move from a phase where it's technology refinement and introduction to business, which will be a nice shift for us as a company.

We made a couple of significant amount -- announcements with 2 new card integrators in China, JINCO and Feitian. For people who aren't familiar with JINCO and Feitian, they're both top tier players in China. They also cover many verticals. So they're not only a payment provider, they cover access control, government ID. So it's really a great relationship for IDEX. Not only does it build a foundation for us in China, but it expands our presence in multiple verticals. So if we look at our on-card enrollment, I'll feature this a little more in the presentation, but we're also seeing tremendous validation that this innovation is fundamental to the mass deployment of payment cards. So we're really excited about our position with this innovation. What this does for us to launch future relationships and make the market materialize and ramp. We also, when we introduced and announced Feitian and JINCO, that was also a twofold announcement. One was establishing relationships with credible players in Asia, but it was also a statement that our dual interface card has now been tested and validated and is production ready, which is a big statement for us.

And then last but not least, we really are proud to have passed all the requirements necessary for certification. We consider that behind us now, so we don't see -- that was a significant milestone at one point, but now, we're entering into a phase where we're starting to develop the pipeline and build business. So we don't see that as a milestone behind us, not in front of us anymore, which is another great thing for us.

When we look at just the amount of activity that's occurring now in the payment card space but also in other verticals. If you look at the trials in the first half of '18, there were more trails in the first half of '18 than the past 4 years combined. And you'll see that number accelerate in the second half of '18. So we're really seeing this proliferate in a very significant way across many geographies, many verticals. And the other thing we're seeing, if you look at the ecosystem, we're seeing tens of million, if not hundreds of millions of dollars of investment in R&D. And so what we're seeing now is it's no longer a question of will this market happen. It's a question of let's make it happen. And so that's a big -- when an ecosystem is firing up, this level of R&D, it says the value proposition has been validated, the customer poll has been validated, and these are all top-tier players. I mean, if you look at IDEMIA, Gemalto, JINCO, these are all Tier 1. Then you look at the schemes: Visa, MasterCard, JCB. Then you look at the issuers, and I think you've seen some really aggressive press releases recently for some issuers in the Middle East.

So one of the things we talked about in the last presentation was really my desire to really get more involved with PR. And I think we've just seen in the past quarters a significant ramp in the -- our presence in the press with top-tier. I mean, very -- The Telegraph, Independent, FindBiometrics. And there's 2 pieces to this. One is there is an appetite for the story of paid biometric payment cards. It's an exciting story that journalists want to write about. The other side of it is we really upped our game with investments in this area. So the 2 combined really, really accelerated our ability to get the message out there. And not only get the message out there, but I'm confident now we're being viewed as a top leader. So we're being sought out to comment on things not only just about MasterCard or our relationship, it's what do you think about the industry? What do you think about be obstacles? What do you think about fraud? Does this card really -- what's the value prop? And it's an exciting place to be because, as I mentioned last time, when somebody has a thought about wanting to do something with a biometric card, we want them to think about IDEX, first and foremost. And so we really made great progress in this. And if you look at The Telegraph, Independent, these are top-tier magazine -- top-tier publications with hundreds, if not billions, of impressions.

So we talked about the dual-interface card is now ready for production. So Feitian has completed their engineering integration and are doing this with an eye towards major payment scheme in China -- or not payment scheme, major issuers in China. And then JINCO has successfully integrated to card -- dual-interface cards, and this is across multiple applications that I mentioned. So this is critical. This means that both these companies, who are top-tier companies, went through their entire engineering process, B2G technology up and gave us a seal of approval that says it's ready for prime time.

The other thing that's showing that ramp is starting to happen is our pipeline of opportunities has increased 3.5x since Q4 '17. And so with that, literally every week, I'm seeing new opportunities in the pipeline. So this is just the front end of a pretty exciting phase for us where we're now being approached by multiple companies that have plans across all the verticals. And so if we look at this, a lot of the poll is in Asia, Africa and Europe right now. We do expect this to be in North America and other geographies. It's just these geographies are on the front end and are much more aggressive in how they adopt technology and launch technology.

So as far as the supply chain. So as I've mentioned in the past, we're partnered with blue-chip companies. TSMC, Samsung as well as STMicro is a partner of ours for MCU. And then we have Amkor and SPIL. And then our customers, IDEMIA, Feitian and JINCO. It's important to note we don't ship cards. What we ship is technology to card integrators such as IDEMIA. So when we talk in -- about our visibility in the market. Our visibility in the market comes from 2 places. One is our customer, and that's IDEMIA, and the other is our relationship with MasterCard. So when we do our best, and we're trying to be as transparent as possible about helping -- give you indications of where the business is going, where the order flow is going, it's through the eyes of our customers. And then there's issuers and other complexities further down the chain that we may not have the visibility to -- that sometimes change on us and cause things to maybe move a bit on us. So I just think it's important that you understand the supply chain.

The one thing I want to point out is TSMC does hundreds and billions of units. So our volume, when we ramp, is a small portion of the overall volume. And why that's important is a new market like this is highly volatile. Meaning, it can go from being very conservative to people saying I want hundreds of thousands of units to I want millions of units overnight. So you have to be working with supply chain partners who can make that switch almost instantaneously. So having partners like Amkor and TSMC, who are doing significant volume, even tens of millions of units for them is a small percentage of their overall capacity.

The other thing that I think is important to know is we have started volume productions, so we have placed volume production orders into our supply chain. And why that's important? Because we're confident now that the order flow is there and going to materialize. And so because we have to prepare 8 to 12 weeks before we deliver an order, we have to be 8 to 12 weeks ahead of everything else. So for us, the order is now more a formality as we've got the pipeline filling for our supply chain. The other thing is we made the decision again based on our level of confidence that we invested in a high-volume prober tester. And what that is, is we write all the tests and we crate the hardware, and we do that on our site in Rochester. And then that test software and hardware is then put at Amkor and SPIL. And so the flow is we get silicon from TSMC, is packaged at Amkor, tested right in their facility and it ships to our customer. Very efficient, very -- so again, that allows us to go from smaller volume to higher volume almost overnight.

So talk a little bit about -- and I've talked about this because I want to reemphasize we're doing a tremendous job of building a moat around this business. And what I mean by moat around this business is we want to have tremendous value on multiple dimensions such that we are increasing

our value and pulling value from other parts of the system. And why is that important? Because that's how you get higher margin. So if you look in mobile, in mobile, the margin profile very quickly went to commodity. Well, why did it go to commodity? Because there weren't a lot of barriers to entry. So what we're doing already, just a certification, relationships. There's a lot of things just by the nature of this business that creates a lot of barriers to entry. But we're not just resting on our laurels with that, we're also doing things around intellectual property, innovation. And so the way you head up commoditization is you innovate. And as long as you're a head in innovation and you do a good job in intellectual property and you do a good job with your relationships, this business should be a margin rich business. So I've done a lot of communication. I have a lot of experience in the automotive business. And this business has a lot of parallels to automotive, much more like automotive than it is to mobile. And part of this is it's strategic partnerships. I'm going to cover some innovations we have on the pipeline I'm excited about it that are actually happening much faster than we had planned. And then the off-chip sensing. I'm going to give you some insights into the innovation pipeline and why being off-chip is a fundamental and critical element to feeding this level of innovation and integration. And then we'll talk about the team because at the end of the day, you have to have a team that's assembled that can take these insights you get from the view you're getting from all the pilots and everything. And you have to put them into your products as fast as possible, and we've assembled a world-class team. A world-class team that has very unique and different perspectives and very unique different engineering capabilities. And then supporting the solutions. So -- in this case, when we look at remote enroll, if we were just a sensor company, we wouldn't have taken on the challenge of remote enroll. We would have said, that somebody else's problem. But what we're looking at and saying, what are all the problems standing in the way of this market being -- materializing. And we're taking ownership for that and we're innovating and we're delivering value. So remote enroll is a case study of IDEX, and we don't view ourselves as a sensor company. We view ourselves as biometric systems companies solving real-world problems.

So I've talked about this advantaged insight, and it's really -- starts with field test trials, bottom left. So we create concepts, we go to trial, we get insights from those trials. We then feed those insights into our engineering team that then defines our roadmap. Then we have the opportunity to innovate, which I'll show you. Then those innovations in -- we put them in the customer requirements. We create new prototypes. So this is constantly, constantly in motion. One of the things that's important and one of the things I learned in my roles in Silicon Valley was there's an innovation dilemma, if you will, that you can innovate when you don't have customers because you have plenty of time to innovate. And the minute you get customers and you have to support customers, all your innovators are then sucked into customer support. And then your innovation slows. When your innovation slows, that allows the competitors and fast followers to come in and copy and then you commoditize. So that's the problem statement. So having thought about this problem statement for a good portion of my career, we've come up with kind of how do we deal with this? How do we keep the innovators partitioned away from the support? And how do you do this in such a way that as you get customers, you get support, you don't slow down the innovation engine, you accelerate the innovation engine. And so what we're seeing now is we've got that in place and it's working well. And so our innovation is now accelerating as we're getting engaged with more and more customers and more and more input. And as we support those support questions and insights are then being fed into our systems engineering team that solve them and come up with ideas of what can we innovate next-generation that would solve -- would bring us to a point where we wouldn't have that problem anymore.

So what I'm going to talk about is examples of this innovation engine. On-card enroll. Let me talk about security because I believe security, in all verticals, is an important topic. And we're going to talk about why off-chip and what we're doing to innovate there or to bring the level of security to the highest it can possibly be. And one of the articles I was interviewed for, we were talking about fraud and the person who interviewed me said, well, do you think you'll ever solve it for good? I said, no. It's an arm's race. There are smart people that are on both sides of this equation and you just have to be one step ahead. And so it's going to be a place where innovation is going to continue to happen and opportunities to solve for very complex security breaches, hacks, so forth. We feel that what we have in the market today is actually very secure and it's been validated by third parties. But we're not resting on our laurels, we're looking at how could we make it more secure. How can we make it impenetrable. And I'll use those words. But as soon as we make it to the other side, we'll find a way to penetrate and then we have to do it again. So it's -- what's exciting is back to the moat concept. This gives us an opportunity to continue to have areas to innovate and differentiate. And then we're going to talk about display integration. I've talked about it in the past. We're going to talk about how does that apply to smartcards. And then I'm not going to cover it but we've done a tremendous amount of work and energy harvesting, intended design, all the components you need for contactless and ensuring you get more and more power available to your solution so you can cut down latency and do more exotic things from a security perspective, so on and so forth. So here, for people who haven't seen remote enroll. And I want to clarify for enrollment, and we have it here. So for enrollment, we're working on multiple enrollment approaches. So this isn't the only. We'll support somebody who wants to go into a branch, if somebody wants to enroll using their smartphone. So we're working on many different enrollments approaches. This, we're really excited about, which -- it's is very simple. [Pull] the plastic sleeve of the battery and you slide the card in. You touch 6 times and the card is enrolled. So this is shipped in the

mail, goes through a consumer. There's instructions, they follow the instructions, the card is enrolled. Never gets on any network, the fingerprint never leaves the card and customers are really excited about that because in the mobile application, your fingerprint is -- and it's secure, but there's a perception that it's on the network. This -- your fingerprint never leaves this card. And so this innovation came from a challenge. As we were doing early pilots last year, and we started to think about how we -- how do you enroll a million people if a million people have to go into a bank and get enrolled? And so we started to think about, well, this is a real inhibitor to this market. So we have to solve for this. We have to get something that's so cheap, it's throwaway, it can go in the post and nobody has to have a cellphone, nobody has to have a computer, and we solve for it. So we're excited about that. We're also excited that when you look at Visa and MasterCard, it's pretty much they're saying without this, the market doesn't happen. And the fact is our innovation and our partnership with MasterCard we developed this. But it's an exciting place. As a small company, you just say you've done something that is fundamental to creating a huge market. And we believe we will get value for that. So when you look at this, one of the things -- the finger guide is an important, subtle but important part of this. And the reason the finger guide is important. In a mobile phone, you have visual feedback. So if you touch it, it will feed back to you, did you get enough views of your finger? That's called enrollment. And what's -- why is this fundamental? Because enrollment, the template is what sets the user experience. So if you have a really high-quality template, you will have a phenomenal user experience. If you have a poor template, you will have a poor experience. And there's a trade-off. If I have to ask somebody to touch this thing 30x and precisely direct -- precisely have them touch it in certain ways that we get that template to be what we need to get the experience, that's not a good -- that's not something consumers are going to want to do and it's wrought with risk that may not be done correctly. So what these guides do is actually, they have ramps. They guide your finger to make sure it's placed on a sensor to the optimal way to get the optimal template.

And so there's a lot of science behind these little ramps and what the angles are. And they're driven by our observations of how do people hold cards when they present them to a reader? And so by looking at that, those insights of the presentation, ergonomics, how do people hold cards and then putting that into then how do we create something that guides the finger in such a way that we capture the template such that it's a phenomenal user experience. So it's a subtle little thing, but there's a lot of thought and a lot of innovation behind this invention.

So if we go to the next, so security. And again, I don't want to get too technical. But if you look at the top, it's really the phases of a match. So basically, what you do is to capture the image, you preprocess it, you then extract features and features are like ridges and minutia. You then store that template some place, and then you match that template. And then there's something to all this secure element. And for people who aren't familiar with secure elements, secure elements are like the Fort Knox of the system. They have special shielding. They're manufactured in special facilities with security clearances. It is like, if something happens, a secure element, it is the highest level of security that you can have. And so when you look at this, our current high-security system, which is, this is a capability comment, different vendors will choose to put -- to implement this in different ways. And of course, I'm talking about security, so I'm not going to tell you everything. Because if I did, then the hackers would know everything. So there's subtleties underneath this. But what we do today is, the sensor captures the image. We have the ability to encrypt the link between the sense and the biometric MCU. So we have end-to-end encryption ability. And why is that important? Because something called man in the middle attack, somebody could snoop the lines between the sense and the biometric CPU, see the fingerprint payload, if it wasn't encrypted, and then they could send a fake payload to the MCU and fake in a match. So encryption's important. Now you can do things in the image of the fingerprint to make sure that that's masked in such a way that you don't need encryption there. And so I'm talking about the different ways in which you can solve for the problem. But why is this -- why are we different? Why is IDEX different? Well, because our off-chip technology, we have advanced semiconductor processes. We can embed a lot of encryption blocks. We can operate in very fast modes and super low power. So we can do a lot of things from a security perspective, that if you're not off-chip and your sensor's defined by this, your silicon is defined by the size of your sensor, then you can't use these expensive technologies, which then puts you in a different position. And I'm not saying it can't be solved differently. I'm just saying this is a huge differentiator for IDEX. Now today, what happens is the secured template is stored in the MCU. So as we do the enrollment we just talked about, and we create this template, there's secure memory inside the biometric MCU. And that's where the template lives. And so that's where, what ends up happening is, in the system, you capture the fingerprint, you would then look at the template to store in secure memory, and you would say is it a match? And you would communicate with secure elements, saying it's a match or not in an encrypted way. Now where do we move in the future? Where we move in the future is we basically store the template and the match happens inside the secure element. If the templates and the secure [element] match happens, the secure element, I told you that's Fort Knox. That is -- and I'll use the highest level of security, but we'll come up in another way in the future, to make it even higher, but if you look at this, so then we have encryption between every link. We are in the process of integrating that algorithm as we speak with partners. So that -- we have that technology today. And why is that important? Back to the innovation engine. We saw this need 1.5 years ago when we were going to security assessments as part of the security -- of the certification process. So in order to solve a problem, it takes months and years from the time a problem's identified to what you

can come up with a solution. So you can only imagine that we're showing you today what we learned last year, we have a pipeline of things from the things we are learning today. The bottom, and these are both comments from independent third parties. So the top is no practical scalable attacks. The bottom is considered as resistant to high attack potential and no attack packs can be constructed. So that's an independent security expert analysis of this architecture.

Now what I'm really excited about would -- been talking about display integration and the team has really just accelerated this much faster than I had envisioned. So what we're doing is essentially, we're taking -- because we're off-chip, we can embed our sensor into a display. And by demanding, using display technology, that gets us several value propositions. So basically, one of the first things that we're looking at is attacking the card present and card not present. So what we can do, that picture shows you, that's Dynamic CVV in a fingerprint sensor merged together. So the display for this CVV is actually the fingerprint sensor. And what's that allow us, it allows us not to have a display. We can use that for all things like, Dynamic CVV or we can say how much is in your account. We can also use it to guide enrollment. And the exciting thing is, it's kind of a holy trinity. It's not only do you get all the value, it's thinner, flexible, higher performer and it's lower cost than our current sensor. So it's all those dimensions in one. And then if we look, the idea of the thinner and more flexible sensor, we don't necessarily have to have it be a display. We can just use a display back plane, and use it as a sensing element. And what's exciting about that, we can create much larger sensors that are dramatically lower cost than our sensors today. And so you can envision, our much larger sensors can allow for a much simpler -- much more simplified enrollment process. So this is really breakthrough and it really differentiates us and it's impossible to do if you're not off-chip.

So in summary, the momentum of building many proof points surge, leading to our confidence. So leading ecosystem companies, expanding the commercial activities. You Saw the number of pilots, strong market traction, announcement of the pioneering invention of the remote enroll, and we are in the process and have placed orders in our supply chain, start to ramp. And what are some of the key milestones in the coming months and weeks? Shipments and support of production orders, customer trials and launches on the combat -- contact solution, pilots of the dual-interface solution and then you'll see announcements on multiple ecosystem and then -- you'll see announcements on multiple new ecosystem and innovation partnerships in the coming weeks and months. So with that, let me turn it over to Henrik and then we'll have Q&A afterwards.

Henrik Knudtzon - *Idex ASA - CFO*

Thank you, Stan. Over the past few quarters, IDEX has transitioned from mobile to cards as witnessed by Stan's presentation now. And that's -- transition has also impacted revenues as the card markets, the biometric market is really at its inception now. In terms of OpEx for the quarter, the total OpEx was about NOK 63 million. The biggest element of our OpEx is our payroll costs. In the quarter, it was about NOK 40 million. However, that is impacted by a noncash item related to the subscription rights, which is about NOK 8 million. So that's a pretty significant part which is noncash in this. For the other item, which is the second biggest part, is the development expense. So these are external development expense. So these are external development costs. Our development cost is really faced by the nature of the development projects and they vary a bit by quarter-to-quarter. So you see that there's an increase in the quarter. That doesn't mean that we have significantly increased the development activity, but it's more of a phasing between quarters. And we're pretty much on the same level, underlying as we have been. Other OpEx is NOK 8 million for the quarter, and that's a pretty stable element. As of the second quarter of this year, IDEX had a cash position of NOK 190 million. The cash flow in the quarter really reflects the cash OpEx we had. Not a lot of investments and the working capital was pretty constant. If you take the second quarter cash balance and the second quarter cash flow, there's 3 to 4 quarters of cash coverage. This runway will obviously depend on when we get revenues, either through shipments of sensors or monetization of IP. And actually, this is something and that IDEX is very closely monitoring. That concludes the presentation. So I'll open up for Q&A.

Stanley A. Swearingen - *Idex ASA - CEO*

Yes, Henrik, I'd like to invite David Orme, just introduce him. So Dave joined us, boy it seems like forever ago, but a couple of months ago, and Dave is our Senior VP of Sales. So I think, it's a kind of another statement of a change of our the phase we're moving into is, Dave is going to be much more involved with some of the presentations and talking about design win pipelines and designs and ramps and things that we're looking forward to talking about. So with that, we'll open it up to questions.

QUESTIONS AND ANSWERS

Stanley A. Swearingen - *Idex ASA - CEO*

I didn't do that good of a job.

Henrik Knudtzon - *Idex ASA - CFO*

It seems like it was pretty clear.

Unidentified Analyst

How will you inform when you get orders?

Stanley A. Swearingen - *Idex ASA - CEO*

Well, that's a good question. So just in case people didn't hear it in the webcast, so the question was, how will we inform when we get orders? So we don't expect to announce every single order. What we will do is, we'll announce things that are material, meaning, we're entering into a high-volume phase, right? So my thought is, I don't want to deluge the investors with, "Oh we got another order, we got another order." What we'll talk about is significant advance or significant orders. So we will communicate those and we'll be doing our best to be transparent so you can help -- help you understand how is the ramp materializing and what's the steepness of the ramp.

Unidentified Analyst

You will not define the volumes?

Stanley A. Swearingen - *Idex ASA - CEO*

What?

Fredrik Steinslien - *Pareto Securities, Research Division - Analyst*

You will not define volumes?

Stanley A. Swearingen - *Idex ASA - CEO*

And some, again, in some cases we may decide its material and we should, right? So I think the spirit, let me answer it this way: We're going to do everything we can to give our investors as much information as they can to build the models they need to build, to understand where this business is, and where this business is headed.

Henrik Knudtzon - *Idex ASA - CFO*

Although we may be restricted by the people placing the orders, just saying -- us not saying what it is. But our interest is to share as much information as possible. But we may have some restrictions from the people placing the orders.

Charlotte Knudsen - *Idex ASA - Director of IR & Communications*

We also have one question from Christian (inaudible). So I'm just going to read it up. Good morning Stan. I understand Fransabank had tried and launch the payment card with IDEX sensor. Can you start delivering them now through MasterCard or do you have to wait for the final certification?

Stanley A. Swearingen - *Idex ASA - CEO*

Okay, great question, actually. So people who haven't seen Fransabank, I recommend you go to their website because it is on their landing page. You can order the card. I think the question also, I want to clarify something before I answer your question. MasterCard doesn't buy cards. MasterCard's a scheme. MasterCard's an influencer. So in this case, IDEMIA, which shipped the card to Fransabank, and we would ship our sensor to IDEMIA. And the answer to the question is, we're ready to ship that today. So we're not dependent upon any other deliverables to deliver that solution to. So if IDEMIA came in, said we want X number of units, we're positioned and that's back to my comment about the supply chain. We're already ordering material with the expectation we are going to get orders. And we want -- the last thing we want to be is the obstacle between a bank wanting to launch the card and us saying, oh, we're sorry, we didn't -- we weren't proactive. You have to wait 18 weeks. And so that's -- question really is a great lead-in to the commentary about why we've decided to place the orders into our supply chain and start to ramp.

Unidentified Analyst

I have a question about these, the two when you're of age, from September 2019. The demand for 2 factor authentication. So what kind of impact would that have for this business?

Henrik Knudtzon - *Idex ASA - CFO*

I think 2 factor authentication is obviously positive for IDEX, because we are delivering another potential factor, which is biometrics. So any regulation which, it hardly requires enhanced security, will be positive for IDEX as a company because we can offer that in a way that's scalable, cost-efficient way. So we think anyone who wants enhanced security, combined with stability, that's very positive for IDEX.

Stanley A. Swearingen - *Idex ASA - CEO*

Yes, I'm going to have Dave chime in. Dave comes from the payment ecosystem, so maybe he can give you a slant from his experience.

David Orme - *Idex ASA - SVP of Global Sales & Marketing*

Yes, absolutely. Thank you, Stan. So yes, from my point of view yes, as Henrik has largely stolen my thunder, actually, but it is very positive for us, offering a fingerprint into that particular ecosystem, I think is great. It's something that issuers will have to focus on, between now and September 2019, when the regulations really start to bite.

Unidentified Analyst

I saw the presentation. You said the market in Asia is, having a very strong attention in IDEX. I'm wondering, because I'm from China, yes. People in China are used to use Alipay. We pay almost everything without a card. So how do you develop the market in China?

Stanley A. Swearingen - *Idex ASA - CEO*

Okay, yes, great question. So China, from a mobile payment is actually unique, relative to a lot of other geographies. And initially, probably earlier this year, it was much more of a push. But over the summer, the issuers have now come in, because usually, behind every payment -- online payment, there's a card. And so there are cards. And so basically, what's happening now is, there's a dynamic with the issuers that they want to steal customers

from each other. And so, even though the online payment is the preferred payment method in China, there has to be cards behind it. And the reason why it's getting now so much attention and pull-through, which had shifted about 6 months ago, actually, is the issuers are now saying, well, I want my card to be the card that's behind that, and biometrics is a way for me to differentiate. Because other than that, what is there to differentiate on? It's fees and services, which means they drop their profitability. So the interesting thing is, biometrics means different things to different people in the ecosystem. And I think when you look at the back in the Middle East, it's clear through their messaging and their launch, they see this as a way to get new customers. And so that's what we see in China, but great question.

Henrik Knudtzon - *Idex ASA - CFO*

One addition to that comment. So now we've talked about the payment vertical. There's also other potential biometric card verticals. So you have the ID cards, health cards, access control cards. So there's actually quite a lot of different smart cards out there and not only payment. But we are -- it's a good question, and we get that a lot and want everything moved to the mobile phone. But we are seeing that now. China has a very high adoption of mobile payment, but there's still a need. If the phone runs out of battery, it's good to have a card. It's -- people like to have more payment methods than 1. Adoption elsewhere in the world hasn't been that high. So there's still quite a lot of areas where it does really make sense to have a payment card.

David Orme - *Idex ASA - SVP of Global Sales & Marketing*

Can I just add one more comment too, as well? And, I mean, I'm from the payment world, and have sold many mobile payment solutions. And in the conversations that I've had with issuers, including Chinese issuers, the card is the last physical connection between them and the consumer. So they're very interested in preserving that, and extending the life of the card, offering additional services through biometric. So when you think of it from the point of view of the issuer, actually maintaining that contact with their consumer in a physical way through the card, that something they're very interested in preserving.

Charlotte Knudsen - *Idex ASA - Director of IR & Communications*

I guess that concludes.

Stanley A. Swearingen - *Idex ASA - CEO*

Okay, well thank you, everybody. That concludes the presentation.

Henrik Knudtzon - *Idex ASA - CFO*

Thank you.
