

OTC VIRTUAL INVESTOR CONFERENCE



August 6, 2020

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IDEX at a Glance



Company Overview



- **Strategy:** Focused on developing technology for biometric payment cards
- **Problems to solve:** Fraud prevention and product differentiation for issuers, “top of wallet” card



- **Market Ready:** Certification by the major global payment networks; pricing cards at mass volume prices
- **Total System Solution:** Low-cost sensor, biometric matching software and energy harvesting
- **Patents:** Approx. 200 granted or pending
- **Current Certifications:** China UnionPay and a leading global payment network; EMVCo™ security certified
- **Employees:** ~110 with deep semiconductor and biometric expertise

Locations and Markets



- **Locations:** U.S., EU, APAC
- **Markets:** Payments, Access, Govt. and Healthcare, Transportation, Retail

Recent Developments

- Mobile payments providers (i.e. Apple, Google) leveraging smart cards to meet consumer demand and security thresholds; COVID-19 has accelerated demand for **contactless or touch-free** payment methods
- IDEX the **only** technical solution optimized for biometric payment cards, a \$2B+ market opportunity by 2024
- Selected by IDEMIA, a leading global Tier 1 smart card manufacturer, to supply its TrustedBio™ sensor for use in its next generation high volume biometric payment card platform



Investment Highlights


Massive Addressable Market	<ul style="list-style-type: none">• 22B payment cards in circulation and growing• Contactless cards have accelerated significantly• \$2B+ biometric payment cards by 2024; 216% CAGR for biometric payment card shipments
Large-Scale Certification	<ul style="list-style-type: none">• Only fingerprint company to achieve certification with China UnionPay and certification for another leading global payment network• Both platforms represent 70% of all global branded payment cards
Sales and Pipeline Momentum	<ul style="list-style-type: none">• IDEMIA: pilot and early production orders; licensing agreements for remote enrollment technology• Leading financial markets data provider: first volume production orders for \$6M contract delivered in 2020
Defensible IP / Technology	<ul style="list-style-type: none">• TrustedBio: Next generation dual interface solution; industry's highest level of integration enables lower costs while improving performance, security and manufacturability• 113 granted and 101 pending patents; EMVCo certified (provides high entry barriers)
Highly Experienced Management	<ul style="list-style-type: none">• Accomplished executive team with experience bringing new technologies to market• Management and board significant experience managing U.S. public companies

Highly Experienced Management Team and Board

Management Team



Vince Graziani
CEO



Derek D'Antilio
CFO




Stan Swearingen
SVP




Anthony Eaton
CTO




Board of Directors




Morten Opstad
Chair




Lawrence John Ciaccia
Deputy Chair



Deborah Davis
Board Member



Stephen Skaggs
Board Member



Hanne Høvding
Board Member

Recent Highlights

- **COVID-19 is accelerating a contactless society**
- Contactless or touch-free payments have accelerated as a result of the global covid-19 pandemic, and IDEX Biometrics' (IDEX) and others in the industry expects fingerprint biometrics to play a key role in a fully contactless solution
- IDEX received its first significant product orders during the first half of 2020 as the company begins its commercial ramp
- IDEX's technology was certified by two major global payment networks: China Union Pay (CUP) and a large US based network that have a combined issuance of 70% of global branded payment cards. IDEX is the only fingerprint sensor company to have achieved certification for its system solution with two global payment networks
- IDEX TrustedBio™ technology was selected by IDEMIA, the global leader in Augmented Identity and a leading global payment card manufacturer, for their next generation biometric payment card.
- IDEX's sensor was selected by Zwiipe, a pioneer in the biometric payment card market, to be combined with the Zwiipe Pay ONE platform, to enable a complete system solution for biometric payment cards
- IDEX successfully claimed additional research and development (R&D) tax relief in the UK and the USA and received a cash refund of USD 0.6 million, has received USD 1.4 million in 2020 and additional funds are expected from the USA.
- IDEX recently raised USD 10.3 million to fund product development, meet customer commitments and fund revenue growth

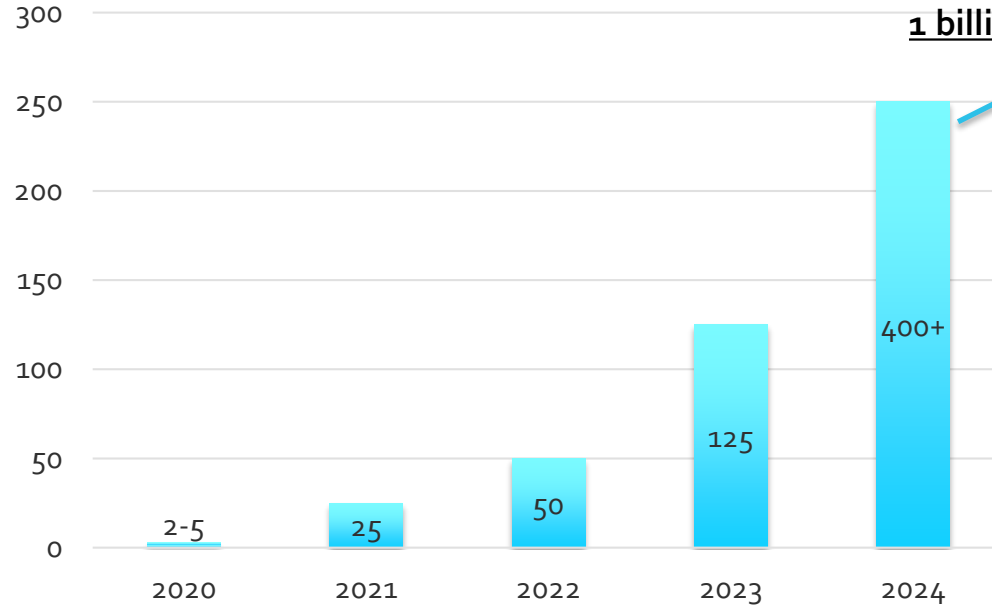
PAYMENT CARD MARKET



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



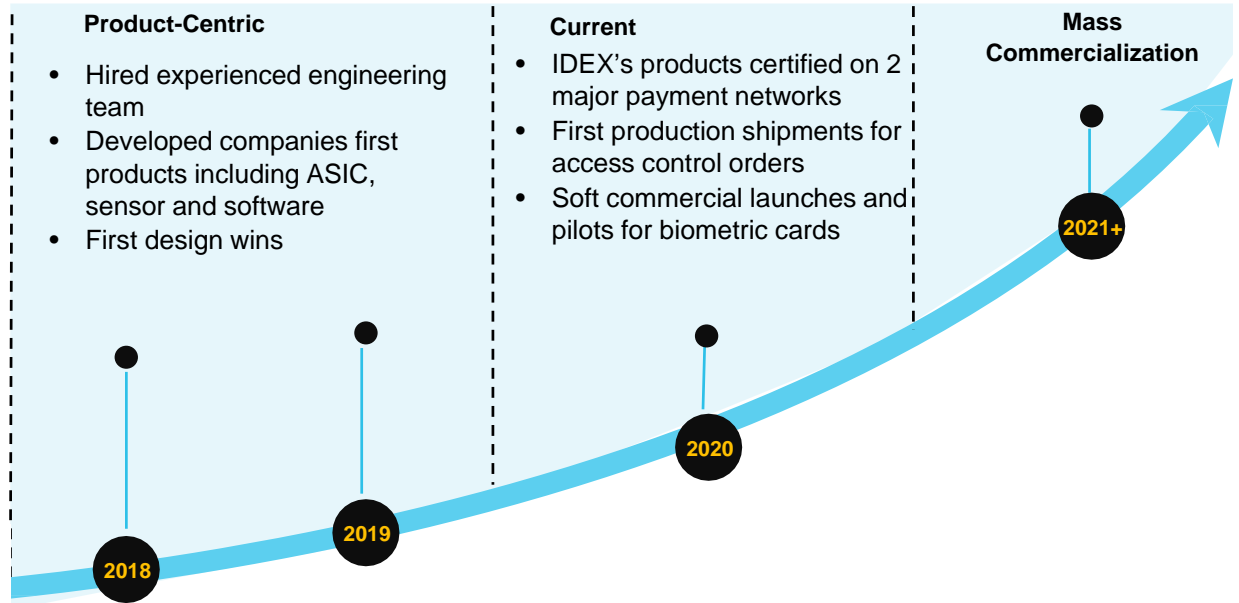
Company accomplishment and market update

Well-positioned to take advantage of the market's evolution towards biometric payment cards, a \$2B+ market by 2024

The main hurdles for market activation passed (cost level down and production issues solved)

Length of certification process and complexity creates high barrier to entry

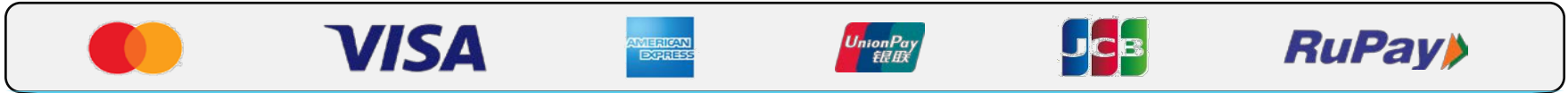
Partnerships established with leaders in the ecosystem



Biometric Payment Card Value Chain

Key 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



* = Current Partner



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



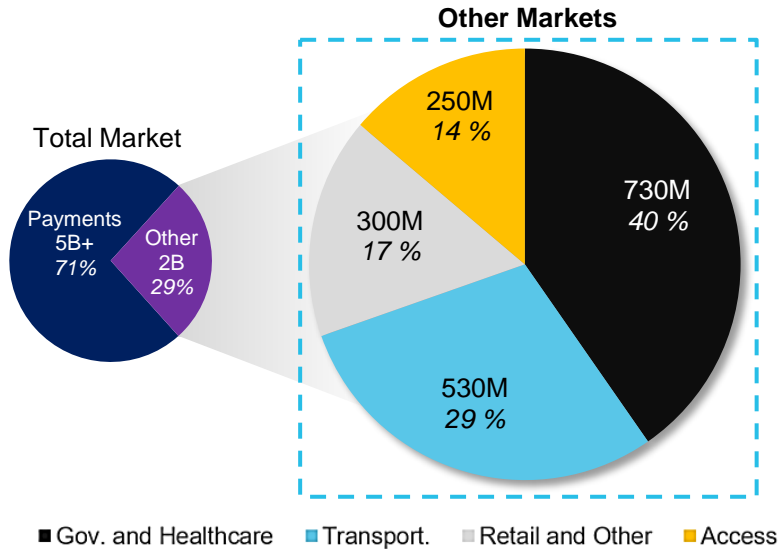
OTHER LARGE AND GROWING MARKETS



Other Markets (Excluding Payments)

Multiple industry verticals can utilize biometric smart cards as a competitive advantage to enhance product features

2023E Smart Cards Shipped



Segment Breakdown

Gov. and Healthcare

- Financial inclusion
- Secure identification
- Voting

Transport.

- Public transport systems
- Increased mobility

Retail and Other

- Loyalty cards
- Internet of Things (IoT)

Access

- Information security
- Facility/Physical Access Control

Source: ABI Research Smart Card Technologies

PRODUCTS AND TECHNOLOGY



IDEX's Optimized Sensor Technology

Proprietary sensor design decouples the die size from the sensing area, resulting in cost and performance advantages



 IDEX Off-Chip Sensor

Features:

- Large sensor area

Integrated functions:

- Image capture
- MCU: image processor
pattern matching
- Energy harvesting and
power management



Overall Cost: ~\$3.00

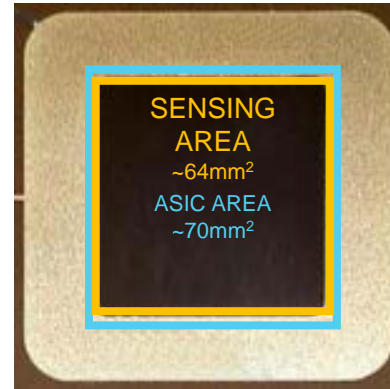
Competitor Silicon Sensor

Features:

- Limited sensor area

Integrated functions

- Image capture only

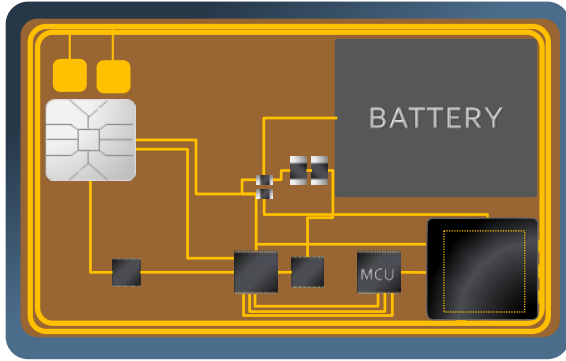


Overall Cost: ~\$5.50

Vs.

Lowering Manufacturing Complexity and Card Cost

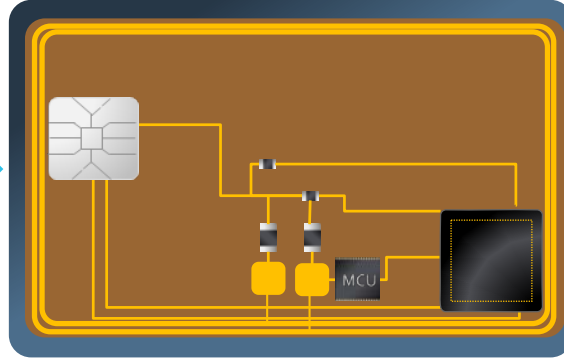
\$40+



FIRST GENERATION CARDS

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

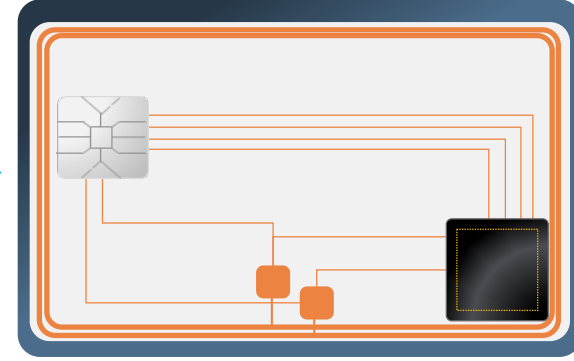
~\$15 - \$20



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)

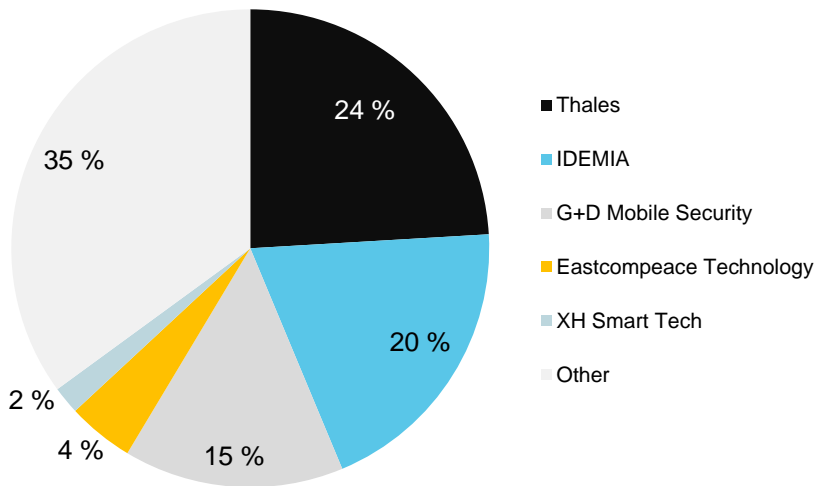
CUSTOMERS



Current and Target Customers

Customer relationships with 30%+ of global payment card manufacturers, with additional on horizon

Global Payment Card Manufacturers



Source: The Nilson Report

Global Customer Base



Target Customers



KEY FINANCIALS AND FINANCIAL MODEL

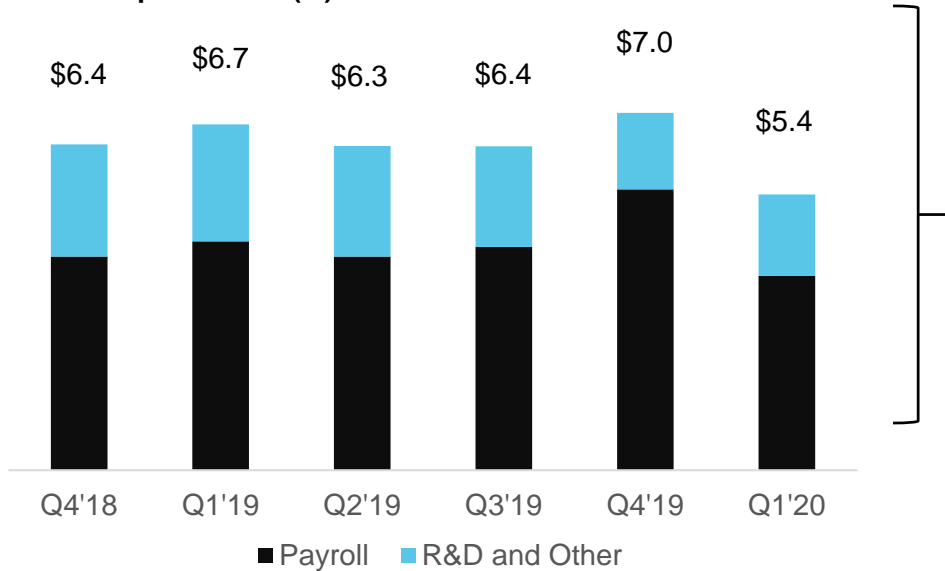


August 2020

P&L Model: Strong Operating Leverage

- 50% gross margins and stable OPEX profile based on fables model
- Break-even target of \$10-12 million in quarterly revenue
- 30% plus operating margins at scale

Cash OpEx¹ – U.S. (M)



Financial Summary

- March 31, 2020 cash of \$7 million plus \$10.3 million capital raise on May 11, 2020
- Production revenue begins in Q2
- Expense reduction actions taken in Q4; targeted decrease of OPEX by ~30% and 50% improvement in break-even unit levels
- Q1 operating expenses down 23% vs. Q4 and at lowest level since 2017
- Q2 2020 operating expenses expected to be below Q1.

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

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Thank You

