



IDEX Biometrics

3Q 2022 Presentation
10th November 2022



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IDEX solution strategy



Payment and digital authentication

Turnkey products to accelerate time-to-market

Card operating system

Proprietary platform to enable IDEX products and solutions

Biometric components and software

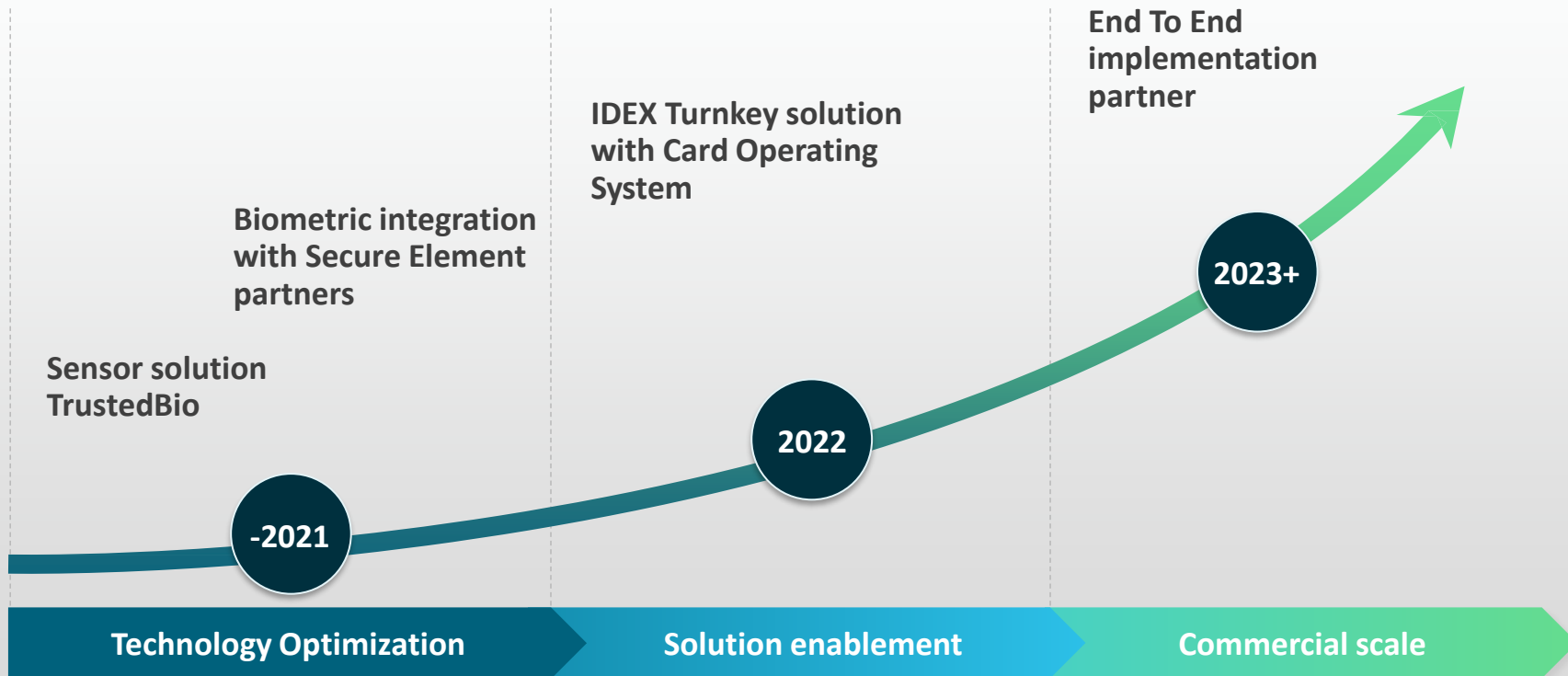
Industry pioneer in biometric authentication solutions



Targeting the massive addressable market for biometric smart cards of

>3B units per annum

IDEX company roadmap



Stakeholder benefits of biometrics



Cardholder



- ➔ Convenience
- ➔ Peace of mind
- ➔ Improved security
- ➔ Safeguarded privacy

Issuing Bank



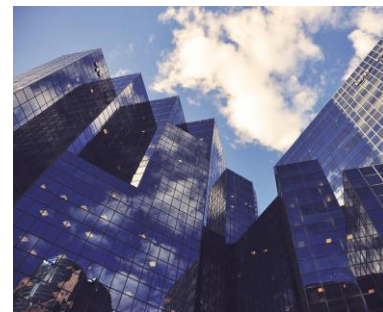
- ➔ Fraud reduction
- ➔ Customer satisfaction
- ➔ Top-of-wallet
- ➔ New customer acquisition

Merchant



- ➔ Seamless acceptance for higher purchase amounts
- ➔ Less friction and declines
- ➔ Decreased chargebacks

Acquiring Bank



- ➔ Improved check-out
- ➔ Enhanced Authentication options for merchants

Global consumer research confirms demand for biometric payment cards



80%+

of consumers across 14 markets find **biometric** cards convenient and secure



Brazil
88%



Germany
80%



KSA
87%



Singapore
82%



Canada
81%



Norway
84%



India
92%



Australia
73%



USA
69%



Sweden
75%



South Africa
86%



UK
70%



Turkey
85%



Mastercard Research: consumers prefer biometric payment over PIN for security and convenience

Biometric smart cards

Market Update



Addressable market

- ⌚ > 3 BN cards per year
 - >2.4 billion payment cards - CAGR ~5%
 - > 1 billion access and ID cards - CAGR ~10-20%
- ⌚ 40M payment locations fully enabled for biometrics globally



Market momentum

- ⌚ Consumers confirms the demand for Biometric Payment Cards
- ⌚ Increasing numbers of launches
- ⌚ Manufacturers are investing
- ⌚ Safeguarded supply chain



Current headwinds

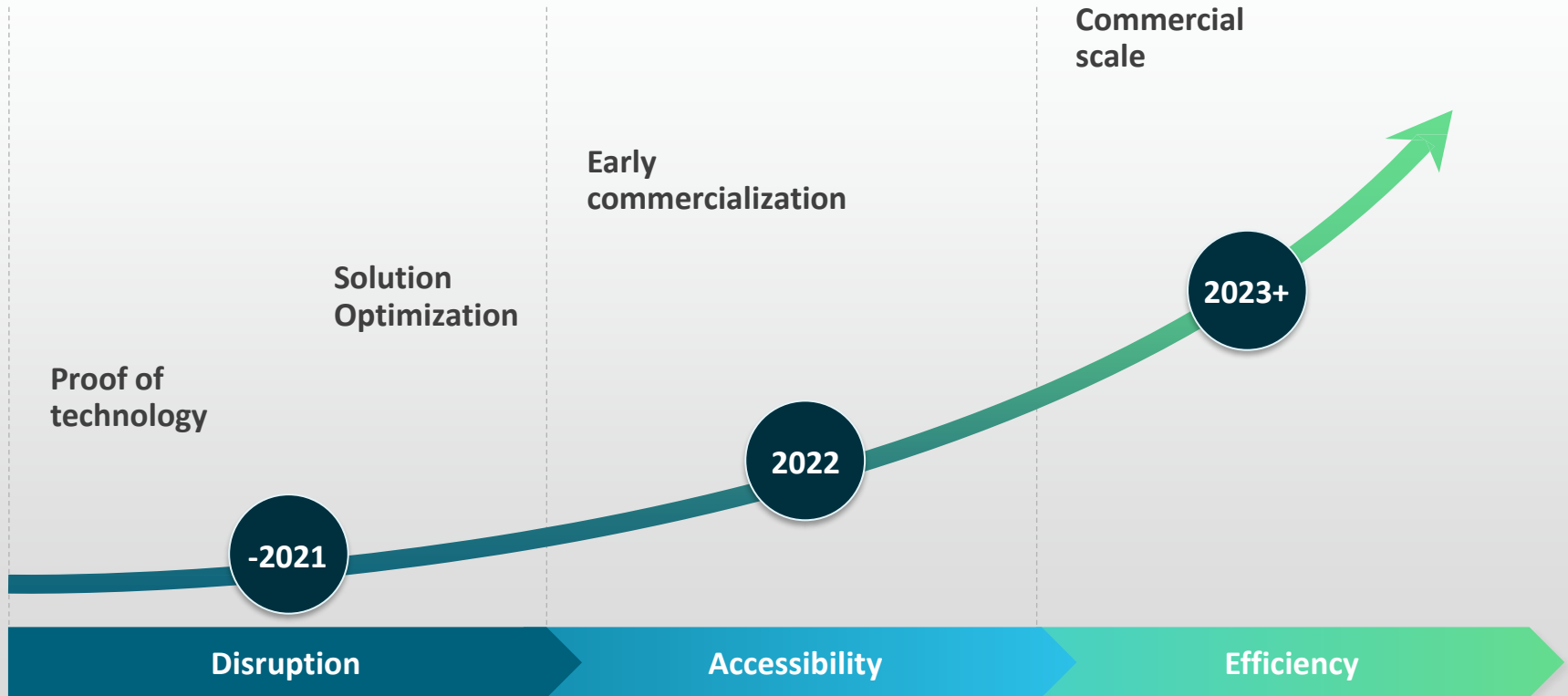
- ⌚ Chip component shortage for dual interface cards
- ⌚ China lockdown – lead times
- ⌚ Geopolitical instability and recession looming



IDEX solutions enable accelerated market adoption



IDEX positioned for market inflection towards biometric payment cards





Disruptive products and solutions

A complete platform for biometric authentication solutions

IDEX product and solutions



Hardware



Largest sensor in the industry to enable high performance with lowest power

Software



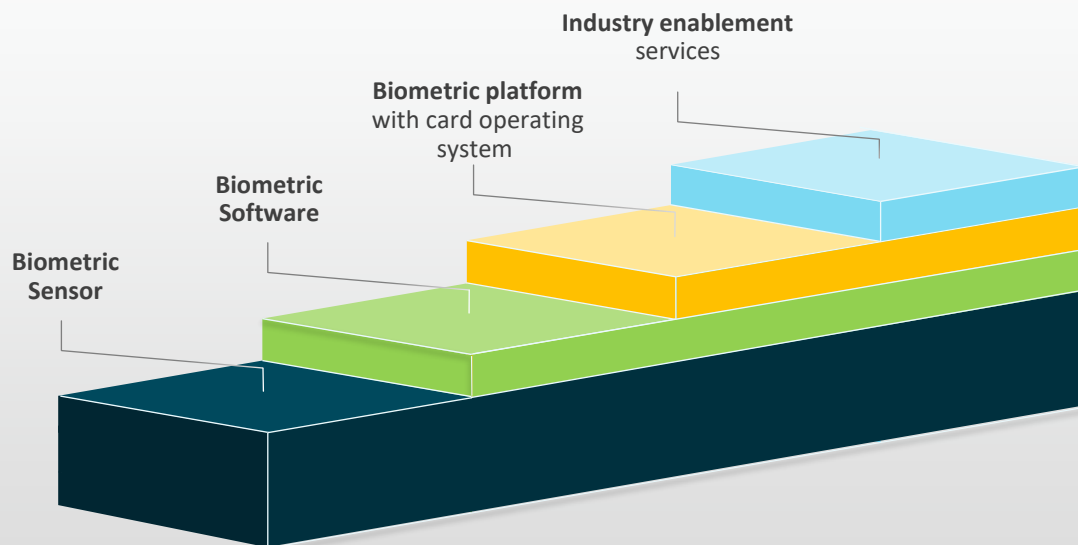
Anti-spoof and matching algorithm outperforming the payment scheme standards

Services



IDEX Customer Lab, Ready-to-launch solutions and API library

Evolving IDEX Solution Offering



Strategic objectives

- ⌚ Leverage core investments
- ⌚ Ensure consistent and secure user experience
- ⌚ Complete solutions for payments and digital authentication
- ⌚ Efficient industry enablement for manufacturers
- ⌚ Accelerated market activation

IDEX Technology advantage



Largest Sensor

- >200 patents protecting our core technology
- Image size and industry leading technology drive best user experience



Fully Integrated Biometric System

- Only Secure Element and Sensor, no additional component required for efficient manufacturability



Sensor Technology Flexibility

- The IDEX breadth of solutions brings us independence and flexibility
- Unique architecture enables IDEX to select the most relevant silicon technology

IDEX technology platform enables multiple use-cases



Our biometric technology drives new applications

Payment (card present and card not present)

Digital authentication

Digital access (Physical/Logical)

Digital wallets
Crypto / CentralBank Digital Currency

Protecting multiple value streams with one card

Digital authentication represents a \$53 billion market

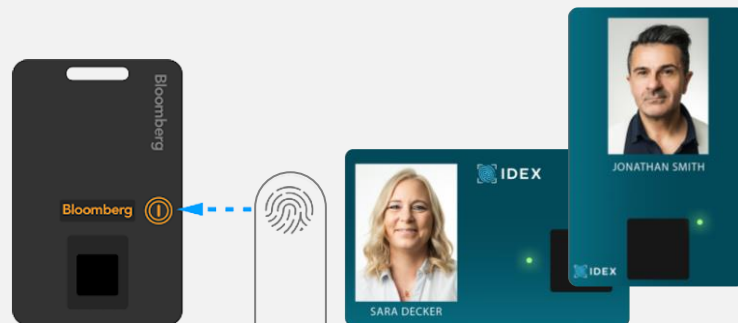


Problem today

- **\$172B** is spent on Enterprise Cyber Security in 2022
- Cost from ransomware attacks expected to grow >13x in the next 10 years, from \$20B in 2021
- Cyber threats **critical concern of enterprises**
- **19%** of cyber attacks due to **credential thefts**
- **>59%** of organizations have not implemented a **ZERO trust strategy**

IDEX Response

- Unique biometric card solutions for digital authentication and step-up security
- Partnering with the world's most innovative leaders in design and manufacturing of biometric authentication solutions



IDEX goes to market with innovation leaders



Digital Access (Including Multi Factor Authentication)



Digital access

- High value subscription
- Secure access and authentication

Bloomberg



Digital Wallets (Hardware/Token)



Digital wallets

- Crypto currency
- Digital currency (CBDC)





Commercial acceleration

Biometric smart card market is building up across regions



Europe

**23% of the global card payments value
> 6 bank launches live and foreseen in 2022**

- ⌚ Rollouts driven by Tier1 and challenger banks
90%+ of eligible payments are contactless
- ⌚ Leading manufacturers now in production

Asia-Pacific

**43% of the card payments worldwide, with strong
mobile payments growth**

- ⌚ Strong interest from India, Japan, Korea, Malaysia, Vietnam – Manufactures
- ⌚ Government ID requirements

Latin & South America

Strong growth in payment cards, BR CAGR: +36%
Brazil & Mexico planned launches of payment cards

- ⌚ Launches coming with traditional banks
- ⌚ Fraud and Regulatory policies drive use cases

MENA

Strong growth in payment cards, CAGR: +16%
> 10 launches live and foreseen in 2022

- ⌚ Drivers: fraud and convenience
- ⌚ Segments: affluent and financial inclusion

Banks are launching, Europe and Middle East as front runners



IDEX accelerates launches during H2 according to plan

H1 2022 in Market

- **Rocker, Sweden (IDEX)**
- **Manager.one, France (IDEX)**
- BNP Paribas, France (FPC)
- Credit Agricole, France (FPC)
- Pocztowy Bank, Poland (FPC)
- BMCI BNPP, Morocco (FPC)
- JKB, Jordan (FPC)

H1 2022
7 launched
globally

H2 2022 in Plan

- **Bank in UAE (IDEX)**
- **Bank in UK (IDEX)**
- Bank in Jordan (IDEX)
- Bank in India (IDEX)
- Bank in Thailand (IDEX)
- Bank in Germany (IDEX)
- Bank in France (IDEX)
- Banks in US, Morocco and Jordan (FPC)

H2 2022
7 launches
for IDEX
planned

Specific bank customer segments are driving early adoption



Affluent

Frequent and **high networth customers**, travelling and interested in biometric metal cards



Tech savvy

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



ROCKER



Corporate

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



Special needs

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



Payments

- ② **Major bank in UAE** launched full-scale biometric payment card program with IDEMIA on IDEX Biometrics sensor solution
- ② **Turkish issuer** to launch a biometric payment card with IDEX in Q1 2023
- ② **UK issuer** to launch a biometric payment card program with IDEX by Q1 2023
- ② **Tier 1 Secure Element** provider partnering with IDEX Biometrics, expanding ecosystem reach

Digital Authentication

- ② **US based Sentry** integrating IDEX TrustedBio sensor into their biometric identity platform, SentryCard
- ② **Reltime** and IDEX forming a strategic partnership for a Web3 biometric payment card combined with global identification
- ② **eSignus** developing a card for digital authentication and crypto wallet assets based on the IDEX Biometrics technology
- ② **TrustSEC** bringing to market a biometric smart card solutions for digital access control and crypto wallets



Q3 Financial Summary
Operating business model

Q3 2022 Financial Summary



⌚ Revenues impacted by supply chain

- Production delays due to Covid related lockdowns in Q2
- Supply chain ramping back to normal

⌚ Margins recovering

- Recovering slowly due to product mix and price increases
- Supply chain pricing stabilized

⌚ Expenses decreased

- Initial impact of expense reductions
- Further expense reductions have been implemented

SUMMARY PROFIT & LOSS (\$ 000)	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Product	844	1 005	989	787	731
Services	84	103	-	-	1
Total Revenue	\$928	\$ 1 108	\$ 989	\$ 787	\$ 732
Cost of Materials	819	1 034	676	430	300
Compensation and benefits	5 081	4 776	4 978	6 280	5 044
Research and development	1 033	958	1,029	532	659
Other operating expenses	1 783	2 161	1 938	2 142	1 729
Depreciation and amortization	333	334	369	428	460
Total operating expenses	9 049	9 263	8 990	9 812	8 192
Loss from operations	\$(8 121)	\$(8 155)	\$(8 001)	\$(9 025)	\$(7 460)

Strong operating leverage in long-term model



Potential for extraordinary revenue growth

- Expanding opportunity pipeline
- Rapidly increasing backlog and pending design wins
- Solution sales driving higher margins

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 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**



IDEX Biometrics

Thank you