



IDEX Biometrics

4Q 2022 Presentation

22th February 2023



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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

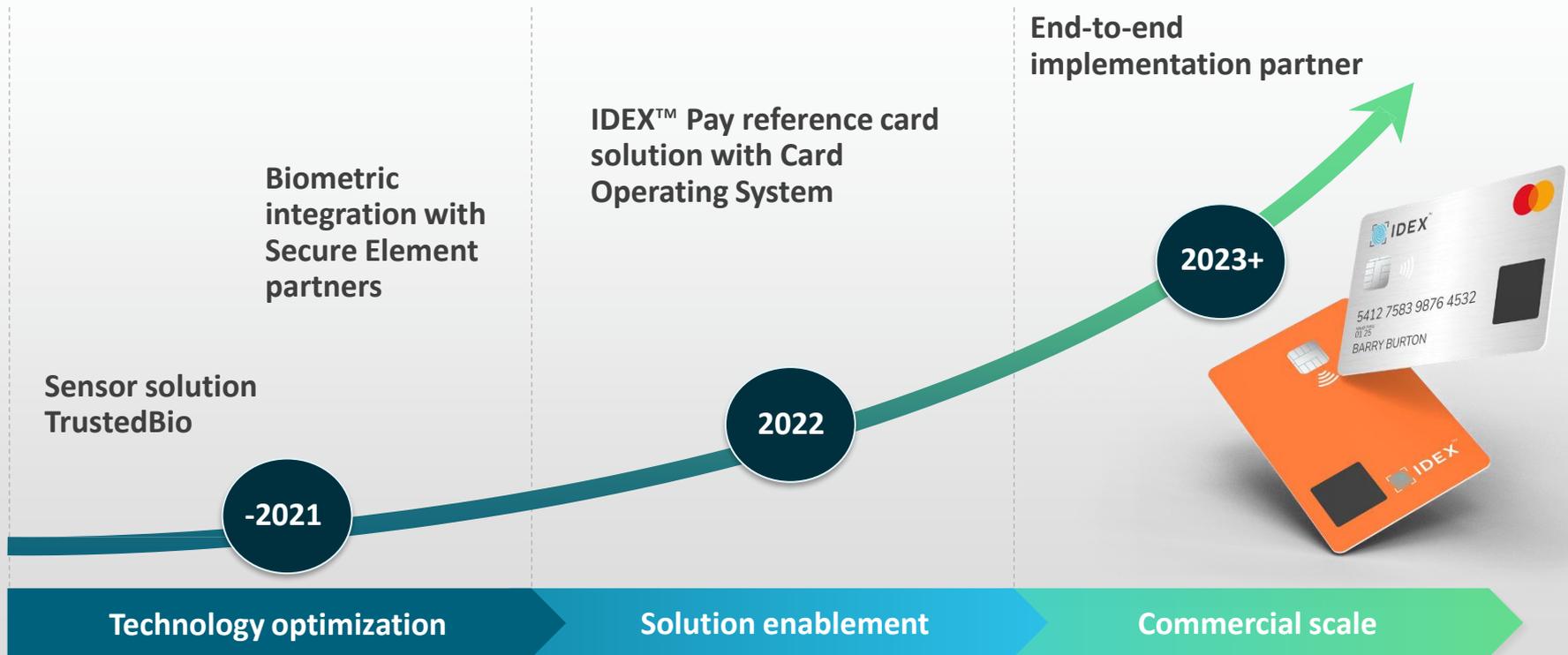
Industry pioneer in biometric authentication solutions



Targeting the massive addressable market for biometric smart cards of

>3B units per annum

IDEX Biometrics company roadmap



Quarterly highlights



Bank Launches

- ⌚ First Abu Dhabi Bank (FAB), UAE
- ⌚ Sella Group, Italy
- ⌚ Accomplish Financial, UK
- ⌚ 2 major banks, France
- ⌚ 2 pan-Nordic banks, Nordics

⌚ **Total of 9 in 2022**

Largest order to date,
>\$2 million from IDEMIA



Digital Authentication

- ⌚ Enqura, Turkey
- ⌚ TrustSec, Poland
- ⌚ Sentinel Wallet, US
- ⌚ Civix (Zwipe), US

⌚ **Total of 6 in 2022**



Manufacturer Design Wins

- ⌚ M-Tech, India
- ⌚ Komsco, South Korea
- ⌚ Sentry Enterprises, US

⌚ **Total of 12 by end of 2022**

IDEX Biometrics reference card design accelerates market scaling with manufacturers



Component Sales

Biometric Sensor

Industry leading smart image capture device



Biometric System Solution

Biometric authentication algorithm and software interface



Solution Sales

Reference Card Solution IDEX Pay

- IDEX biometric system solution
- SLC 38 Secure Element with IDEX Card Operating System and IDEX Biometric Stack
- EMV module and inlay design



Card manufacturers accelerate biometric production

20+

Card manufacturers in biometric card production and development in 2022

This represents a total addressable market of

2.5 billion

cards

THALES

IDEMIA



2021

tag systems

AUSTRIACARD

SENTRY

KL HI-TECH
SECURE PRINT LIMITED

UBIVELOX

KOMSCO

DONGWOON
ANATECH

E-KART



MK group
Smart Digital Security

NYMCARD

INKRIPT

CompoSecure

SHOEI



TOPPAN
TOPPAN GRAVITY

TOSHIBA

Forza Card

2022



Q4 Financial Summary Operating Business Model

Financial summary



→ Year-over-year revenue growth of 44%

- Revenues increasing 15% quarter over quarter
- This revenue increase reflects shipment to IDEX two largest manufacturing partners for payment cards

→ Margins recovering to above 30%

- Gross margins in fourth quarter at 33%
- Margins increasing as a result of product mix

→ Operating expenses excluding cost of materials and depreciations decreased 12%

- Positive effect from cost reduction initiatives implemented last year
- Operating expenses excluding cost of materials and depreciations decreased from 7.9 to 7.0
- Further cost reduction initiatives expected to be realized from first quarter 2023

| SUMMARY PROFIT & LOSS (\$ 000) | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|-----------------------------------|----------------|--------------|-----------------|---------------|---------------|
| Product | 1,051 | 844 | 1,005 | 989 | 787 |
| Services | 16 | 84 | 103 | - | - |
| Total Revenue | \$1 066 | \$928 | \$ 1 108 | \$ 989 | \$ 787 |
| Cost of Materials | 715 | 819 | 1,034 | 676 | 430 |
| Compensation and benefits | 4,378 | 5,081 | 4,776 | 4,978 | 6,280 |
| Research and development | 230 | 1,033 | 958 | 1,029 | 532 |
| Other operating expenses | 2,367 | 1,783 | 2,314 | 1,938 | 2,142 |
| Depreciation and amortization | 316 | 333 | 334 | 369 | 428 |
| Total operating expenses | 8,005 | 9,049 | 9,416 | 8,990 | 9,812 |
| Loss from operations | \$(6 939) | \$(8 121) | \$(8 308) | \$(8 001) | \$(9 025) |

Strong operating leverage in long-term model

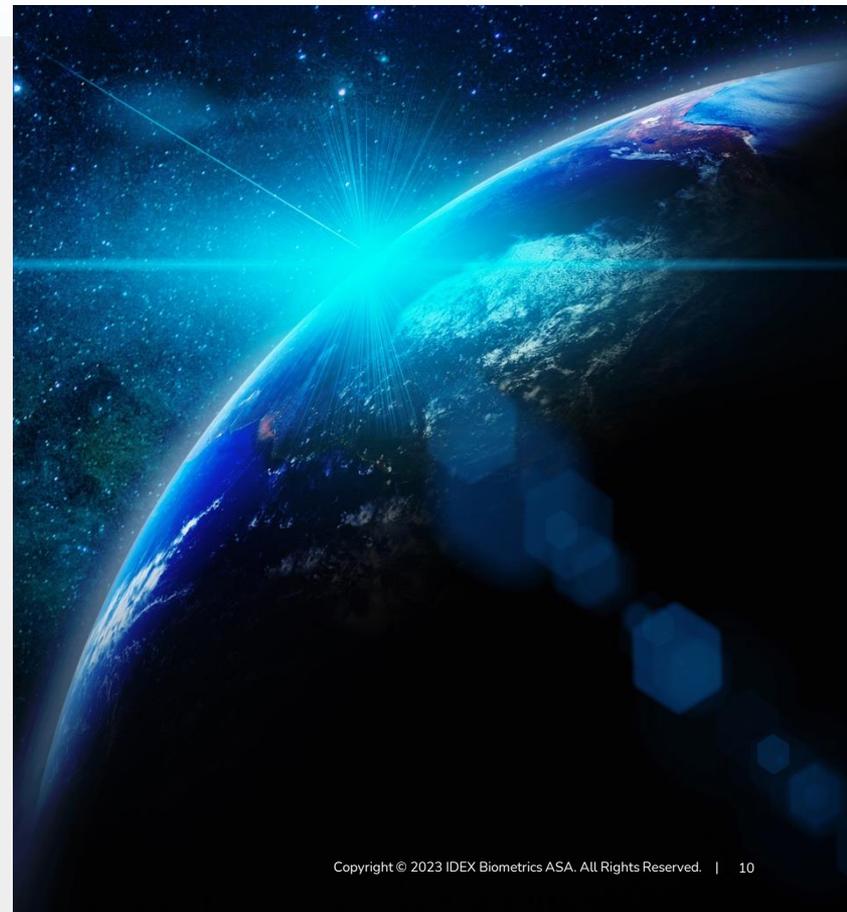


Potential for strong revenue growth

- ⊕ Solid customer pipeline with key design wins across both payments and access
- ⊕ Solution sales driving higher margins

Target operating model at scale

- ⊕ Scalable fabless semiconductor model
- ⊕ IDEX reference solution with Infineon enables tier 2 and 3 manufacturers
- ⊕ 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





Q4 Commercial Update

9 banks launching biometric payment cards with IDEX Biometrics and Partners



9 Banks in Europe and Middle East in 2022, from 0 in 2021

>16 million

Customer portfolio of these banks

637 million

payment cards in circulation across Europe

Banks report **strong customer response to biometric cards**

- Customer acquisition: up to **25%** uptake
- Top-of-wallet effect: **15 - 20% more transactions on biometric cards**, resulting from higher card usage

Note: Rocker, manager.one, FAB and Sella are all on IDEMIA F.Code
Sources: ECB Payments Statistics, 2022; IDEX research

Card manufacturers in acceleration with IDEX Biometrics



In 2022, 8 new global and regional card manufacturer selected IDEX Biometrics



Premium Financial
Card Manufacturer



E-KART



TOSHIBA

SHOEI

KOMSCO

UBIVELOX

DONGWOON
ANATECH

Annual card production of these 12 card manufacturers

> 1 billion cards

Strong commercial advancement in digital authentication with 6 partners in 2022



IDEX solutions for Digital Authentication

- ➔ Digital access
- ➔ Crypto currency management
- ➔ Secure ID management

Digital authentication represents a

\$53 billion

market

 **Sentry**



 **e-Signus**



 **TrustSec**



 **Enqura**



 **Reltime**



 **Global financial services provider**



Partner Solutions

➔ **Civix US - Zwipe**



➔ **B.Chain - Idemia**



IDEX focus market: Turkey



268 million payment cards

Largest in Europe



2M acceptance terminals

Largest in Europe



\$216 billion purchase volume

34% of private consumption expenditure



55%

Contactless penetration



Turkey now ready to launch – IDEX strategy execution progress



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

Apr'22
Market assessment

May'22
Partnerships:
payment network and E-Kart

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

Oct'22
MoU with 2 Turkish
challenger banks

June'23
Biometric card
program launch



2023 Outlook



Enabling the next-generation of payments and authentication

- ③ Significantly broadened our market opportunity with **8 new design wins** during 2022
 - ③ Global and regional card manufacturers preparing for production of biometric payment cards on the IDEX reference design
 - ③ Increasing pipeline of issuers behind these card manufacturers
- ③ Commercial acceleration continues: fintechs and established banks accelerate with biometric payment cards launches across Europe, Middle East and Asia
- ③ Building momentum for digital authentication with 6 announced partners for access and cold wallet solutions



Summary:



Enabling the next-generation 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