

First Quarter 2021 Presentation



May 12, 2021

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Introduction / Financial Summary



IDEX

Introduction / Overview



- ✓ **Continued execution on repositioning strategy from 2018**
- ✓ **TrustedBio™ extremely well-received**
 - Driving industry partnerships and customer engagements
 - Mass production ready; no supply chain issues today
 - Shipping to multiple customers and early-adopter IDEMIA in Q1
 - We anticipate revenue growth through Q4 based on pipeline
- ✓ **As adoption accelerates, we anticipate rapid growth of bookings**
 - Post-pandemic acceleration of card pilots globally
 - Known bank programs scheduled for ramp in 2022
 - Potentially significant volumes from rapidly emerging DC/EP
 - China initially, given aggressive target dates
 - ROW later, given >60 central bank studies underway

Q1 '21 Financial Summary

- ✓ Ongoing shift to product sales; sustained quarterly shipments of second-generation sensor and initial shipments of TrustedBio
- ✓ Expenses under control; payroll reflects targeted headcount growth and non-cash stock compensation
- ✓ Expenses of US registration and Norwegian offering drove expense growth for last two quarters
- ✓ February private placement should fund operations beyond point at which growth will be confirmed

Summary Profit & Loss Statement (\$000)

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Product	\$ 623	\$ 593	\$ 246	\$ 121	\$ 53
Services	1	5	2	28	47
Total Revenue	624	598	248	149	100
Purchase, net of inventory change	220	178	45	32	19
Payroll expenses	5,101	5,206	4,275	3,515	4,677
Research and development expenses	608	(144)	930	1,069	40
Other operating expenses	1,713	2,157	1,370	1,218	1,191
Depreciation and amortization	454	439	430	422	429
Total Operating expenses	8,096	7,836	7,050	6,256	6,356
Loss from operations	\$ (7,472)	\$ (7,238)	\$ (6,801)	\$ (6,107)	\$ (6,256)

Business Update



Q1 '21 Commercial and Market Update

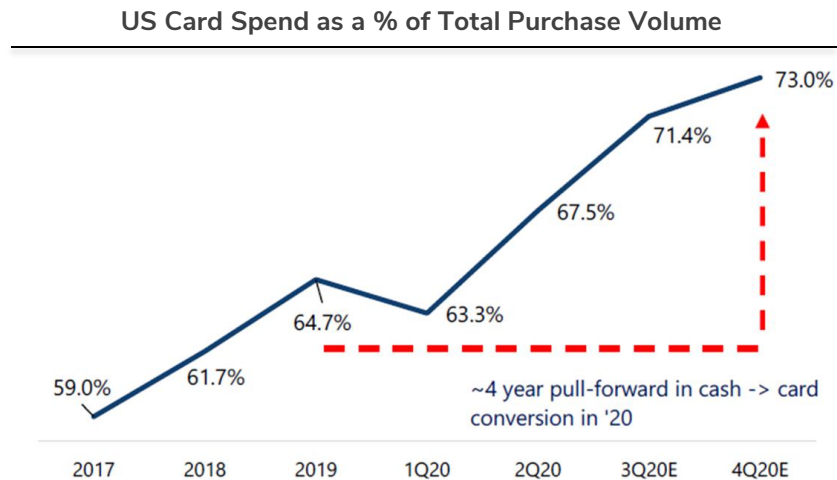
Further momentum toward strategic objectives; well-positioned for expected growth

- **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

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

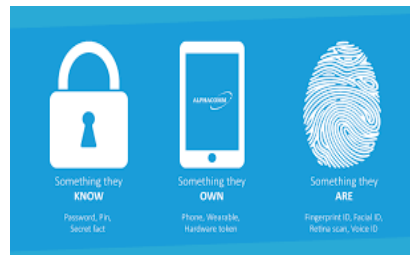


NFC infrastructure in place / customer acceptance accelerating

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

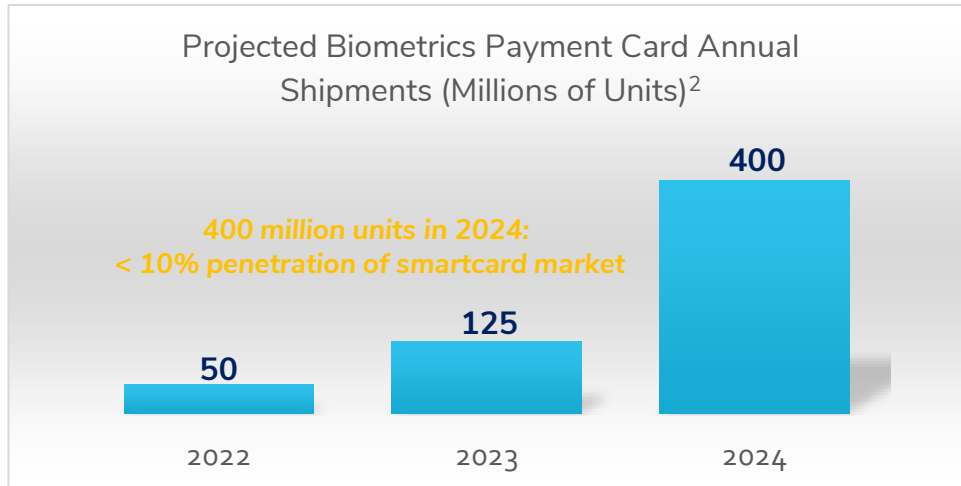
EU mandated; taking effect this year

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

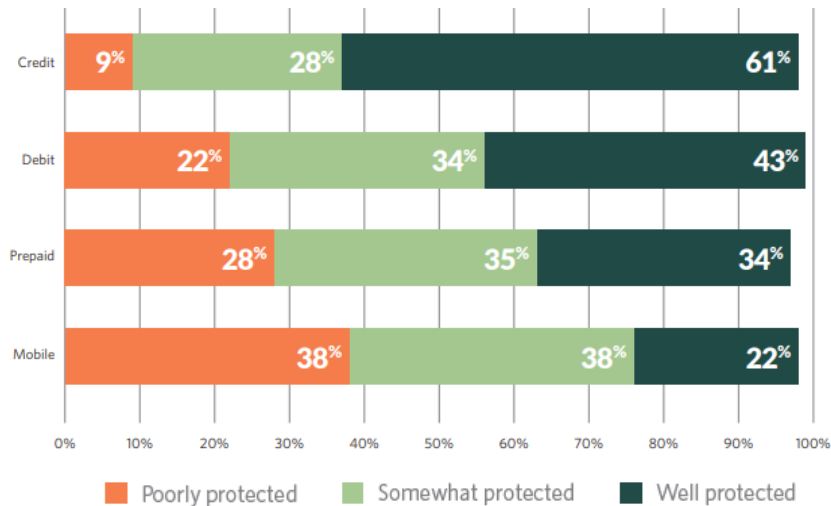
⁽²⁾ Chart based on average of industry analyst estimates excluding highest estimate, 2024 is IDEX estimate.

Co-Existence of Mobile Payment and Payment Cards

Trends support biometrically-enabled smartcard uptake

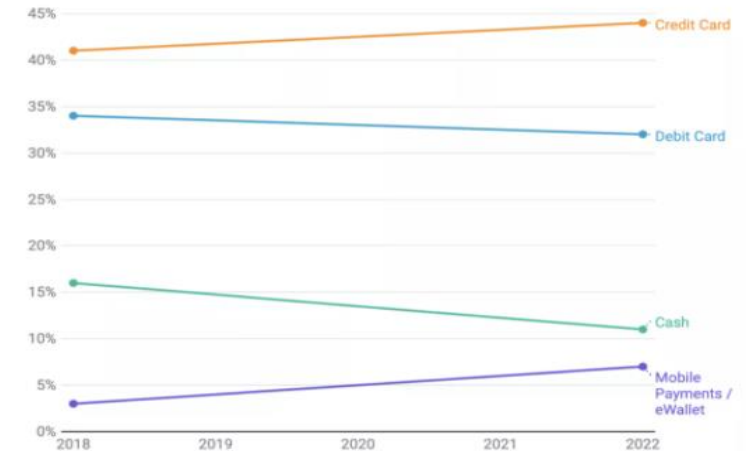
U.S. Consumers View Cards as Safest Payment Method

Percentage of respondents by payment type¹



U.S. Point of Sale Payment Methods Dominated by Cards

Forecast 2018 - 2022²



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



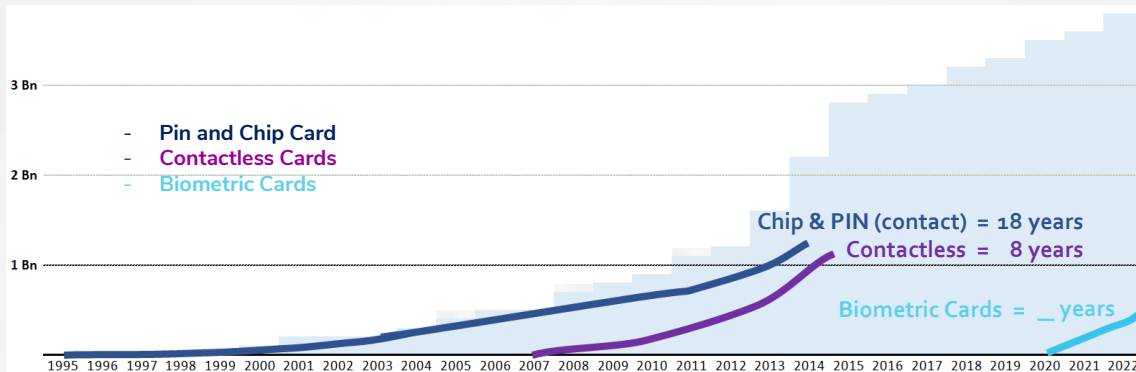
"Marketability" advantages
Demand driver for account growth



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
- ✓ 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

Biometric Payment Card Value Chain

IDEX has customer partnerships with 10+ leaders in the payment card ecosystem

Payment Networks / Specification Providers



Biometric Algorithms



Fingerprint Sensors



Card Inlay Providers



Secure Elements



Card Manufacturers



Card Issuers



IDEX Differentiation



IDEX TrustedBio™: Proprietary Advantages

The only fingerprint solution designed for card-based biometric authentication

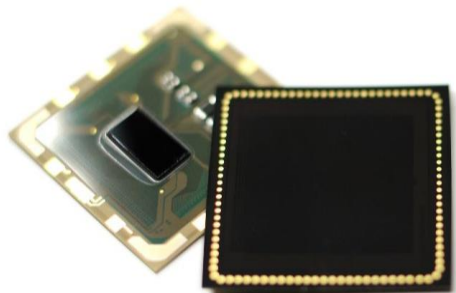
SENSOR & ASIC

+

ALGORITHMS & SOFTWARE

+

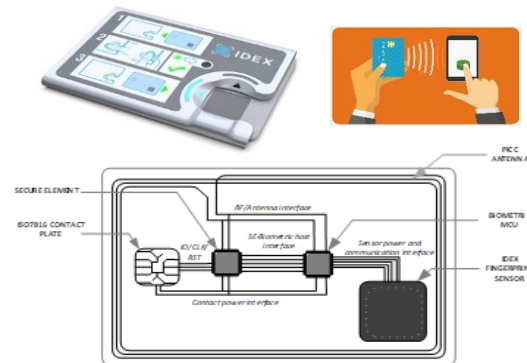
SYSTEMS & SOLUTIONS



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

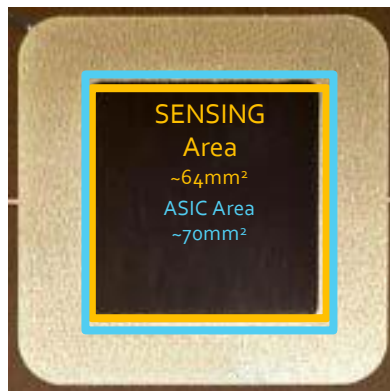
Competitor Silicon Sensor

Characteristics:

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

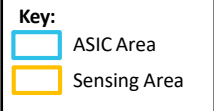
Additional Costs:

- ✗ MCU
- ✗ PMU
- ✗ Manufacturing complexity



vs.

~\$5.50



Why IDEX / IDBA?



Strong Operating Leverage in Long-term Model

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

Target Operating Model Three to Five Years:

- ✓ **~\$150M annualized revenue**
 - Potential based on payment card opportunity alone
- ✓ **50%+ gross margins**
 - Consistent with fabless model and competitive opportunity
- ✓ **~30% operating margins**
 - Leverageable go-to-market strategy; headcount driven OpEx
- ✓ **Potential for strong, sustained cash flow**
 - Minimal CapEx; NOL balance; capital required for revenue growth



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