



IDEX Biometrics

Q1 2023 Presentation

May 23, 2023



Disclaimer



This presentation includes forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for IDEX Biometrics ASA (IDEX) and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions denoting uncertainty. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be markets we target, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates, and such other factors as may be discussed from time to time. Although IDEX believes its expectations and the information set forth in this presentation were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as described in this presentation. IDEX is not making any representation or warranty, expressed or implied, as to the accuracy, reliability, or completeness of the information in this presentation, and neither IDEX nor any of its directors, officers, or employees will have any liability to you or any other persons resulting from your use of the information in this presentation. IDEX undertakes no obligation to publicly update or revise any forward-looking information or statements in this presentation.

IDEX Biometrics solution strategy



Payment and digital authentication

Complete solutions to accelerate time-to-market

Card operating system

Proprietary platform to enable IDEX products and solutions

Biometric technology and software

Industry pioneer in biometric authentication solutions



Targeting the massive addressable market for biometric smart cards of

>3B units per annum



First Quarter 2023 Financial Summary

Financial summary first quarter 2023



→ Year-over-year revenue growth of 26%

- Revenues increasing 16% quarter over quarter
- This revenue growth reflects shipment to two largest manufacturing partners for payment cards

→ Margins at 26%

- Gross margins in first quarter at 26% compared to 33% in the fourth quarter of 2022
- The sequential decrease in gross margins was due to product mix

→ Operating expenses decreased quarter over quarter

- Operating expenses, excluding the cost of materials, were \$7.4 million in the first quarter, compared to \$7.0 million in the fourth quarter
- Underlying operating expenses, when adjusted for \$0.7 million in government grants in 4Q22, declined 4% from \$7.7 million 4Q22 to \$7.4 million in 1Q23

SUMMARY PROFIT & LOSS	(\$ 000)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Product		1 242	1051	844	1005	989
Services		-	16	84	103	-
Total Revenue		\$1 242	\$1 066	\$ 928	\$ 1 108	\$ 989
Cost of Materials		913	715	819	1034	676
Compensation and benefits		4 408	4 378	5 081	4 776	4 978
Research and development		933	230	1033	958	1029
Other operating expenses		2 055	2 367	1 783	2 314	1 938
Depreciation and amortization		340	316	333	334	369
Total operating expenses		8 648	8 005	9 049	9 416	8 990
Loss from operations		\$(7,407)	\$(6,939)	\$(8,121)	\$(8,308)	\$(8,001)



First Quarter 2023 Commercial Update

Quarterly highlights



Payments

- ⊕ Four Turkish banks and fintechs confirmed to launch
- ⊕ Three major banks in Bangladesh also confirmed to launch
- ⊕ Demand acceleration; Linxens 1mn units order
- ⊕ IDEX obtained Mastercard FTAS

**All banks on IDEX Biometrics
Complete Payment Solution**



Digital Authentication

- ⊕ MCS Microsystem, Malaysia
- ⊕ PONE, Norway
- ⊕ Sentry Wallet, US
- ⊕ E-Signus, Spain

**Rapid commercial advancement
access and crypto**



Card Manufacturers and Ecosystem

- ⊕ E-Kart, Turkey
- ⊕ Metal cards, two global manufacturers
- ⊕ MCS Microsystems, Malaysia
- ⊕ DoelPay, Bangladesh
- ⊕ ST Microelectronics, France

**Card manufacturers and technology
solution providers selecting IDEX**

Card manufacturers in acceleration with IDEX Biometrics



3000+ banks reached by IDEX Biometrics manufacturers



Premium Financial Card Manufacturer

22



72

E-KART

19

120

Global Card Manufacturer

xx



4

M-TECH INNOVATIONS LTD

TOSHIBA

5

SHOEI

10

KOMSCO

13

MK group
Smart Digital Security

UBIVELOX

28

DONGWOON

ANATECH

Metal Card Manufacturer

30



IDEMIA

736

Million Cards - Annual card production volume; Nilson Report 2022

Annual card production of these card manufacturers

> 1 billion cards

7 additional banks launching biometric payment cards with IDEX Biometrics



IDEX Biometrics is accelerating globally: focus on Europe, Turkey, and India



Europe



- ⌚ 637m payment cards in circulation
- ⌚ 16.9m merchant terminals
- ⌚ 78% contactless penetration
- ⌚ Biometric health cards consultation in France (Carte Vitale)
- ⌚ Major banks and fintechs launch biometric payment cards
- ⌚ Investment in production facilities (Linxens, IDEMIA, Thales, ST Micro)

Turkey



- ⌚ 265m payment cards in circulation
- ⌚ 2m merchant terminals
- ⌚ \$216bn purchase volume
- ⌚ 55% contactless penetration
- ⌚ Complete certification of IDEX Payment solution with E-Kart in progress
- ⌚ IDEX signed agreements with 4 issuers

India



- ⌚ 1bn payment cards in circulation
- ⌚ 4.7m merchant terminals
- ⌚ 16% contactless penetration
- ⌚ 6.8bn volume of card payments in 2022
- ⌚ Key partners: M-Tech to launch biometric cards to Indian market
- ⌚ KL Hitech launched with Kotak bank in 2023

IDEX Biometrics addresses large and well-established markets



EMV Payment Cards in Circulation

>12 billion

Annual card issuance

3 billion



Key drivers for biometric cards:

- ⌚ Seamless and faster experience
- ⌚ Reduced fraud
- ⌚ Differentiation - top of wallet effect

Global cost for cyber-crimes in 2023

\$8.4 trillion¹

Identity access management market

\$50-100 billion



Key drivers for biometric cards:

- ⌚ Protection of proprietary information
- ⌚ Limit legal and negative brand exposure
- ⌚ Compliance
- ⌚ Employee productivity

The Global Biometric Card Market expected CAGR of 117.8% (2022-2027) to reach a value of \$2.7B by 2027, across various segments, including banking, retail, and security gaming²

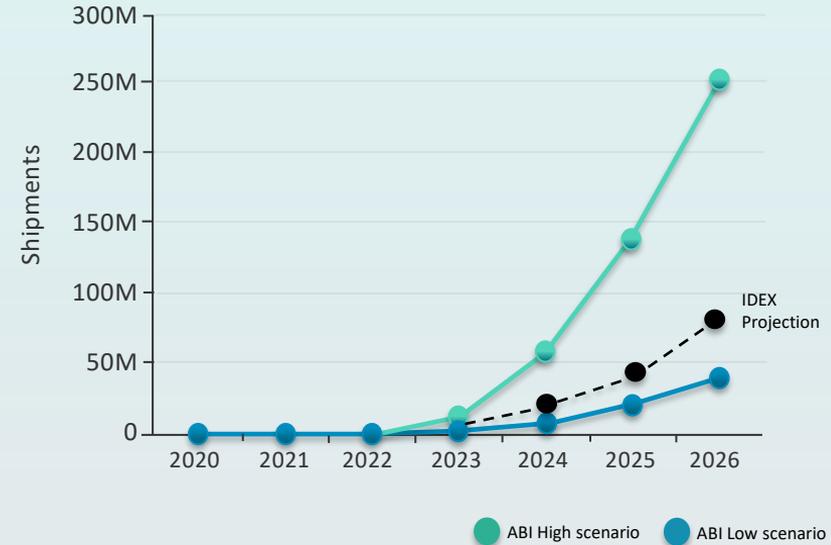
Market Outlook

Enabling the future of payments and authentication



- ⌚ IDEX has accelerated market penetration. Currently **13 card manufacturers** for payment cards
 - ⌚ 12 card manufacturers well in commercialization phase with the IDEX complete solution
- ⌚ **8 partners for** digital authentication and identity access solutions
- ⌚ Ideally set up for scaled global operations, with **one hardware and software platform** addressing multiple markets

Biometric Payment Card Shipments



Source: ABI Research (AN-5584)

One integrated and scalable solution – multiple applications



One solution platform



Largest biometric sensor in the industry enabling high performance with lowest power



Biometric software platform with built in security protecting users and minimizing risk of hacking



Ready-to-launch and pre-certified card solutions on industry standard APIs



Flexible and scalable products, new segment penetration



Secure Payments

Seamless and faster experience with enhanced security for consumers and merchants



Identity Access

Protect proprietary assets from cyber attacks, reduce fraud risk



Crypto Asset Management

Access and control crypto funds in a highly secure and authenticated way



Industry acceleration from pin and passwords to biometrics



Market Trends

- ⊖ Confirmed increased interest for biometric payment cards
- ⊖ Biometrics top of the agenda for **payment trends**
- ⊖ **50%** of consumers will use **biometric payments** in next couple of years



Regulatory Environment

- ⊖ **EU Directive Payments Accessibility Act:** inclusive payments and biometrics across all EU memberstates
- ⊖ **French government** evaluates a nationwide **biometric health card**²
- ⊖ **India's** nationwide Aadhaar biometric (fingerprint) ID program >1B members³



Industry Standardization

- ⊖ **Mastercard** and **Visa** biometric payment card standards moving towards EMVCo standardization
- ⊖ **FIDO Alliance** standards for passwordless authentication
- ⊖ **National Payment Schemes** progressing with biometric payments for debit cards

IDEX Biometrics Go To Market Strategy

Best practice implementation model – Turkey blueprint



Market Assessment

- ⇒ Consumer demand confirmed
- ⇒ Card business case
- ⇒ Regulatory approval



Ecosystem Partnership

- ⇒ Payment networks
- ⇒ Manufacturing set-up
- ⇒ Solution readiness



Banks and Fintechs

- ⇒ Key target segments
- ⇒ Consumer value proposition
- ⇒ Go-to-market plans



Card to Consumers

- ⇒ Consumer communication
- ⇒ Enrollment solutions
- ⇒ Customer Lab

April '22
Market
assessment

1

May '22
Partnerships:
payment network and E-Kart

2

Aug '22
E-Kart (G+D)
manufacturing set-up

3

May '23
Agreements with 4 Turkish
challenger banks

4

June '23
Biometric card
program launch

5



IDEX Biometrics Business model



IDEX Biometrics



IDEX Products

- 1 Biometric sensor
- 2 Biometric system
(sensor + software)
- 3 Certified card solution
(incl. COS and applications)

IDEX Go To Market

- Direct sales
- Partners
- Resellers



Payment
and Banking



Public and
Private Services



Enterprise/
Gov't Security

IDEX Biometrics enables the entire value chain to bring biometric payments cards to consumers



Technology Providers

- IDEX
Sensor + Matcher
- Secure Element
- Card OS
- Card Interconnect



Personalization bureaus, Processors and Card Manufacturers

- THAMES TECHNOLOGY
- E-KART
- tieto Every
- tag systems
- AUSTRIACARD (HOLDINGS)
- CompoSecure
- TOPPAN TOPPAN GRAVITY
- GD
- IDEMIA augmented identity
- THALES

with proprietary SE + COS + Inlay



- VISA
- mastercard
- Payment Networks
- AMERICAN EXPRESS
- UnionPay



- ROCKER
- FAB
- SOCIETE GENERALE
- Sella
- BNP PARIBAS



IDEX Biometrics and our ecosystem partners enable the market with complete biometric card solutions

Strong operating leverage in long-term model



Foundation for strong revenue growth

- ⌚ Solid customer 13+ card manufacturers serving both payments and access
- ⌚ Certified card solution enables tier 2 and tier 3 card makers:
 - ⌚ Lower barrier to investment enables new manufacturers to access biometric cards
 - ⌚ Shortens time to market
 - ⌚ Provides more value per card

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:



Enabling the future of payments and authentication

01

Multi-billion market opportunity

02

Industry leading customer experience

03

Disruptive biometric solution

04

Capturing a market inflection point



Thank You