



Enabling NextGen Smart Cards for Payments & Card-based Applications

Quarterly Presentation for Q2 2022

August 2022

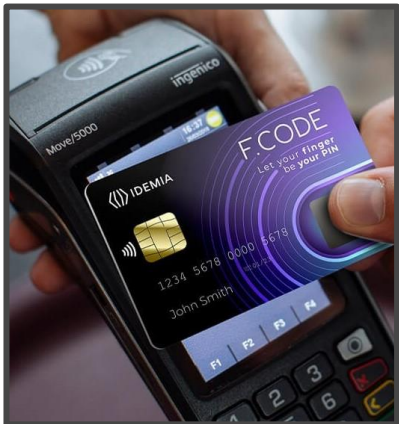


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IDEX Biometrics – The Next Generation of Payments



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Multi-billion Market Opportunity



Superior Biometric Performance



Disruptive System Costs



Capturing a Market Inflection Point

The Case for Card-based Fingerprint Authentication

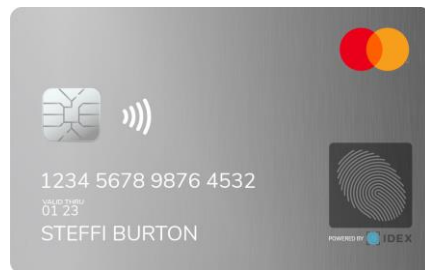
Challenges

User Experience

Security

Fraud

Card Economics



Ease of use:

- ✓ Simple, low-cost enrolment
- ✓ Seamless user experience

Identity protection:

- ✓ Encrypted biometric data;
stored only on the card

Fraud mitigation:

- ✓ Secure, high-value
contactless transactions

Economic benefits:

- ✓ New customer acquisition
- ✓ “Top of Wallet” effect
- ✓ Direct Monetization

The Opportunity



Rapid Scaling of Biometric Payment Cards



Total market: ~5 Billion smart cards per year

- Includes all cards with secure element
- Addressable >3.0 billion payment smart cards per year



Serviceable Market: dual interface payment cards

- >2 billion contactless cards per year, growing at >8% CAGR
- Biometric penetration rate is rising faster than contactless adoption
- Forecasting 18% penetration by 2025, representing > 500 million cards



Multi-Billion \$ SAM in payment cards alone



Challenges in 2022

- Pandemic related chip shortages for Secure Element chips
- Less focus on product development due to war in Ukraine
- Getting the ball rolling



- Bank launches delayed not canceled
 - **Pandemic related chip shortages for Secure Element chips**
 - **Economic environment**
 - **War in Ukraine**

Specific customer segments are driving early adoption

1



Affluent

Leverage **metal biometric card** for frequent and high networth customers



2



Tech Savvy Mass

Young pros seeking **differentiation** and preferring new **challenger banks**



3



Corporate

Clients in **need of stronger security** to conduct **high value corporate transactions**



4



Special Needs

People who **struggle to maintain** multiple **passcodes & PINs** or **unable to use them**



Accelerating Launch Activity



Europe

- > Six major bank launches in 2022
- ~100M biometric cards TAM in 2025
- Acceleration driven by challenger banks
- Preference for contactless (hygiene)

Asia-Pacific

- **Payment and Access programs**
- India, Japan, Korea, Malaysia, Vietnam
- ~120M biometric cards TAM in 2025
- Regulatory (Governmental ID) driving use cases

Latin & South America

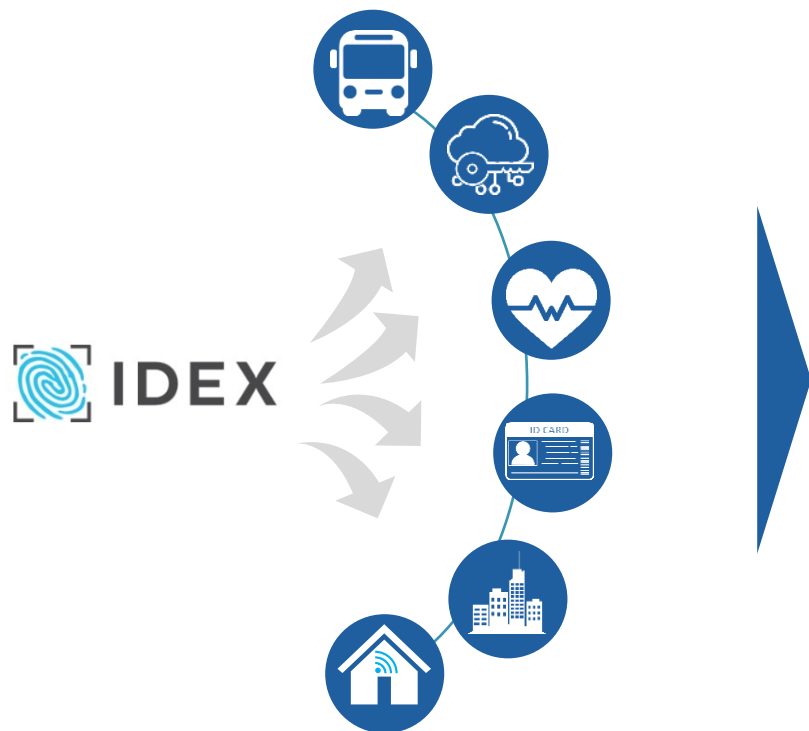
- **Brazil & Mexico launches in pipeline**
- Crypto hard wallets
- Hygiene and security concerns
- Regulatory policies driving use case

Middle East & Africa

- > 10 launches in pipeline
- Fraud and convenience driving demand
- Focusing on affluent segments
- Additional ID authentication use cases

Beyond Payment – Digital Authentication

One platform – many applications



Our Biometric technology will proliferate in a suite of use cases

Payment (Card present and card not present)

Digital Authentication

Transit / Public
transportation

Government ID

Healthcare ID
solutions

Access
(Physical/Logical)

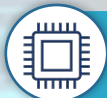
Digital Currency
Crypto Wallets

Protecting multiple value streams with one card!



Competitive Advantage

Superior Technology Drives Differentiation



Disruptive Card Architecture



Disruptive Cost



Performance Leadership



Versatile Enrollment Options



Flexible and Comprehensive Solution



IDEX Enables Seamless Customer Experience

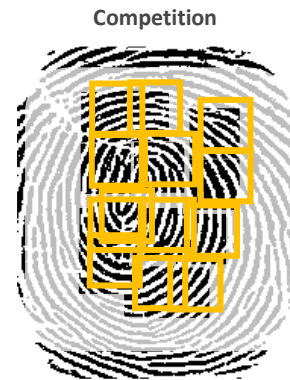
Enrolment is critical for market scaling

- 1 < 6 touches to enroll
- 2 Industry-leading anti-spoof
- 3 End to end transaction is ½ sec
- 4 Performance exceeding Visa and MasterCard requirements

Larger sensors improve user experience



6 Touch enroll



13 Touch enroll for equivalent coverage

Our Turnkey Solution Is Accelerating Investment

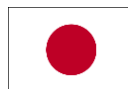
Infinion SLC38
Latest Generation
Secure Element

IDEX
TrustedBio Max



Turnkey Card Design Complete Solution

- Full solution includes proprietary COS and custom inlay
- Seven confirmed design wins coming to market
- Six additional new designs in the pipeline
- Combined contactless card volumes > 1.5 billion cards



Largest system integrator in Japan
Payment cards and Digital Access cards



DONGWOON
ANATECH
UBIVELOX

Payment cards and Digital Access
across SEA – TAM > 5MN cards



E K A R T

Turkey is Europe's largest payment
market, with 260M cards



MK[®]smart
Smart Digital Security

Top 10 card manufacturer globally;
certified by VISA, Mastercard, CUP, JCB



In development with one of India's
leading manufacturers for RuPay



Smart card manufacturers in development with IDEX Turnkey

Ecosystem Partners are Key to Sales Strategy

IDEX works jointly with partners to drive demand across the value chain



IDEX and technology partners

- Drive design-wins with card manufactures
- Enable biometric card manufacturing

IDEX and card manufacturing partners

- Drive demand with Banks and Issuers
- Enable personalization bureaus and processors to support biometric cards

Through our partners IDEX can address greater than 70% of the payment card market

Performance Highlight



1H 2022 Highlights



Bank Launches

3 commercial launches

ROCKER



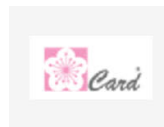
manager.one



>10 launches planned
for '22

Certified Biometric Cards

3 cards in production



Design Wins for IDEX/Infineon Solution



7 new cards coming to
market



Q2 2022 Financial Summary

Revenue trends remain positive

- Continued growth in payments
- Sustained shipments for digital authentication

Margins

- Anticipated lower margins for early payment customers
- Price increases from supply chain

Expenses

- Cost of materials rose during the quarter
- Cost reduction measures initiated during Q2

Cash balance

- \$16.3 million as of June 30

Commercial engagement pipeline

- New card makers: 7
- Banks: >150, Payment schemes: 5
- Processors: 28

Summary Profit & Loss (\$ 000)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Product	1 005	989	787	731	696
Services	103	-	-	1	1
Total Revenue	\$ 1 108	\$ 989	\$ 787	\$ 732	\$ 697
Cost of Materials	1 034	676	430	300	304
Compensation and benefits	4 776	4 978	6 280	5 044	4 682
Research and development	958	1,029	532	659	881
Other operating expenses	2 314	1 938	2 142	1 729	1 763
Depreciation and amortization	334	369	428	460	460
Total operating expenses	9 416	8 990	9 812	8 192	8 090
Loss from operations	\$ (8 155)	\$ (8 001)	\$ (9 025)	\$ (7 460)	\$ (7 393)

Strong Operating Leverage in Long-term Model

Potential for extraordinary revenue growth

- ✓ Expanding opportunity pipeline
- ✓ Rapidly increasing backlog and pending design wins

Target Operating Model at Scale:

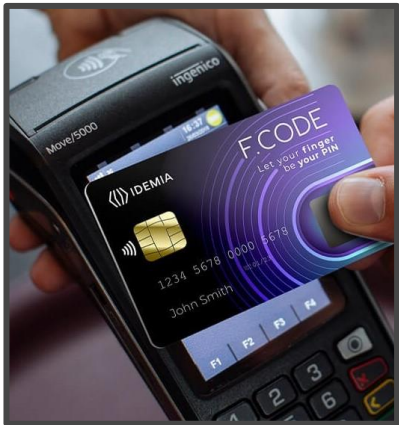
- ✓ Scalable fabless semiconductor model
- ✓ Long-term goal of 50%+ gross margins
 - Consistent with fabless model
 - Reflects differentiation and solution cost leadership
- ✓ Long-term goal of 30% operating margins
- ✓ Scalable for sustained cash flow
 - Concentrated customer base limits channel expenses
 - Low CapEx and leveraged OpEx



Summary



IDEX Biometrics – Differentiated and Disruptive



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Massive Addressable Market: Payment cards, Cybersecurity / Data Access, Digital Currencies, and other adjacent markets



Superior Biometric Performance: Enabling a secure and seamless user experience at ground-breaking transaction speeds



Disruptive System Costs: Unique sensor architecture enables high integration and lowest possible cost



Capturing a Market Inflection Point

Thank you!

