

IDEX Biometrics

Introduction for Investors



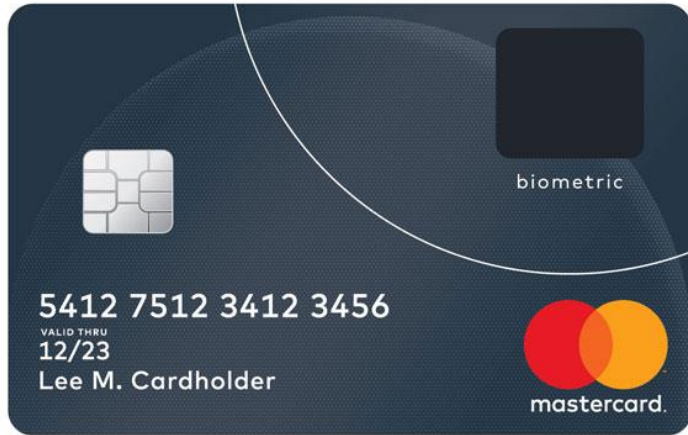
September 18, 2020

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IDEX Biometrics

Next evolution of payment cards



Lower fraud

Identity protection

Top of wallet

Low cost

More convenient

Investment Highlights

Massive Addressable Market	<ul style="list-style-type: none">• 22B payment cards in circulation and 5B new cards issued every year ⁽¹⁾• Contactless cards have accelerated significantly; >75% of EU transaction now contactless, >50% of Americans now using contactless payment cards• USD 2B+ biometric payment cards by 2024; 200% plus CAGR for biometric payment card shipments
Large-Scale Certification	<ul style="list-style-type: none">• First certified and commercially ready cards delivered in Q1 2020• Certification with China UnionPay and one other global payment network (EMVCo® certified)• Both platforms represent 70% of all global branded payment cards
Sales and Pipeline Momentum	<ul style="list-style-type: none">• Europe: First production order of larger roll-out from leading manufacturer and growing pipeline• Asia: Certifications achieved and first production orders expected. Several integrators in pipeline.• Other: USD 6M contract with financial markets data provider, first production orders delivered in 2020
Defensible IP / Technology	<ul style="list-style-type: none">• TrustedBio: full system solution enables highest performing and lowest cost cards in the industry• 200 plus patents granted or pending patents• Full EMVCo® certified on card level as well as component level
Highly Experienced Management	<ul style="list-style-type: none">• Accomplished executive team with experience bringing new technologies to market• Management and board with significant experience managing public companies

PAYMENT CARD MARKET



IDEX

Consumer Benefits



Security

- Eliminates lost/stolen, friendly fraud
- Identity protection
- Fully encrypted, resistant to logical attacks
- Peace of mind



Convenience

- Fast, simple, secure transactions
- Hygienic, “touch-free” payments; no pins, battery anxiety or connectivity issues



Prestige

- High “cool factor”, like metal cards
- Differentiated, high-technology payment cards consumers will pay for






Bank/Issuer Benefits

Drivers

Benefits

Example: 1 million card portfolio converted to biometrics

	Prevention / elimination of Lost & Stolen and Friendly Fraud	<ul style="list-style-type: none">• <i>Estimated benefit range \$1.2 - \$2M per annum</i>
	Incremental revenue <i>Replacement of cash transactions</i>	<ul style="list-style-type: none">• <i>Estimated benefit range \$400K - \$1M per annum</i>
	'Top of Wallet' effect	<ul style="list-style-type: none">• <i>Estimated benefit range \$1.2M - \$2.4M M per annum</i>
	Account growth effect	<ul style="list-style-type: none">• <i>Estimated benefit range \$1M - \$2M per annum</i>
	Monetizing the card value added -> incremental card fee	<ul style="list-style-type: none">• <i>Direct income – e.g. incremental card fee of 1\$ / card / month leads to \$12Mio per annum for 1 million cards</i>

Estimated net cash benefit flow range \$8 Mio ↔ \$16 Mio per annum

Note: The business case is market and Issuer dependent - it needs to be established and tuned in light of business parameters relevant to individual Issuers

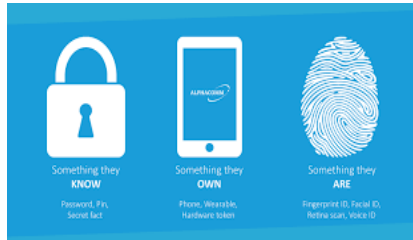
Market Trends – Very Positive



COVID:
Contactless limit increased in 31 countries.
As of April **75% of all Mastercard Transactions in EU** were contactless (source: Mastercard)



Contactless mandate
All EU payment terminal Contactless from 12/19

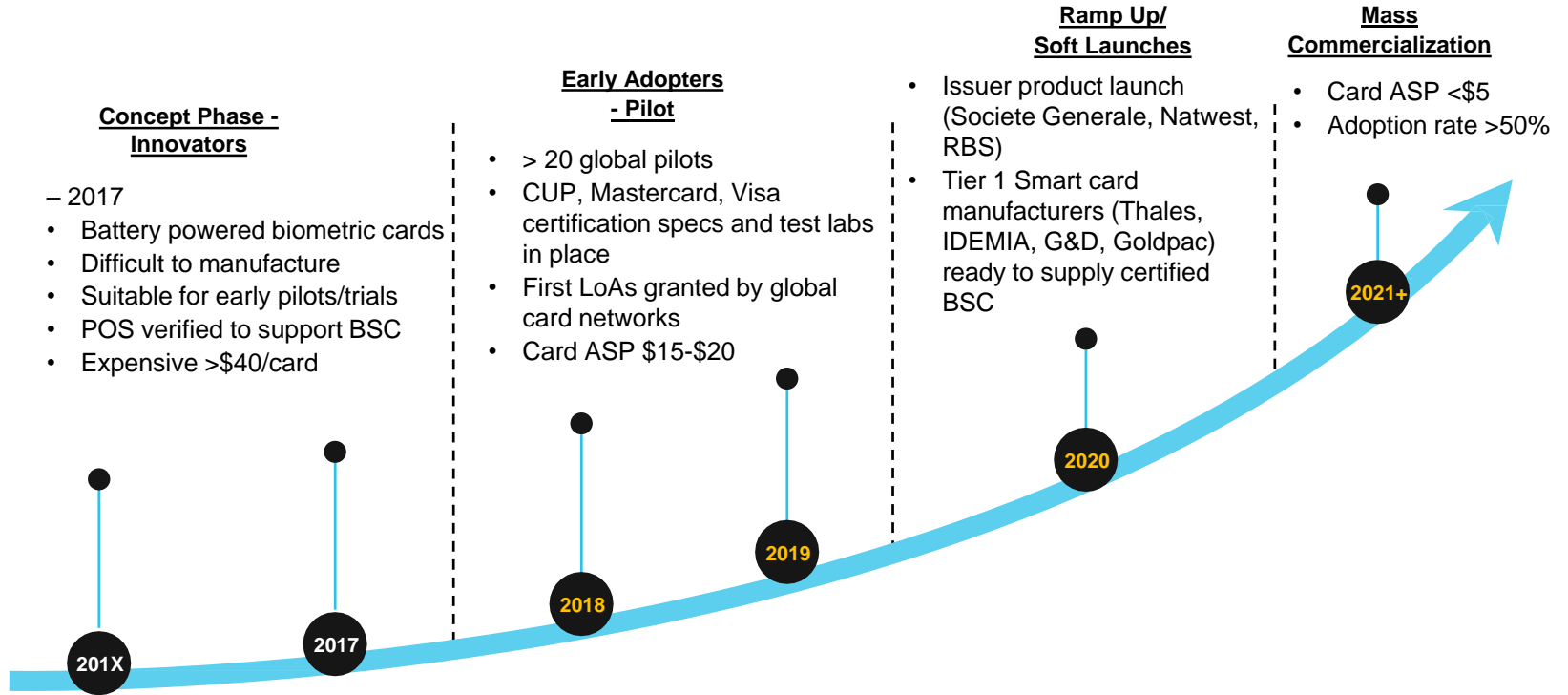


Strong Customer Authentication:
Mandated in EU and taking effect starting in 2020/2021



CUP, Mastercard and VISA have **specifications**, process and multiple **certified test labs** ready for biometric card certification testing

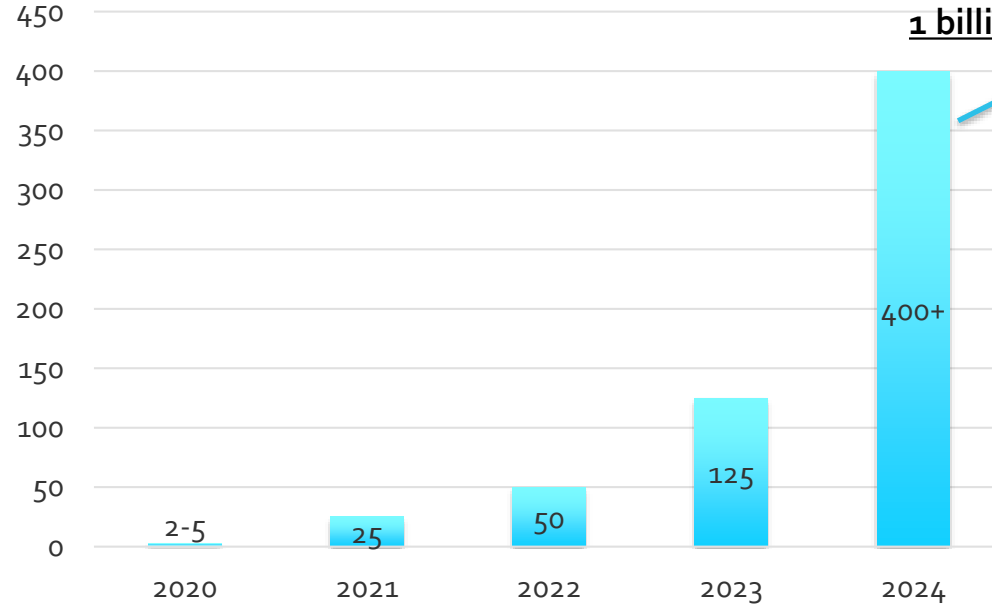
Market activation milestones



Payment Cards - a 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



Projected number of biometric payment card shipments (millions of units)

1 billion plus

- Payment cards projected to continue strong growth
- Contactless 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



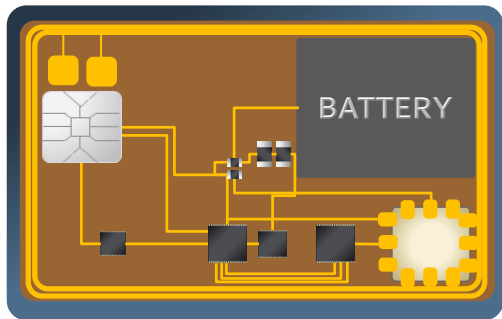
PRODUCTS AND TECHNOLOGY



Lowering Manufacturing Complexity and Card Cost

TrustedBio™ yields cost, performance, and reduced manufacturing complexity

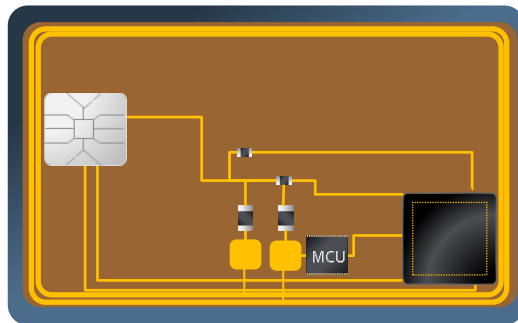
\$40+



FIRST GENERATION CARD

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

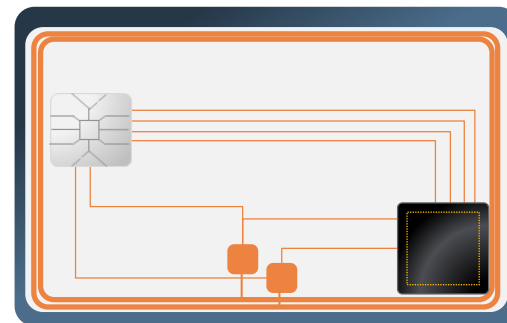
~\$15 - \$20



CURRENT 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 Advantage

IDEX off-chip BSoC

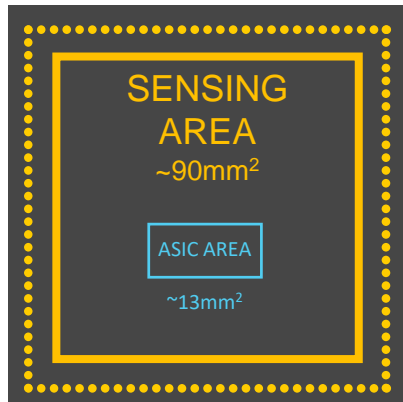
Competitor Silicon Sensor

Features:

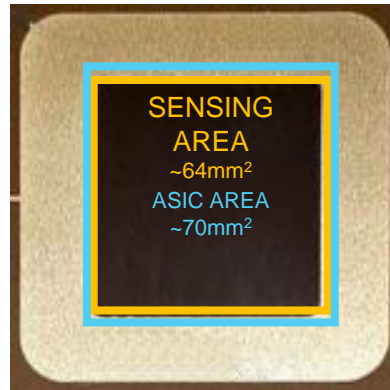
- Large sensor area
- Image capture
- **MCU:** image processing and feature extract
- **PMU:** Energy harvesting and power management

Additional Costs:

- + SE: \$0.50-\$1.50
- + Mfg cost: \$~0.50



Vs.



Features:

- Limited sensor area
- Image capture only

Additional Costs:

- + MCU: \$1.50-\$2.00
- + FPCB/PMU/passives/assembly: \$3.50-\$4.50
- + SE: \$0.50-\$1.50
- + Mfg Costs: \$2.00-\$3.00
- ~\$7.50-~\$11.00**

Key:
ASIC Area (blue outline)
Sensing Area (yellow outline)

ASP: ~\$3.50

~\$5.50

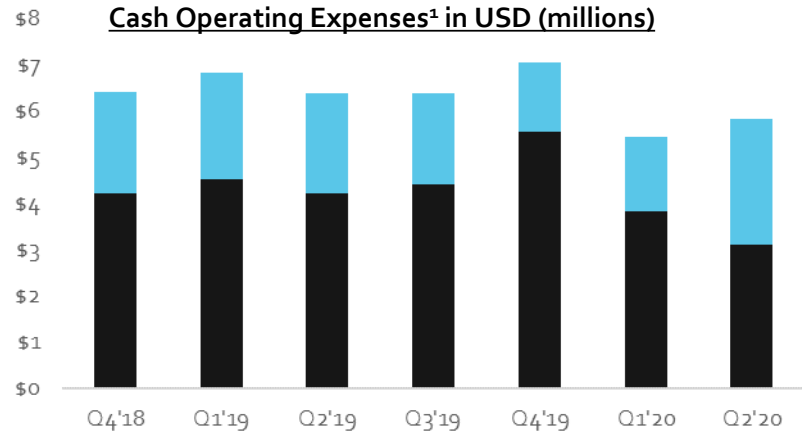
Resulting card cost: ~\$5.00 **\$15-\$20**

Strong Operating Leverage in Financial Model

Fabless semiconductor model:

- Complete solution including ASIC, Sensor, and Biometric Software
- 50%+ gross margins and stable opex at scale
- 30% operating margins at scale

Stable operating expense model



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

Investment Highlights

Massive Addressable Market

Large-Scale Certification

Sales and Pipeline Momentum

Defensible IP / Technology

Highly Experienced Management

Thank You



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