

Q3 2020 - Presentation



November 05, 2020

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Recent Highlights

- Commercial momentum accelerating with issuers and banks for biometric payment cards
 - Covid-19 rapidly accelerating contactless payments
 - Multiple new orders from new integrators and geographies suggest broad demand
- Payment card market
 - Production orders from a Tier 1 global payment card manufacturer
 - Large volume order from Zwipe
 - Volume orders from Hengbao, one of the largest smart card companies in China
 - Design wins and orders from new global card manufacturers
- Other markets
 - Production shipments ongoing to the large IT and financial services customer
 - Volume production orders for both current and next generation products from customer in Korea
- Banking industry executives added to the board of directors and strategic advisory committee
- Filed registration statement with US SEC to dual list on the Nasdaq

Investment Highlights

Massive Addressable Market	<ul style="list-style-type: none">• 22B payment cards in circulation and 5B new cards issued every year ⁽¹⁾• Contactless cards have accelerated significantly; >75% of EU transaction now contactless, >50% of Americans now using contactless payment cards• USD 2B+ biometric payment cards by 2024; 200% plus CAGR for biometric payment card shipments
Large-Scale Certification	<ul style="list-style-type: none">• First certified and commercially ready cards delivered in Q1 2020• Certification with China UnionPay and one other global payment network (EMVCo® certified)• Both platforms represent 70% of all global branded payment cards
Sales and Pipeline Momentum	<ul style="list-style-type: none">• Europe: Orders from several customers received• Asia: Certifications achieved, and production orders received• Other: USD 6M contract with financial markets data provider, first production orders delivered in 2020
Defensible IP / Technology	<ul style="list-style-type: none">• TrustedBio: full system solution enables highest performing and lowest cost cards in the industry• 200 plus patents granted or pending patents• Full EMVCo® certified on card level as well as component level
Highly Experienced Management	<ul style="list-style-type: none">• Accomplished executive team with experience bringing new technologies to market• Management and board with significant experience managing public companies

Consumer Benefits



Security

- Eliminates lost/stolen, friendly fraud
- Identity protection
- Fully encrypted, resistant to logical attacks
- Peace of mind



Convenience

- Fast, simple, secure transactions
- Hygienic, “touch-free” payments; no pins, battery anxiety or connectivity issues

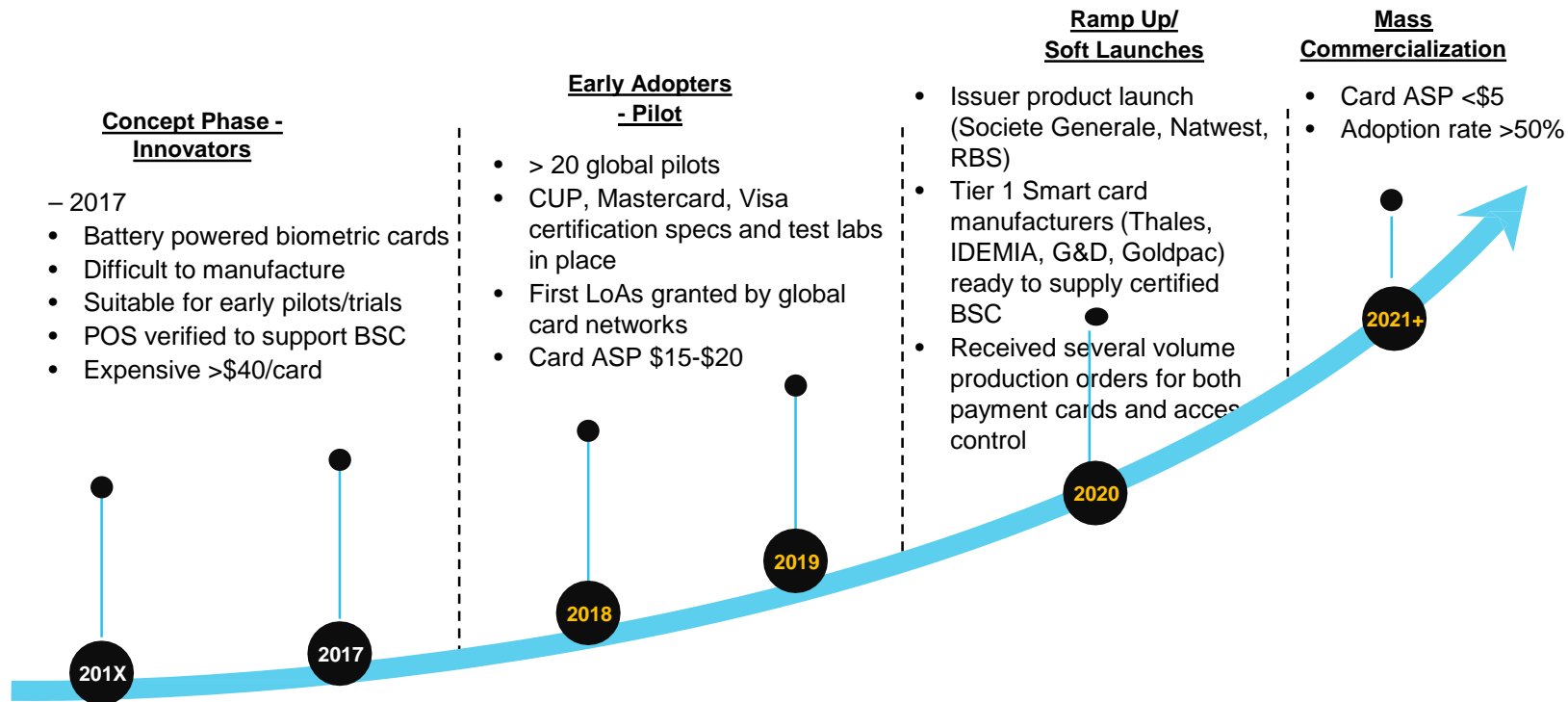


Prestige

- High “cool factor”, like metal cards
- Differentiated, high-technology payment cards consumers will pay for



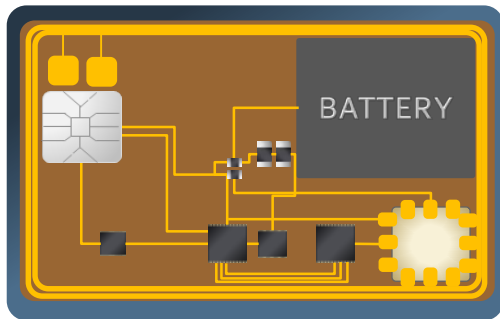
Market activation milestones



Lowering Manufacturing Complexity and Card Cost

TrustedBio™ yields cost, performance, and reduced manufacturing complexity

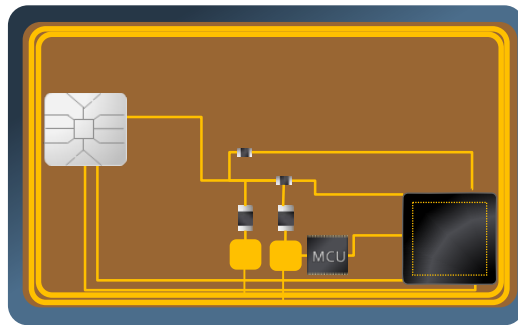
\$40+



FIRST GENERATION CARD

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

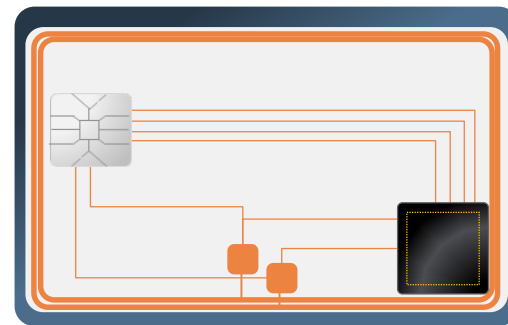
~\$15 - \$20



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)

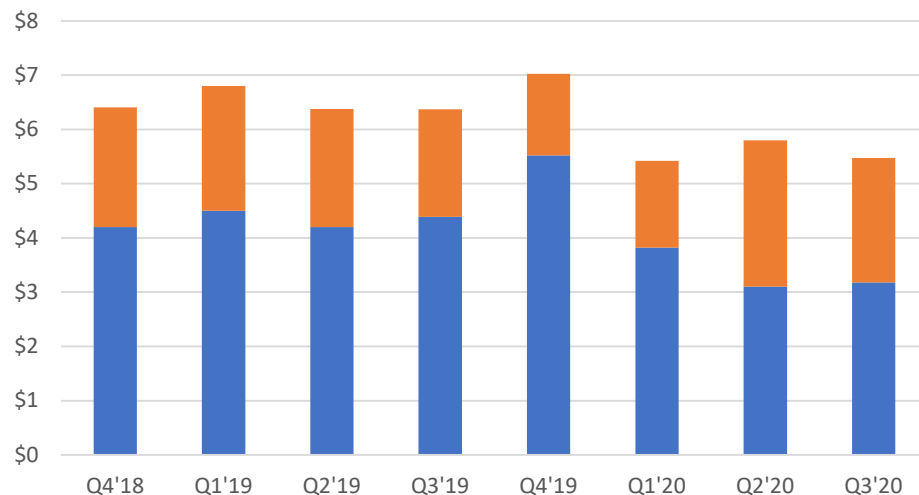
Strong Operating Leverage in Financial Model

Fabless semiconductor model:

- Complete solution including ASIC, Sensor, and Biometric Software
- 50%+ gross margins and stable opex at scale
- 30% operating margins at scale

Stable operating expense model

Cash Operating Expenses¹ in USD (millions)



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

Financial Summary

- Revenue in the third quarter was USD 248 thousand compared to USD 149 thousand in the third quarter of 2019
- Product revenue was USD 246 thousand in the third quarter of 2020 compared to USD 53 thousand in the third quarter of 2019
- Product gross margin was 81% compared to 60% in the third quarter of 2019
- Operating expenses were USD 6.6 million compared to USD 7.0 million in the third quarter of 2019
 - Excluding one-time costs¹, operating costs were USD 6.0 million
- Operating costs in the third quarter included USD 1.1 million of stock-based compensation
- Balance Sheet
 - The company ended the third quarter with USD 5.7 million in cash and no financial debt

¹ Excluding one-time costs associated with a U.S. stock listing filing

Summary and Outlook

- Significant commercial progress – new geographies and integrators
- Multiple card manufacturers certified on multiple payment networks
- First production orders for our next generation TrustedBio™ product
- Accelerating sales; volume shipments have begun
- Rapid acceleration in volume deployments expected in 2021 through several to-be-announced commercial launches by banks in several geographies
- Addressable market is expected to steadily grow to 3 billion units

Thank You



IDEX