

IDEX Investor Update

May 2021



May 20, 2021

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Introduction



IDEX Biometrics

TrustedBio™: The next evolution of payment cards



Reduced fraud

Identity protection

Top of wallet

Low cost

More convenient



Positioned for Success

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



Commercial momentum: 5 billion new smart cards issued per year. CUP and EMVCo certifications; a growing list of ecosystem partners, design wins and production volume orders. Multiple design wins for China's digital currency initiative, DC/EP.



System Costs: Optimized and unique off-chip system architecture enables dramatic reduction in biometric smart card cost and manufacturing complexity



Biometric Performance: TrustedBio™ offers a uniquely large sensing area and accelerated detection and processing speed in comparison to competing solutions; ~ ½ second total latency



Innovation: 55 patent families, with 113 granted patents and 101 pending patent applications, a highly experienced team and world-class R&D organization; an innovation roadmap to stay generations ahead of the competition.



Highly Experienced Leadership Team



Vince Graziani
CEO



James A. Simms
CFO



Catharina Ekløf
CCO



Stan Swearingen
SVP



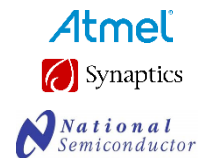
Anthony Eaton
CTO



Fred Benkley
SVP



Chris Ludden
SVP



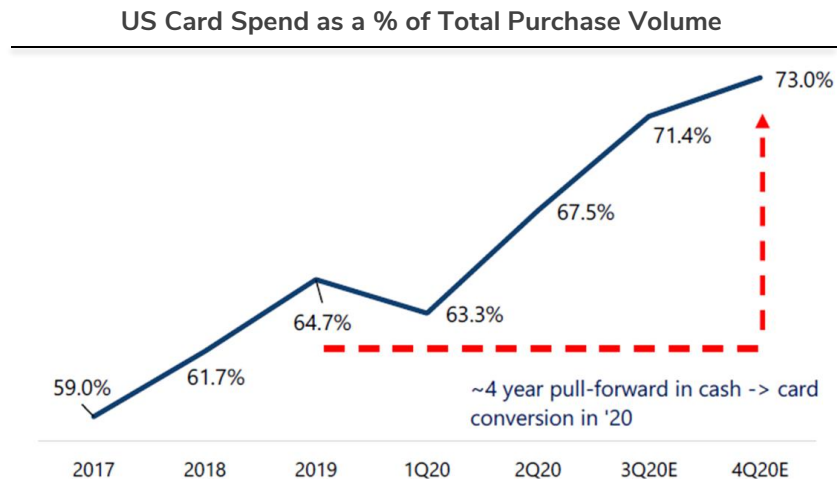
Business Update



Payment Cards – Favorable Market Mega-Trends

Pandemic 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

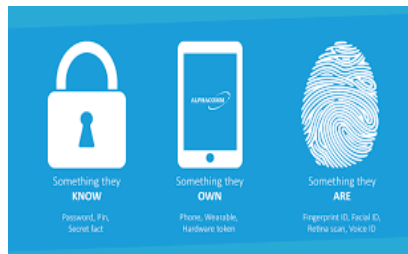


NFC infrastructure in place / customer acceptance accelerating

Contactless spending limit increased in 31 countries

75% of all Mastercard transactions in EU were contactless

Government Mandates on Payment Process



Contactless mandate

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

Strong Authentication Required

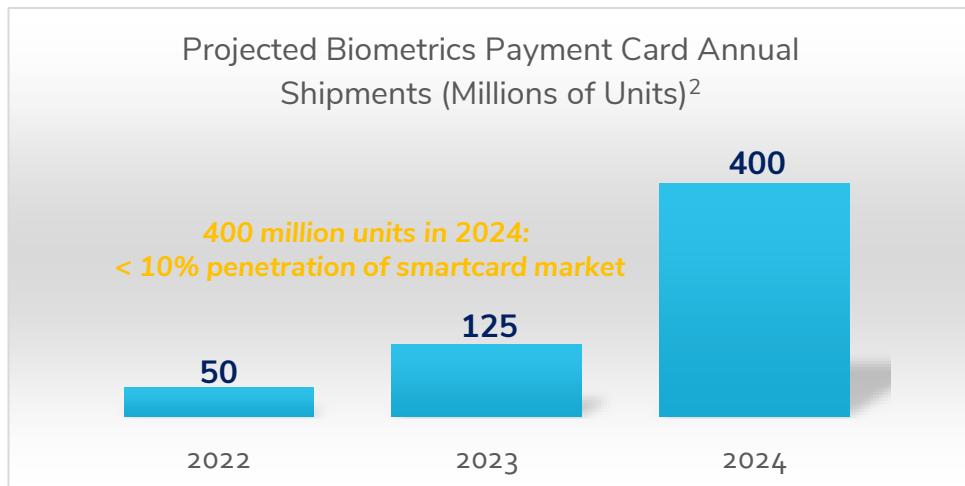
EU mandated; taking effect this year

Digital Currency/Electronic Payment

Mandated by China for 1Q 2022

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



- **Strong growth universally forecast**
- **Contactless cards growing even faster**
 - Pandemic driving public awareness
- **Combining Convenience and Security**
 - Infrastructure already in place
 - Removes contactless \$ limits
 - “Top of wallet” payment device

⁽¹⁾ Nilson Report

⁽²⁾ Chart based on average of industry analyst estimates excluding highest estimate, 2024 is IDEX estimate.

Digital Currency/Electronic Payment: “DC/EP”



Central Bank Issuing Digital RMB



Regional Banks

Industrial and Commercial Bank of China
Bank of China
China Construction Bank
Bank of Communications
Agricultural Bank of China
Postal Savings Bank of China



Digital Payment

- Digital wallet
- Hardware wallet
- Third party

Hardware Wallet Opportunity

- Deployment by 2022 Olympic games
- Financial inclusion for 225 million unbanked citizens
- 40% of population not using a smartphone

\$1B+ potential



Card Manufacturing Partners

金邦達 Goldpac

GD Giesecke & Devrient

恒宝股份 HENGBAO CO., LTD.

楚天龙 CHUTIAN DRAGON

Biometrics Payment Card Benefits

CONSUMER



- Eliminates lost/stolen, friendly fraud
- Identity protection
- Fully encrypted
- Peace of mind



- Fast, simple, secure transactions
- Hygienic, "touch-free" payments
- Compatibility with existing POS
- No battery
- No pins, no connectivity issues



- "Cool factor" - Appeal to tech users
- Metal cards especially appealing
- Security for stored value
 - Prepaid cards or Crypto Wallets

CORE BENEFITS

Increased Security

Convenience

Usage

Status / Prestige

Value-add / Economics

BANK/ISSUER



Reduces unrecoverable losses from fraud and associated operational costs for chargebacks and investigations



Incremental revenue & share of payments
Replacement of cash transactions



'Top of Wallet' effect
Preferred use over other cards in wallet



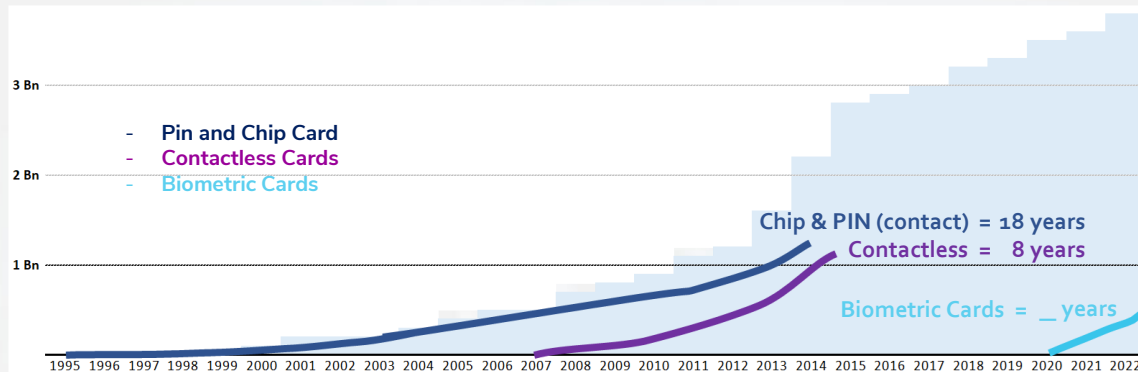
"Marketability" advantages
Demand driver for account growth



Monetizing the card's value-add

- Enables incremental card/annual fee
- Provides inclusion path for "the unbanked"

IDEX Commercialization Status



IDEX Commercialization Status

- TrustedBio shipping to multiple customers
- Production volumes targeted for Q3
- DC/EP initiative in China: Multiple design wins

FY 2020-2021

FY 2022-2024

FY 2025 and Beyond

Vetting Phase

Production Volume Ramp

Broad Market Use

- ✓ Technology Proof of Concept
- ✓ EMVCo[®] Certification
- ✓ Institutions order cards for testing
- ✓ Introduction of IDEX TrustedBio[™] solutions under \$5/card
- ✓ Initial production volume orders

- ✓ “Soft” or “Mass” Commercial launches
- ✓ Significant increase in unit volumes
- ✓ Biometric card market penetration of 5-10%
- ✓ Increased availability to global consumers

- ✓ Next-gen features
 - integrated display
 - card not-present solution
- ✓ Broad retail and Fintech adoption
- ✓ Market penetration > 10%
- ✓ Advance toward market saturation



⁽¹⁾ Eurosmart, 2000-2018

⁽²⁾ ABI Research, 2019-2022

IDEX Differentiation



IDEX TrustedBio™: Proprietary Advantages

The only fingerprint solution designed for card-based biometric authentication

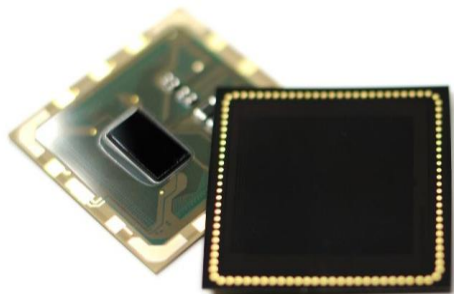
SENSOR & ASIC

+

ALGORITHMS & SOFTWARE

+

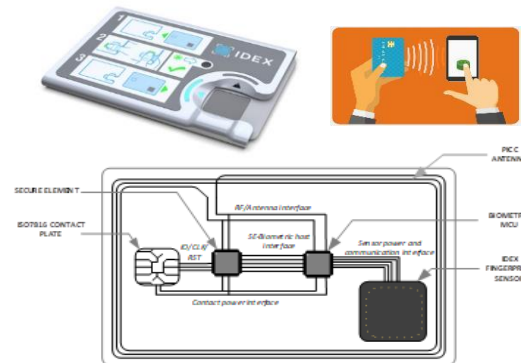
SYSTEMS & SOLUTIONS



Wide-area polymer sensor,
ASIC, integrated package design



Biometric authentication algorithm
Embedded software for sensor, MCU, SE



Card architecture, reference design
Enrolment solution, system concepts

Through software, features are optimized for application requirements and Secure Element architectures

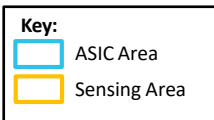
IDEX's Optimized Biometric System-on-Chip

Leveraging the power of Moore's Law

IDEX "Off-Chip" BSoC

Characteristics:

- ✓ **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

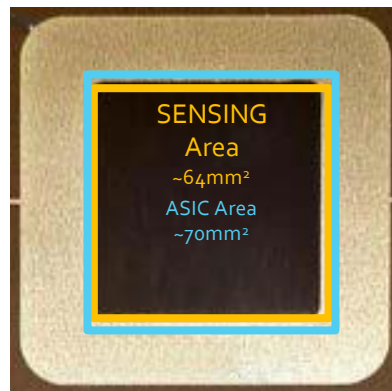
Competitor Silicon Sensor

Characteristics:

- ✗ **Limited sensor area:**
Reduced image capture

Additional Costs:

- ✗ MCU
- ✗ PMU
- ✗ Manufacturing complexity
+ \$10-\$15

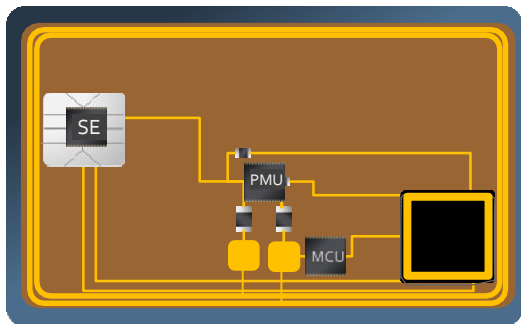


vs.

~\$5.50

IDEX Biometric System Solution

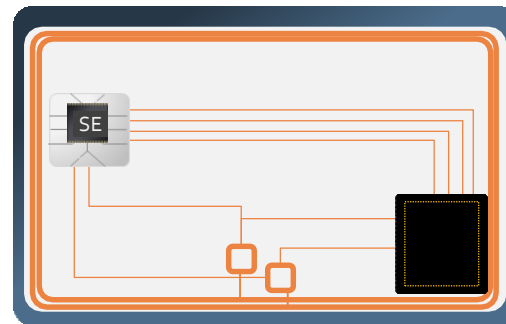
IDEX TrustedBio™: the only fully integrated biometric solution



Silicon sensor-based Biometric Payment Cards

- + Fingerprint Sensor (Silicon)
- + Biometric processor
- + Biometric algorithms: image capture, matching, anti-spoof
- + Power management unit
- + Complex inlay/Flex Circuit

\$15-\$20



IDEX TrustedBio™ - based Biometric Payment Cards

- EMVco – Certified Secure Element Device (Infineon, STM, NXP,...)
- Passive inlay includes antennae for NFC and energy harvesting
- Low-cost manufacturing

~\$5 (at scale)

Why IDEX / IDBA?



IDEX

Strong Operating Leverage in Long-term Model

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

Target Operating Model at Scale:

- ✓ **50%+ gross margins**
 - Consistent with fabless model and competitive opportunity
- ✓ **~30% operating margins**
- ✓ **Scalable for sustained cash flow**
 - Concentrated customer base limits channel expenses
 - Fabless model: Low CapEx and Opex



Q1 '21 Commercial and Market Update

Further momentum toward strategic objectives; well-positioned for expected growth

- **IDEMIA introduced its 2nd generation F.CODE™ cards**
 - IDEMIA's first Biometric Payment Card offering based on IDEX's TrustedBio™ sensor
 - Most integrated Biometric Payment Card solution available today
 - Industry-leading performance and component integration
- **Received second China UnionPay certification for biometric payment card**
 - Partner: Goldpac Group, a leading developer of financial services technologies
- **Progress in pursuit of Digital Currency Electronic Payment (DC/EP) initiative of the People's Bank of China**
 - IDEX featured in Digital RMB trials conducted by the Postal Savings Bank of China
 - Selected by Goldpac as a strategic technology partner; initial orders received for DC/EP solution
 - Chutian Dragon expanded collaboration with IDEX to include DC/EP solution

Investment Highlights

Oslo Børs: **IDEX** Nasdaq: **IDBA**

- ✓ **Massive addressable market**
 - One of only two suppliers and partnered with the ecosystem leaders
 - The true “pure play” in the contactless card space, with substantial differentiation and defensible IP
- ✓ **Large-scale certification gives us advantage in rapidly changing markets**
 - Certification from two leading payment networks (EMVCo® certified) represents barrier to near-term entry
 - Two certifications from China UnionPay afford head start with DC/EP
- ✓ **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 for network access control
 - Volume production orders for both current and next-gen products from customer in Korea
- ✓ **Strengthening position for long-term success**
 - Dual listing achieved on Oslo Børs and Nasdaq
 - Banking industry executives added to the board of directors and strategic advisory committee
 - Recent key leadership hires