

IDEX Biometrics Investor Presentation



January 2021

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IDEX Biometrics | At a Glance

Next evolution of payment cards

COMPANY

Design, develop and deliver biometric fingerprint sensors, software and system solutions

TECHNOLOGY

- Highly differentiated off-chip sensors and solutions
- > 200 patents filed and pending

STRATEGICALLY POSITIONED

- One of only two worldwide suppliers
- Fabless semiconductor business model
- Partners and supply chain to support mass volumes
- Certified (EMVCo®) with two global payment platforms representing >70% of worldwide branded payment cards

Oslo Børs: **IDEX** OTCQB: **IDXAF**

MARKET OPPORTUNITY

- 22 billion payment cards in circulation, growing to >29 billion by 2023¹
 - ~5 billion new smartcards issued annually
- Adjacent market opportunities in Government ID, Access Control, Healthcare & IoT

PRODUCTS AND SOLUTIONS

Fingerprint Sensors & System Modules



Enrollment Solutions



Highly Experienced Leadership Team



Vince Graziani
CEO



Derek D'Antilio
CFO



Stan Swearingen
SVP



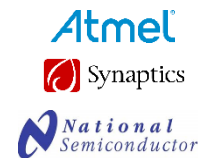
Anthony Eaton
CTO



Fred Benkley
SVP

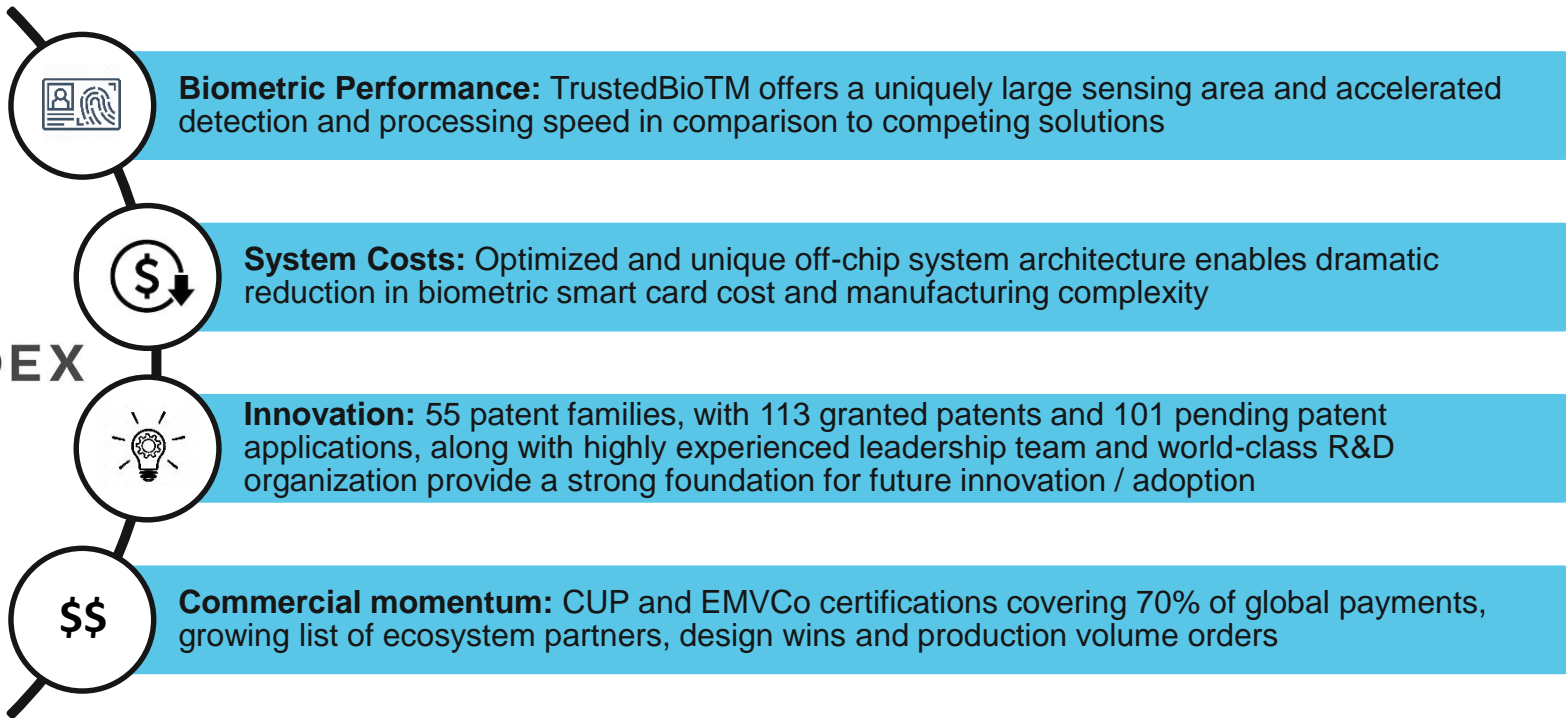


Chris Ludden
SVP



Positioned for Success

Sustained competitive advantage led by superior patent-protected products and system approach



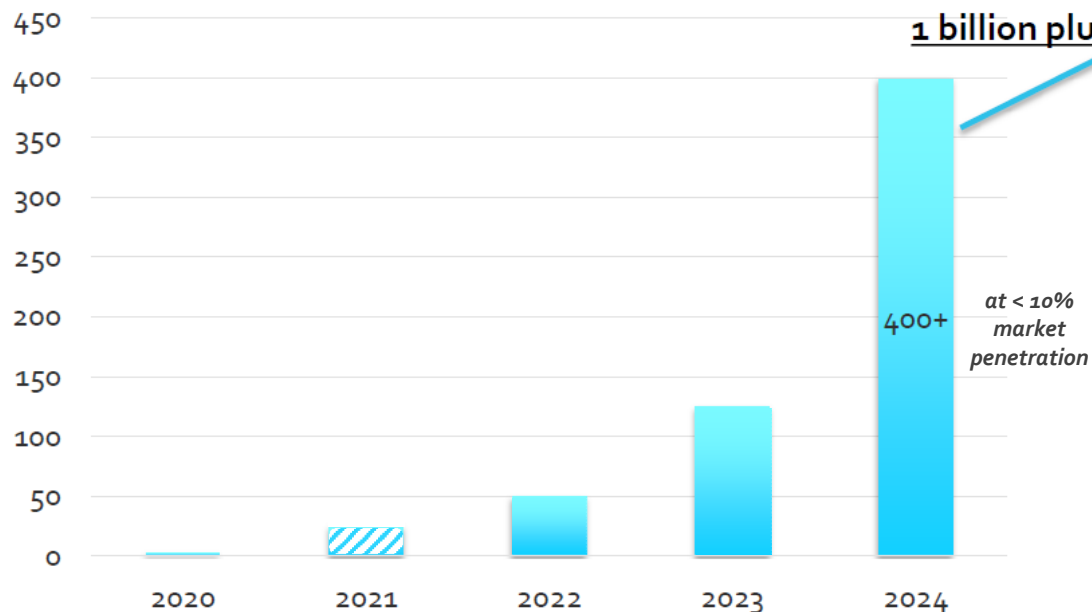
PAYMENT CARD MARKET



Payment Cards | Very Large and Growing Market

22 billion payment cards in circulation and growing to over 29 billion by 2023¹

~5 billion new smartcards issued annually

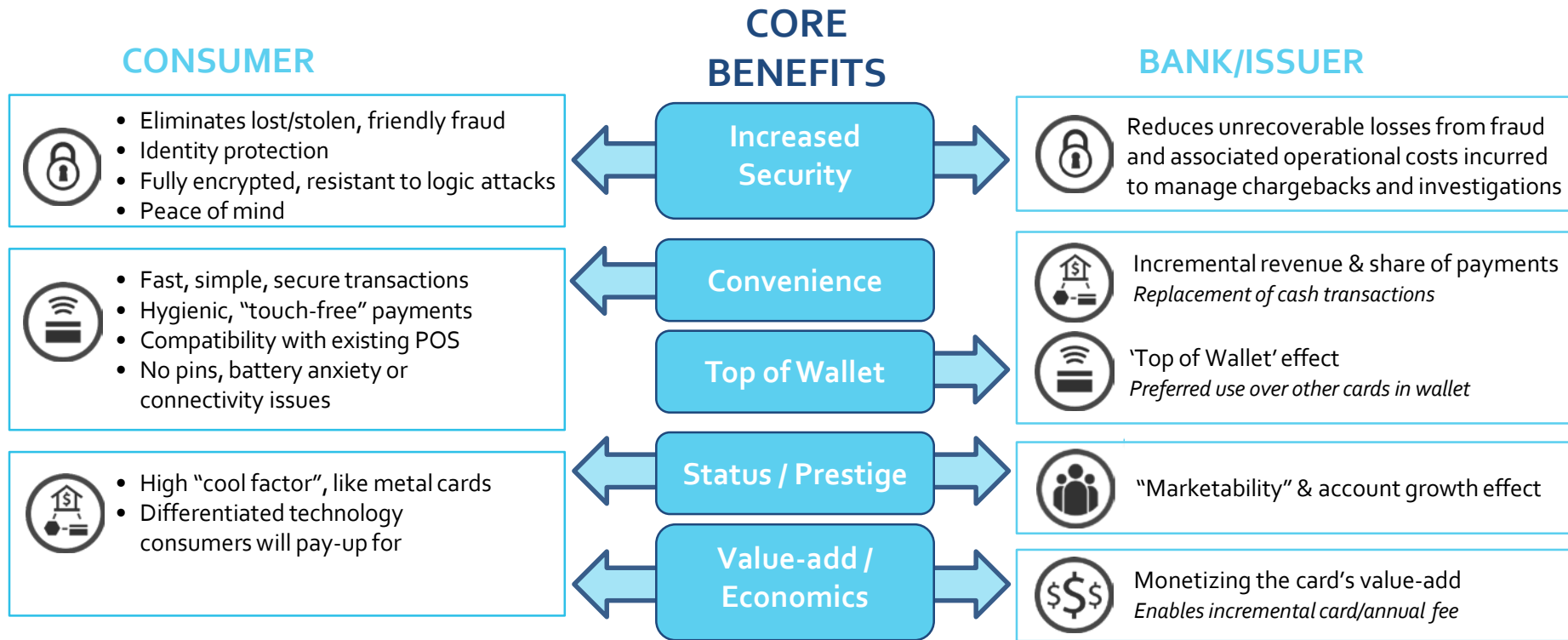


- Payment cards projected to continue strong growth
- Contactless cards growing even faster driven by:
 - Covid-19 and touch-free
 - Ease of use
 - Fast authentication speeds
- Biometrics add Security and Convenience
 - Infrastructure already in place
 - Removes contactless \$ limits
 - Helps issuers remain top of wallet

Sources: 1. Nilson Report, 2. Chart based on average of industry analyst estimates excluding highest estimate, 2024 is IDEX estimate



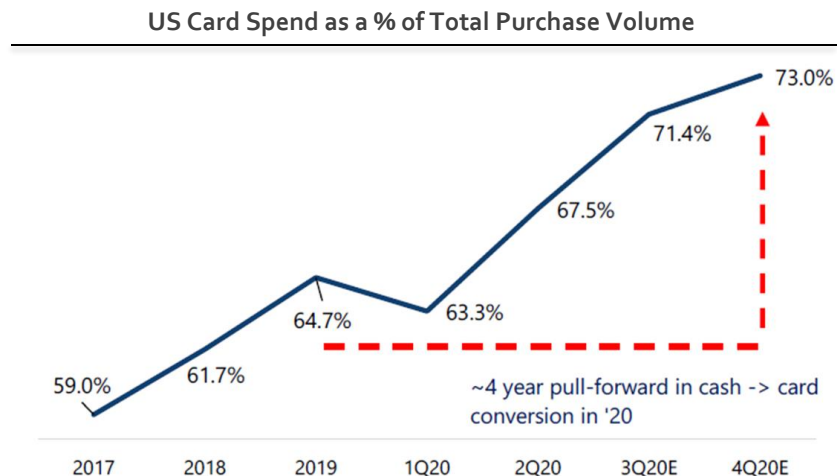
Biometrics & Contactless Benefit Entire Ecosystem



Payment Cards – Favorable Market Dynamics

COVID Environment and Government Mandates Driving Accelerated Adoption

Significant Pull-Forward in Transition from Cash to Card



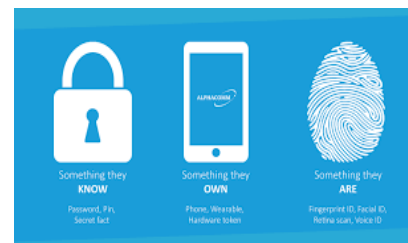
Source: FRED, Nilson, Jefferies Estimates

Adoption of Contactless Payment Accelerating



Contactless spending limit increased in 31 countries. As of April 2020, **75% of all Mastercard transactions** in EU were contactless (source: Mastercard)

Government Mandates on Payment Process



Contactless mandate

All EU payment terminals required to be contactless from 12/19

Strong Customer Authentication

Mandated in EU and taking effect starting in 2020/2021

Biometric Payment Card Value Chain

Key customer partnerships with 10+ leaders in the payment card ecosystem

Payment Networks / Specification Providers



VISA



RuPay

Biometric Algorithms



Fingerprint Sensors



Card Inlay Providers



SILNOR CARDTECH

Secure Elements



Card Manufacturers



Card Issuers



* = Current Partner/Customer



Biometric Payment Card Certification

Third-party certification provides a high barrier to entry

Card Physical Aspect



- Flexion, Torsion, ISO compliance
- EMVCo + scheme complementary tests
- Chemical tests
- Typically involves third-party validation

Biometric Performance



- New and Specific to biometric cards
- Typically involves third-party validation

Security Certification



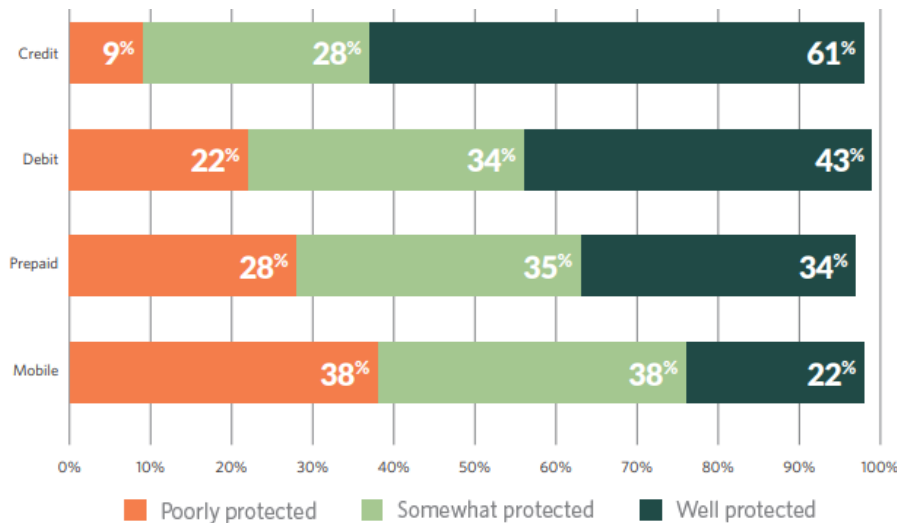
- Resistance to logical attacks
- Code review
- Programming process review
- Typically involves third-party validation



Biometric Payments | Cards and Mobile Co-Exist

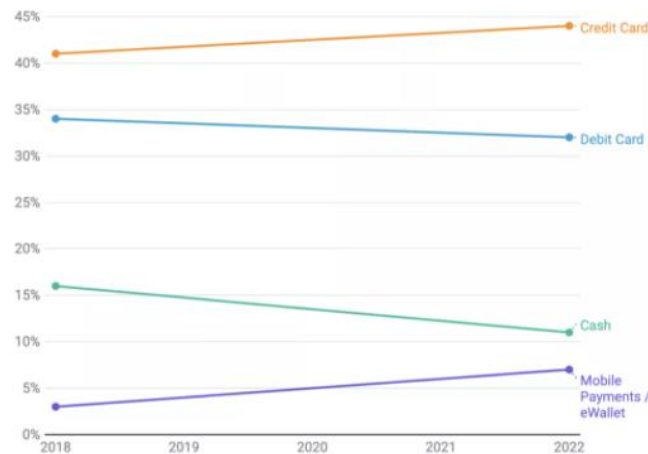
U.S. Consumers View Cards as Safest Payment Method

Percentage of respondents by payment type



U.S. Point of Sale Payment Methods

Forecast 2018 - 2022²



PRODUCTS AND TECHNOLOGY

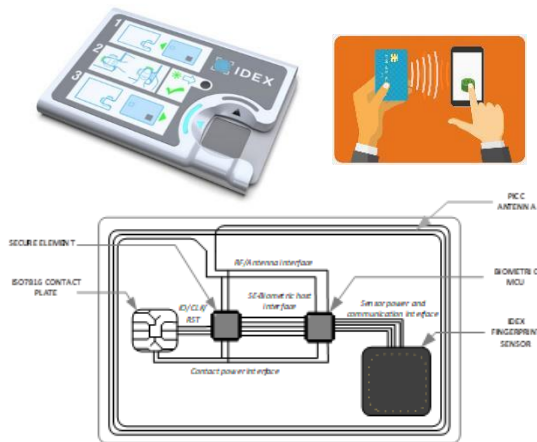


Complete solution for biometric authentication

ALGORITHMS & SOFTWARE



SYSTEMS & SOLUTIONS



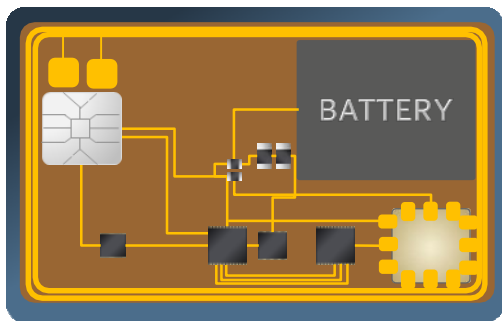
Card architecture, reference design
Enrolment solution, system concepts



Lowering Manufacturing Complexity and Card Cost

IDEX TrustedBio™: "off chip" sensor enables the only fully integrated biometric solution

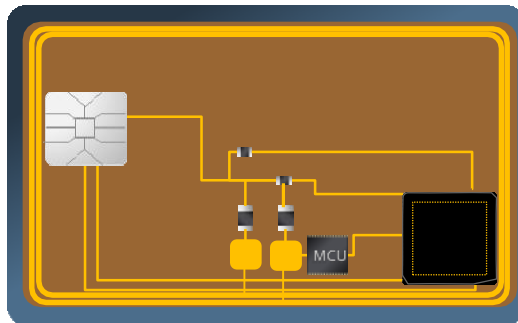
\$40+



FIRST GENERATION CARD

- Battery/supercapacitor
- Complex and expensive flexible PCB (MCU, companion chip, basic PMU)
- Complex embedding (12+ connections to sensor)

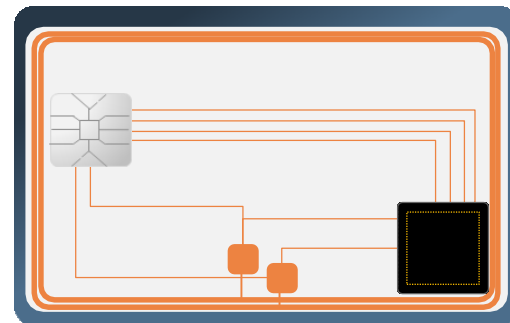
~\$15 - \$20



SECOND GENERATION CARDS

- No battery or supercapacitor
- Simplified flexible PCB with discrete components (MCU, PMU)
- Improvement of manufacturing/ACF Compatible

~\$5



IDEX TrustedBio™ CARDS

- Fully Integrated, Improved Performance
- Passive inlay, copper-wire compliant
- Stabilized manufacturing process (4 or 8 pads)

IDEX's Optimized Biometric System-on-Chip:

Leveraging the power of Moore's Law

IDEX off-chip BSoC

Features:

- **Large sensor area:**
Maximum image capture
- **Biometric MCU:**
Image processing/matching
- **PMU:**
Energy harvesting and power management
- **Reduced silicon area:**
Lowest possible cost



ASP:

~\$3.50

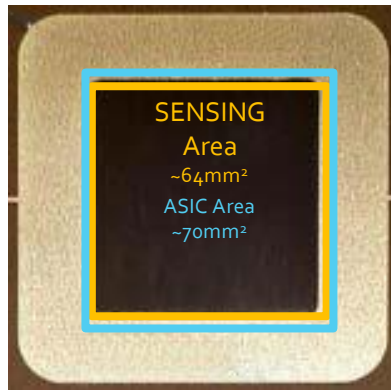
Competitor Silicon Sensor

Features:

- Limited sensor area
- Reduced image capture

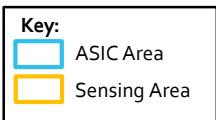
Additional Costs:

- + **MCU**
- + **PMU**
- + **Manufacturing complexity**



Vs.

~\$5.50



Resulting card cost: ~\$5.00

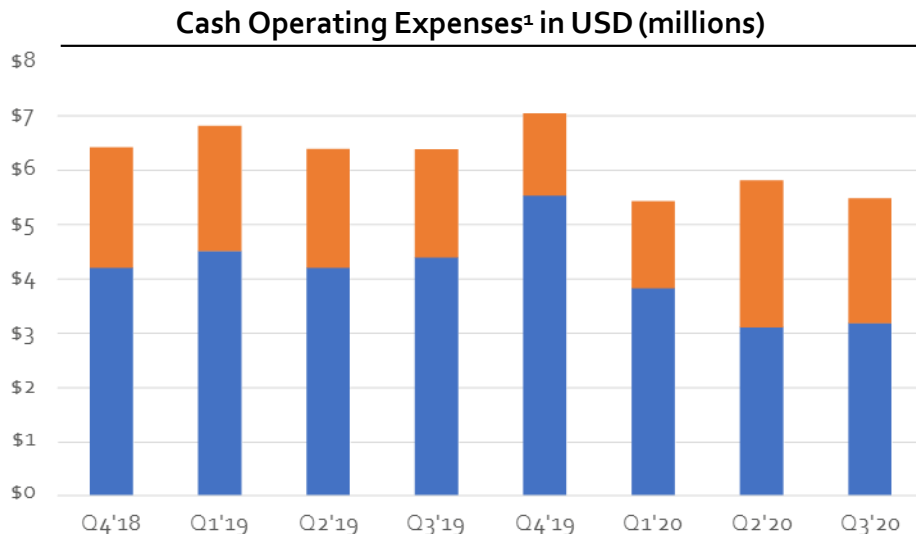
\$15-\$20

If the competitor's sensors were free, the resulting card cost would still be higher than an IDEX-based card

Strong Operating Leverage in Financial Model

Fabless Semiconductor Model: Complete solution including ASIC, Sensor and Biometric Software

Stable operating expenses



¹Cash Operating Expenses is operating expense excluding stock compensation and development inventory and intangibles reserve related to a discontinued product in Q4 of 2019

Target Operating Model (at scale)

- ~150M in annualized revenue
- 50%+ gross margins and stable opex
- 30% operating margins

Investment Highlights

Oslo Børs: **IDEX** OTCQB: **IDXAF**

Massive Addressable Market

- One of only two suppliers and partnered with the ecosystem leaders

Large-Scale Certification and Defensible/Differentiated System Solution

- Certification with China UnionPay and one other global payment network (EMVCo® certified)

Sales and Pipeline Momentum

- Commercial momentum accelerating with issuers and banks for biometric payment cards
- Multiple new design wins and orders from new integrators and geographies

Opportunities in Adjacent Markets

- Production shipments ongoing to large IT and financial services customer
- Volume production orders for both current and next-gen products from customer in Korea

Preparing for Dual Listing

- Filed registration statement with SEC in U.S. SEC to dual list on the Nasdaq Stock Market
- Banking industry executives added to the board of directors and strategic advisory committee

True 'Pure Play' on Contactless Payment Cards



Thank You



IDEX