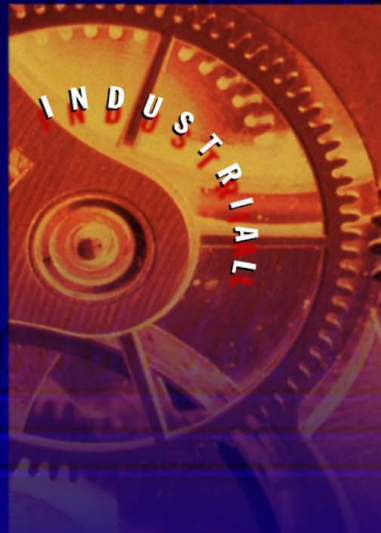
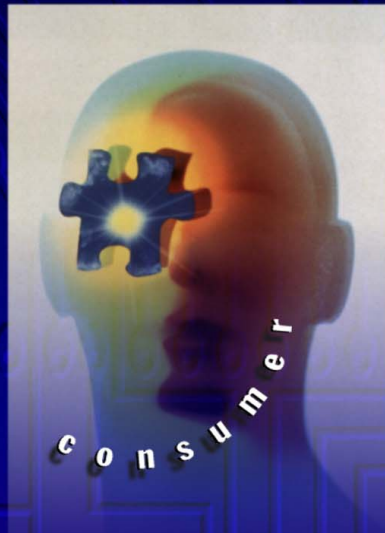


T H E Q U I E T R E V O L U T I O N



embedded

Windows[®]

<http://www.intrinsyc.com>

Who are we?

Intrinsyc Software
engineers embedded
Windows® solutions. We
get our customers to
market *in record time*

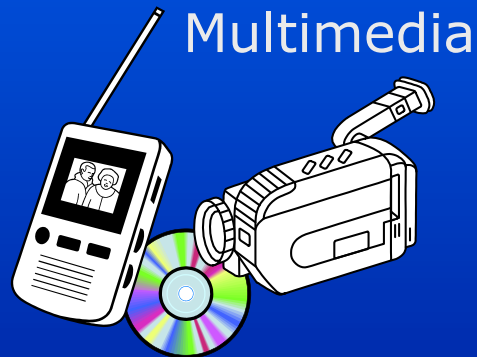
- Pure software play in an exploding new market
- Highlighted at Comdex by Microsoft as 1 of 14 exceptional technology companies worldwide
- Major transaction underway with acquisition of a U.S. based technology firm - **Annasoft** (San Diego, CA)
- Growing immediately from 37 to 85 people via Annasoft acquisition, planning to hire more people this year
- Solid revenues, marketing and sales capabilities
- Founded in 1992, Public on the VSE 1996

The Multi - \$ Billion Embedded Software Market

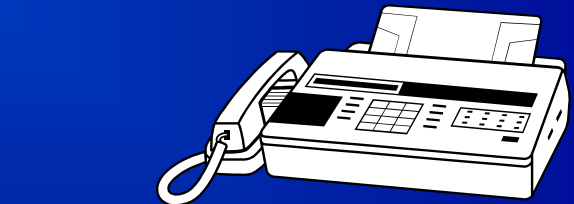
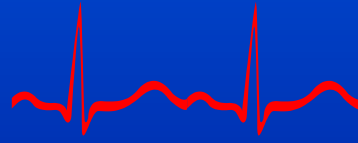
An *Embedded System* is any product other than a desktop PC that contains computer chips (98% of all CPUs, 4B shipped in 1997)



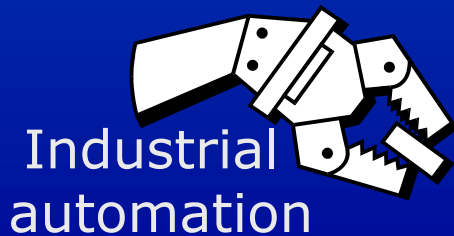
Telecommunications



Medical



Office automation



Computer peripherals



New Market Drivers are creating Explosive Growth

TTM = Time To Market (market share)

M³ = massively-affordable megahertz and megabytes (Moore's Law)

C³ = Convergence of computers, consumer electronics and communications

- Set-top devices
- Auto PC

Why hasn't this happened before now?

- Desktop computing power is just now becoming affordable for consumer products in the form of 32 bit single chip computers costing \$10 or less
- New operating systems like Java[®] and Windows CE[®] that provide products with powerful applications need 32 bit chips
- Until now, economics forced the use of 8 or 16 bit chips with home grown software

Embedded Java & Windows Market Opportunity

- It's massive. How massive?
- 7,000,000,000 embedded processors already in use
- Growing at 30% per year compounded
- At \$5 per copy of Windows CE, Microsoft would gross **\$2.3B** with a 10% market share, at 30% that's a **whopping \$15.6B**
- Microsoft **owns 90%** of the desktop market, so embedded is the new vision

Old Market Dynamics

- Historically splintered/niches
 - wide range of small competitors
- No standardization
 - proprietary software
- Limited functionality
- Lack of software development tools
- Result = specialized knowledge, slow time-to-market

The New Microsoft Way

- Windows CE - a new “small is beautiful” OS
- Shrink-wrapped product offerings
- Lower business risk
- Lower development and maintenance costs
- Lower personnel and training costs
- Scalable Windows across the enterprise
- Faster time-to-market with off the shelf software from many different sources

What exactly is Windows CE?

- Based on Windows 95 and NT so its familiar to the millions of desktop programmers worldwide
- Small memory footprint - fits on a floppy
- Modular, scalable (license only what you need)
- ROM ready (no disk drive needed, fast booting)
- Processor independence (not tied to Intel)

Why Intrinsyc?

- Intrinsyc had the **vision** 2 years ago to develop products based on CE, and now **leads** the CE technology market today
- \$5M invested into creating technology that is filling in the **missing pieces** in Microsoft's CE strategy
- Intrinsyc is now ready with its products and is transitioning into a scalable services driven business model with the Annasoft acquisition

Example: Rainbow Web Technologies



The **Server** is to
an **embedded device**
what a **browser** is to
a **desktop computer**

- think Netscape!

******* 5 Star Rating** by
Windows CE On-Line

*Client Server News stated:
"Rainbow may be the
technology **Microsoft** needs
to beat **Java** in the
embedded market"*

Many CE **embedded devices**
won't have a **display** or
keyboard but will connect via
the **Internet**

- think Intrinsic!

Why Annasoft?

- Annasoft is the world's largest supplier of Microsoft operating systems to the embedded market
- More than 400 customers worldwide
- John Choisser, Richard Eppel are major players in the embedded software space
- Significant marketing pull from educational workshops, publications, and a 10 year Microsoft business relationship
- Strong custom engineering capabilities

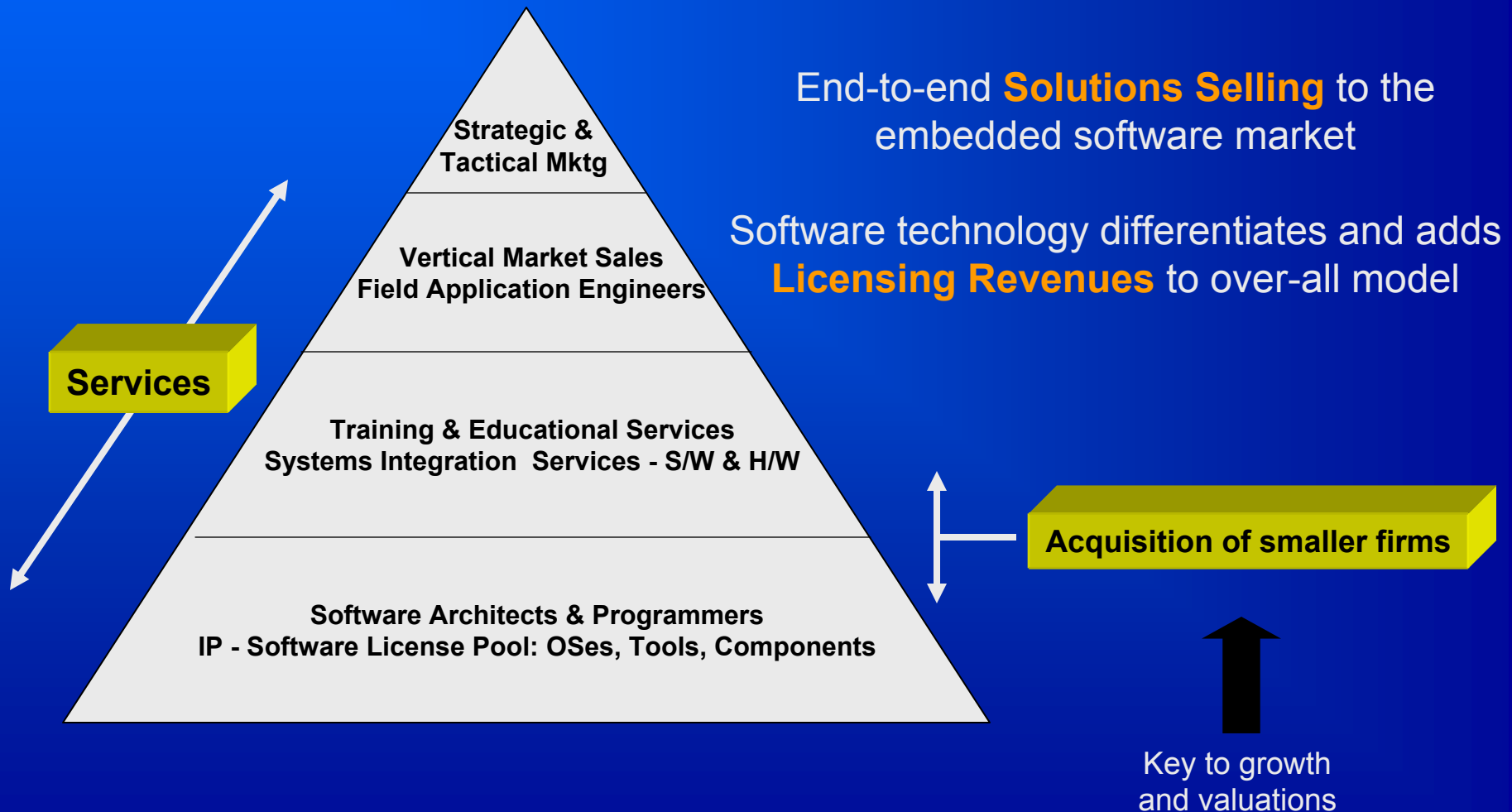
Why Intrinsyc + Annasoft?

- Intrinsyc is very strong in IP and development capabilities but needs marketing and sales, systems integration (SI) capabilities, Canadian based
- Annasoft is very strong in distribution, training, SI capabilities, revenues, mgmt, and is U.S. based, but lacks strong IP
- No-one ever got fired for buying IBM (industry consolidation in late 1998)

2 Focal Points

- **Windows CE Jumpstart Program** - a guarantee to our customers: out-of-the-box success with Windows CE *in record time*
- **Intelligent Connectivity Solutions** - giving our customers powerful embedded *Internet* connectivity for their products

Scalable, Service Driven Business Model - Fast Growth!



How do we make Money?

- Sales of tools (\$1,000 to \$10,000) to development firms (5M programmers out there)
- Licensing of components to manufacturers on a per use basis (\$0.50 to \$20 per)
- Consulting services (daily rates):
 - Training programs / Workshops
 - Feasibility studies
 - Software development
- Publishing

Annasoft Acquisition Process

- ✓ • Negotiate and sign the LOI with the basic valuation formula and structural business issues defined
- ✓ • Complete formal 3 year audits of Annasoft by KPMG
- Complete formal "fairness opinion letter" to the Exchange and Shareholders
- Complete formal agreement and sign
- Complete information circular materials (prospectus level disclosure on the merger) and mail out to shareholders, call an EGM 30 days hence
- Hold EGM and seek shareholder approval
- Final closing, business begins as a U.S. based entity

Typical Drivers of Public Company Valuations . . .

- Best in class “business model” in an exciting new market, aggressive growth
- Additional growth via acquisitions
- Hot IP, rapid innovation
- Intellectual capital (people) and proven ability to hire/acquire additional staff
- US Listing, US shareholders

We've got it coming!

Sample Customers

Using our tools:

Intel, RadiSys, Kodak, UniSys, Ecton,
Data General

Licensing our components:

Intermec: Barcoding Systems

Philips: Video Conferencing Systems

Cannon: Office Products

12 Month Goals in the CE space

- Build revenues 2x over last year internally (\$10M last year), add 0.5x from other acquisitions
- Complete 1 major strategic partnership with a larger player in the industry (stability)
- Position ourselves as the company that provides customers with the ability to launch competitive products in record time

The Other Players

- Bsquare
- Vadem
- Venturcom
- Applied Micro + Metrowerks
- ISI/ISDC
- Eclipse

Finances

\$2M in the bank, \$200K burn rate

Long Term Income Statement Outlook

Revenues:

- Tools 15% (90% GM)
- Components 30% (90% GM)
- SI/Support 55% (60% GM)
- Development: 30%
- SG&A: 45%
- Net Income: 25% (before tax)

Capitalization

- 10,600,000 shares in the public float
(>50% held by insiders and friends)
- 14,434,717 shares outstanding
- approx. 18M shares fully diluted
- *Plus* approx. 11M shares issued to Annasoft at closing of acquisition

Investment Analysis

- Outstanding shares after acquisition is complete: est. 24M
- Revenues over last 12 months: \$11M
- Valuation based on 10 times trailing sales: \$110M, or \$4.58 per share
- Expected revenue growth in 1998 plus U.S. listing indicates potential for strong value appreciation
- Today's stock price: \$2.10-\$2.25

Operational Facilities



- San Diego, CA:
 - Head office
 - Marketing & Sales Distribution
 - Systems Integration, Services
 - Publishing
 - Training / Workshops
- Vancouver, BC:
 - Development
 - Strategic initiatives
 - Finance, Corporate Communications
- Redmond, WA:
 - Marketing & Sales
 - Microsoft liaison

Southwestern B.C.

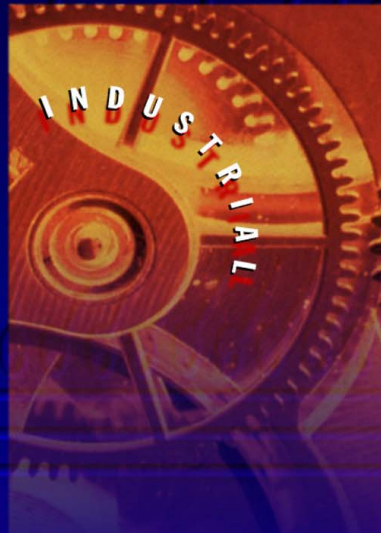
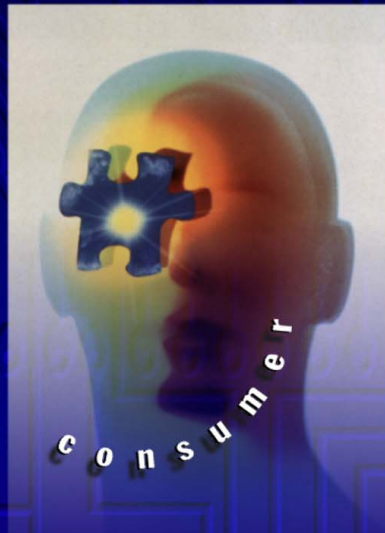


Redmond, WA
2 hours by car

San Jose, CA
2 hours by plane

San Diego, CA (Annasoft)
3 hours by plane

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