



IDEX ASA PRESENTATION FIRST QUARTER 2017

12 May 2017

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IDEX.NO



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**Huge addressable
market**

Three target markets - Cards, Mobile & IOT with billion unit potential

Unique technology

Flexible off-chip fingerprint sensors at competitive cost

**International
organisation**

111 staff - deep expertise in biometrics and display integration

**Solid financial
position**

**Publicly listed on Oslo Børs
Strong balance sheet with ~USD 60 million, no debt**

**Extensive IP
portfolio**

213 granted and pending patents in capacitive fingerprint sensing

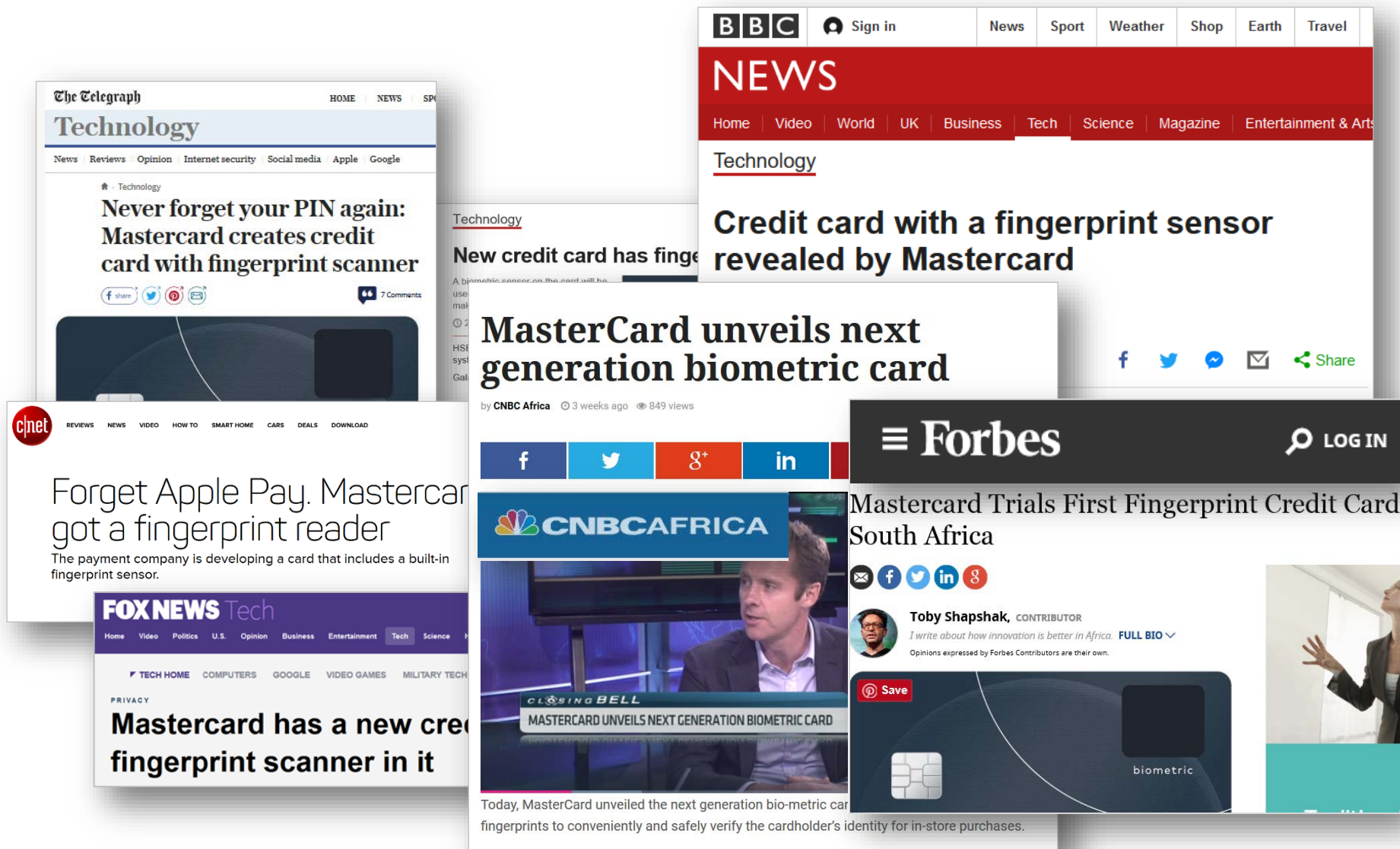
IDEX SENSOR UNVEILED IN MASTERCARD BIOMETRIC CARD



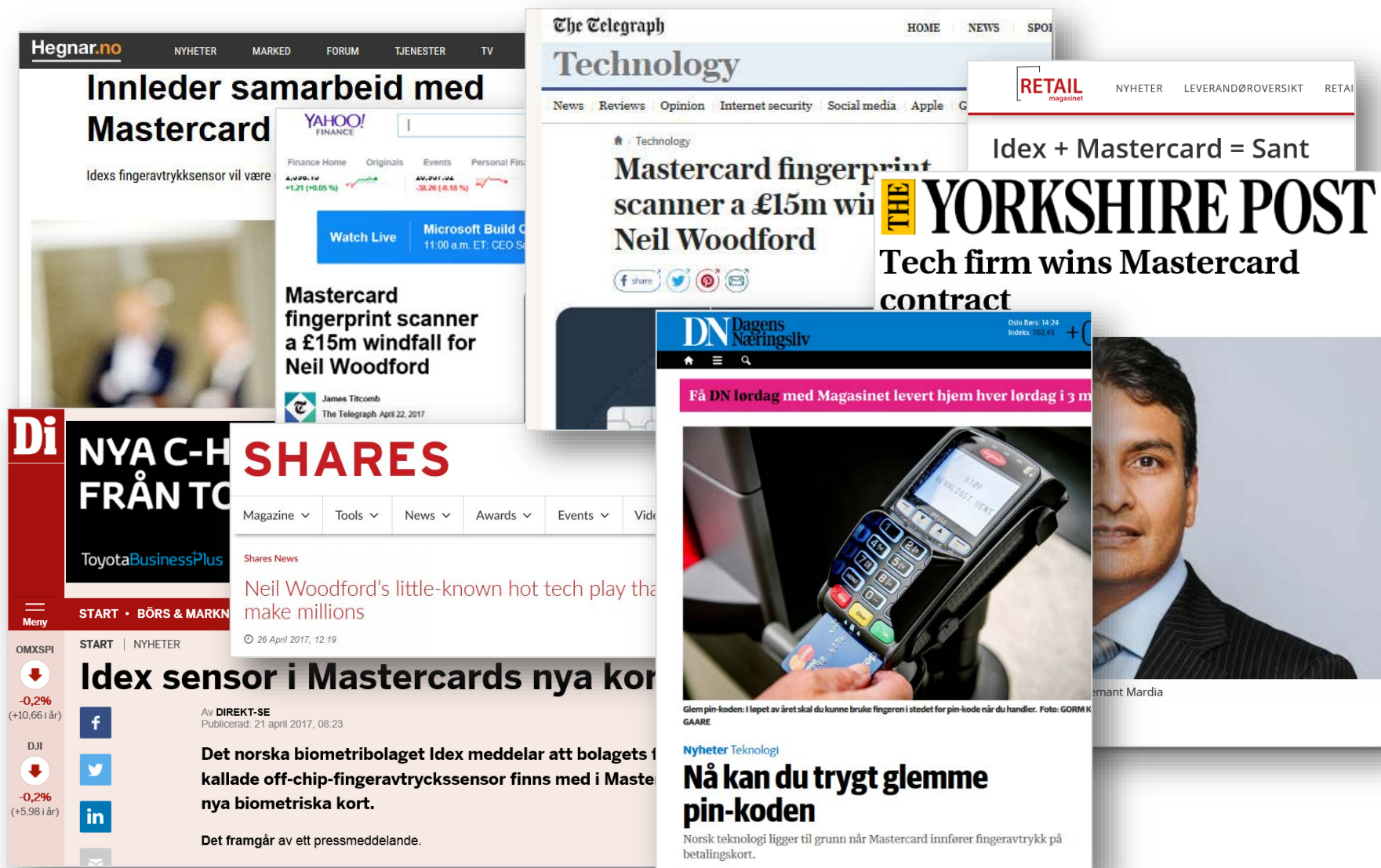
- **Mastercard transforming the payment card industry**
- **IDEX's fingerprint technology enabling industry first commercial biometric card**

Image credit: Engadget / Cherlynn Low

GLOBAL COVERAGE OF MASTERCARD BIOMETRIC CARD LAUNCH



SIGNIFICANT COVERAGE OF IDEX



SUCCESSFUL CUSTOMER FIELD TRIALS COMMERCIAL ROLL-OUT TARGETED LATE 2017



”

“...Consumers are increasingly experiencing the convenience and security of biometrics... Whether unlocking a smartphone or shopping online, the fingerprint is helping to deliver additional convenience and security...”

Ajay Bhalla

President, Enterprise Risk and Security



”

“...Biometric capability will mean added convenience and enhanced security for our customers. We have been extremely impressed with the robust and secure nature of the technology...”

Richard van Rensburg
Deputy CEO



”

“... We are very proud to be the first bank in Africa to test – in a real payment environment – the single-touch authentication technology that will unlock the benefits of biometrics ...”

Geoff Lee

Head of Card and Payments



IDEX AT THE FOREFRONT OF COMMERCIALISING BIOMETRIC CARDS



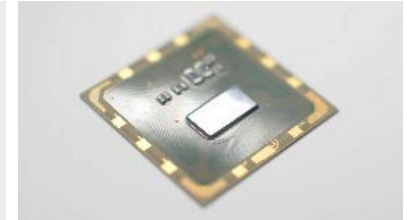
- Partnership with Safran delivering end to end biometric card solution
- Product validation with extensive ISO testing, POS terminals and field trials
- New programme with Card Tech and top-tier card integrator secured
- New low power ASIC with microcontroller developed for contactless card sensors

IDEX OFF-CHIP TECHNOLOGY IDEALLY SUITED FOR CARD INTEGRATION



Large image size

- Superior biometrics with low compute resources



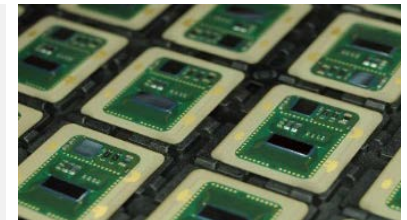
Flexible

- Sensor is thin polymer, not fragile silicon



Lowest card cost

- Polymer sensor, small silicon footprint <13 sq mm
- Adapted to highly cost efficient card manufacturing



Low power consumption

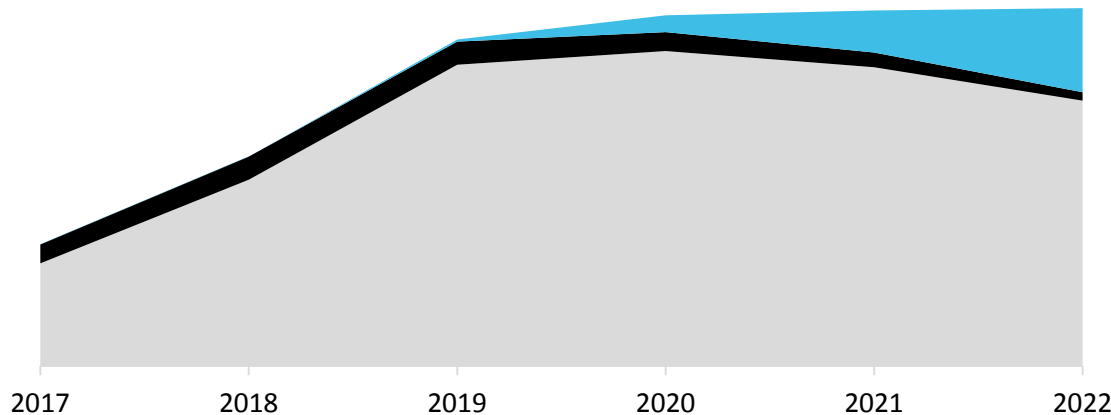
- Contact & contactless harvesting from POS terminals
- New ASIC launched with <25mW operation



MOBILE MARKET FOR SILICON SENSORS INCREASINGLY COMPETITIVE



Indicative adoption of mobile sensors ~ 1.6 Billion units



■ Coated button



■ Glass button



■ In-display

- Strong competition, high industry inventory levels
 - Weaker demand at certain OEMs
 - IDEX impacted as second source
- IDEX volume shipments to LG as sole source on two models
- Additional handset featuring IDEX sensor launched by Taiwan OEM
- Glass button sensors launched
- IDEX increasing market presence

OEMs maximising display area



- Minimal front bezel
 - Sensor shift to the back of device
 - Integrated in/ under display
- Under glass sensing in the bezel not addressing trends
- Favourable trend to IDEX's off-chip sensors
 - Larger sensors
 - Flexible OLED displays

Rear mounted sensors offer lowest cost with optimum biometrics

LEVERAGING CORE TECHNOLOGY INVESTMENT ACROSS TARGET MARKETS



Cards



Mobile



IOT



**Off-chip
innovation
platform**

**Low cost ASIC
Flexible sensor
Embedded software**

**Product
Roadmap**

- Contact
- Contactless
- Anti-spoof

- Back of the phone
- OLED in-display

- Match in Module
- Wearable

PRIORITY FOCUS ON LARGE SCALE CARD MARKET



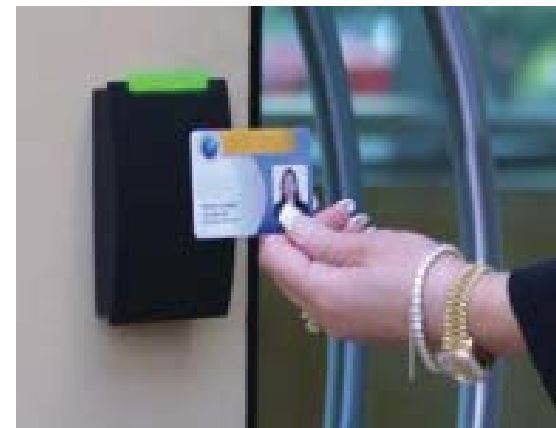
Financial inclusion



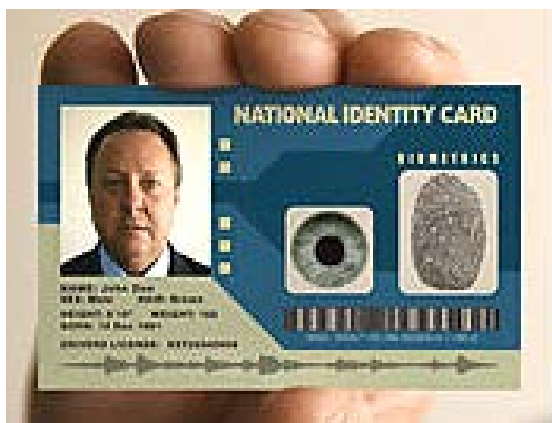
Payment



Access



Identification



Other



Enhanced consumer convenience and security from biometric cards

FINANCIAL INCLUSION OPPORTUNITY



Customers

- Government bodies

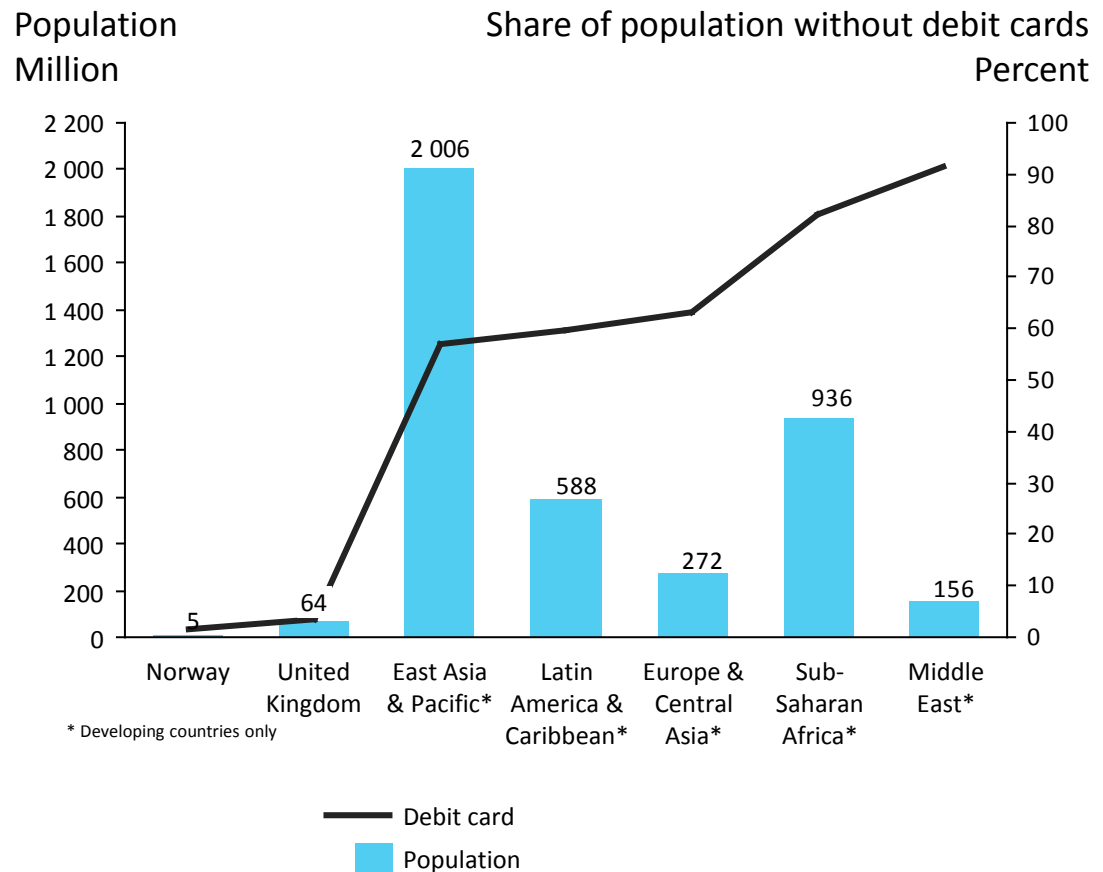
End users

- Citizens entitled to government transfers (e.g. subsidies, welfare)

Benefits

- Reduction of fraud
- Access to banking system
- No new payment infrastructure

Over 2.5 billion people without debit cards



PAYMENT CARD OPPORTUNITY



Customers

- Debit, credit and prepaid cards
- Loyalty cards
- Social cards with payment application

End users

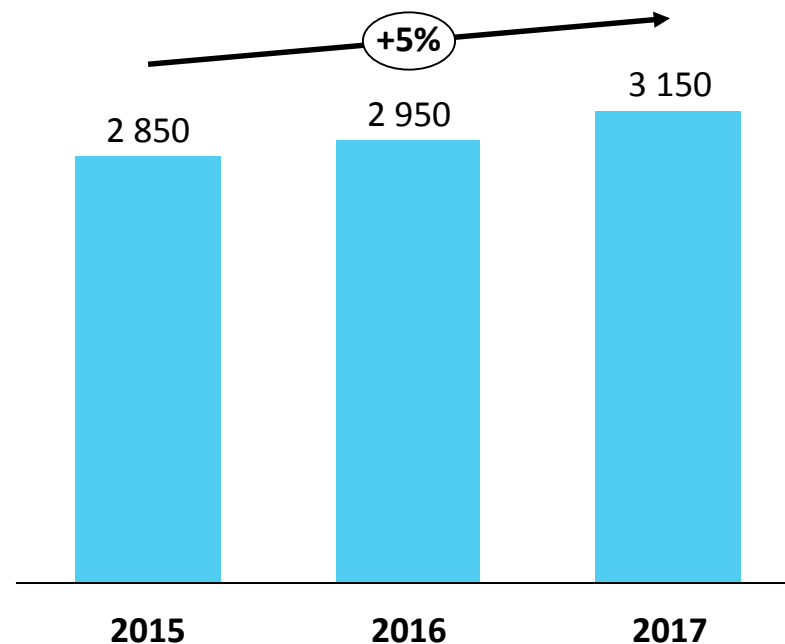
- Consumers

Benefits

- Increased security
- User friendly
- Differentiation
- Loyalty

Three billion Chip cards issued every year

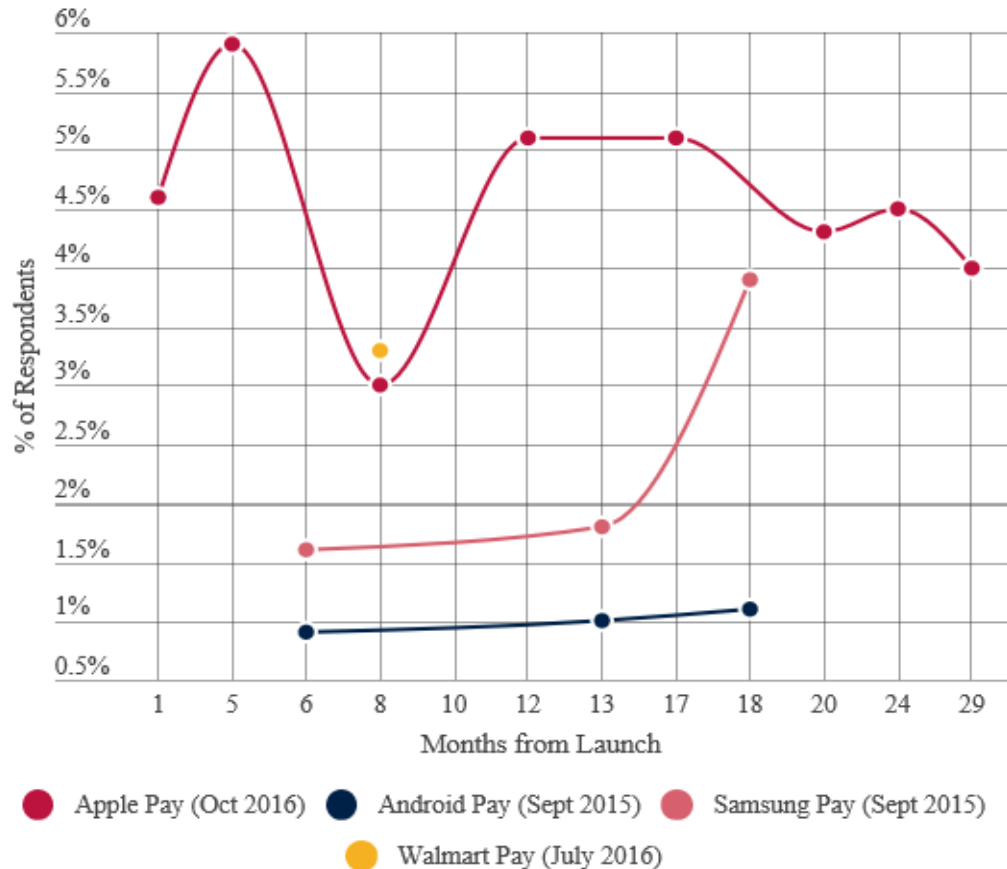
Millions of secure elements shipped to payment cards annually



USERS SATISFIED WITH PAYMENT CARDS MOBILE WALLET ADOPTION “SLOW AND LOW”



PERCENTAGE OF RESPONDENTS THAT USED THE WALLET



5% adoption of mobile wallet after 18-24 months from launch

IDENTIFICATION CARD OPPORTUNITY



Over a billion people in developing countries in biometrics programs - biometric cards offer next generation solution

Customers

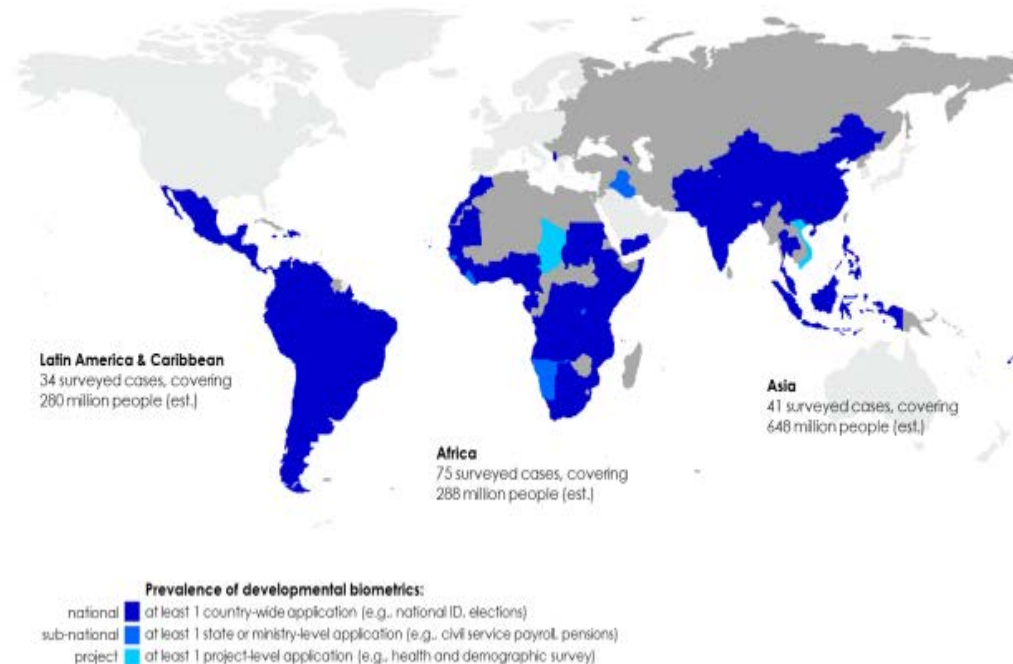
- Government bodies

Use case

- Elections
- Social transfer
- Health
- Financial services
- Civil service administration

Benefits

- User friendly
- Secure biometric identification
- Fraud prevention



ADDRESSING STRONG CUSTOMER DEMAND



Building customer pipeline

- Expanding tier one card integrator ecosystem
- Engaging end-customers in new verticals

Driving product leadership

- Launching contactless sensor to expand market opportunity
- Exploiting off-chip technology cost advantage in new products

Expanding IDEX capacity

- Scaling up production capacity for Mastercard programme
- Strengthening IDEX team to sustain leadership in cards





- **Smartcard programme rollout with Mastercard**
 - Additional trials in Europe and Asia Pacific in Q2 2017
 - Product certification following trials
 - Roll out targeted late 2017
- **Sampling sensor for contactless cards in Q2 2017**
 - Production ready in 2H 2017
- **Expansion of card ecosystem partners**



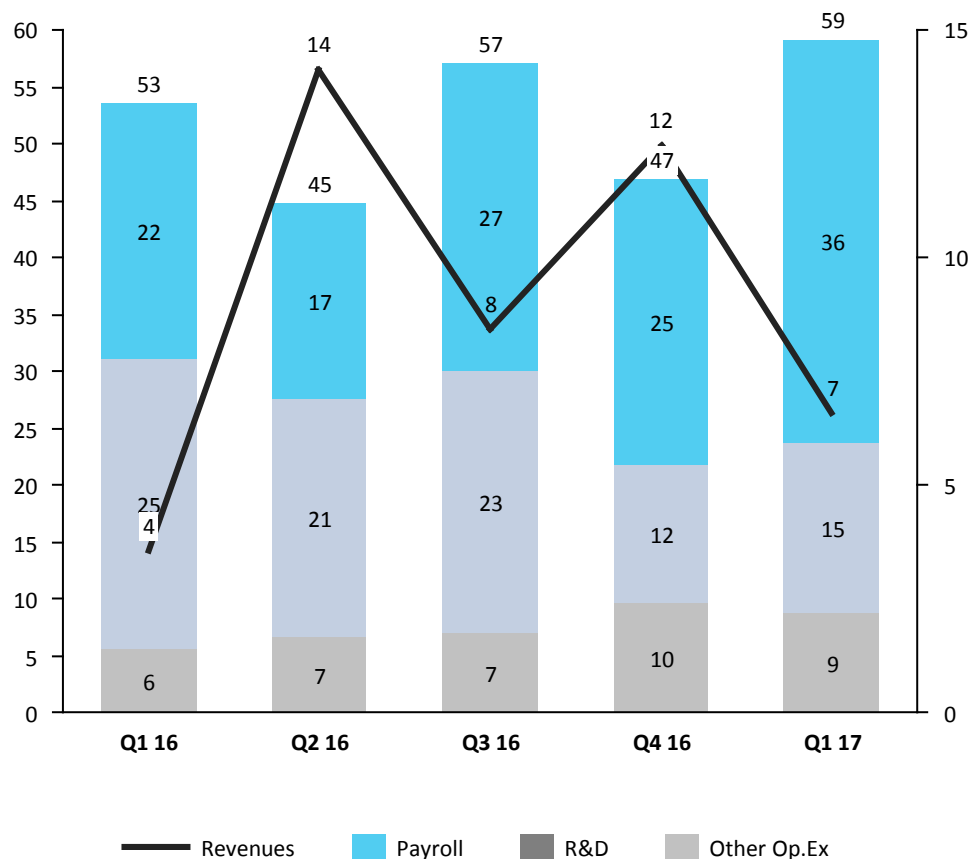
- **Marketing new off-chip sensor for back of phones in Q2 2017**
- **Further mobile design wins and smartphone launches**

FIRST QUARTER FINANCIALS



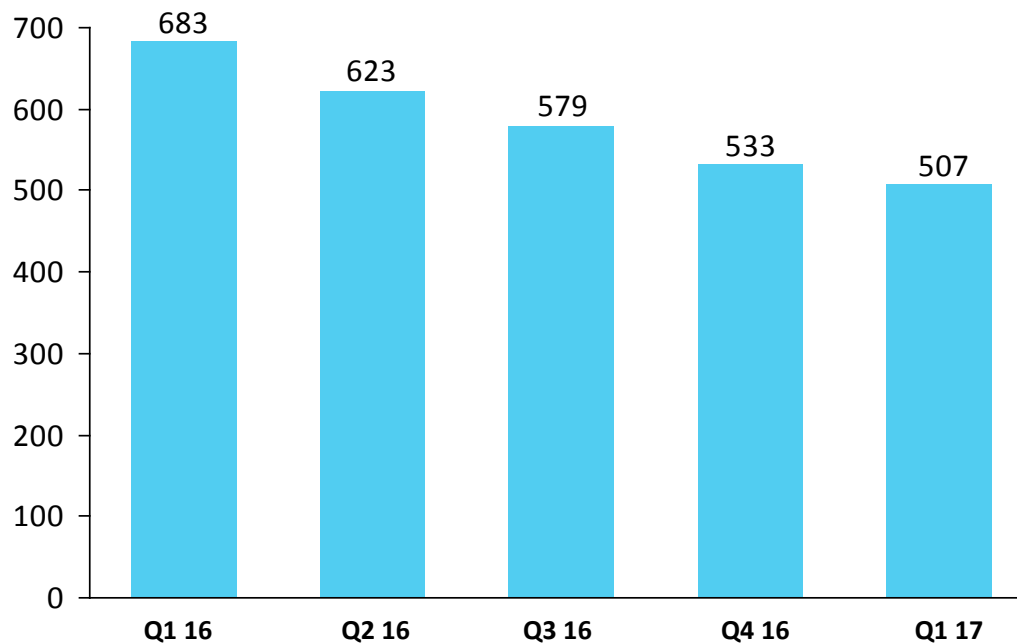
Quarterly OPEX
NOK million

Quarterly revenues
NOK million



- **Revenues of NOK 6.7 million**
 - Soft demand for certain OEM handsets
 - Industry inventory build
- **Gross margin of 19 per cent in Q117**
 - Larger share of off-chip sensors
- **Operating expenses**
 - Increase in headcount
 - Q416 payroll exceptionally low due to year-end adjustments
 - R&D reflecting project phasing and increased internal capacity

Net cash position by quarter
NOK million



First quarter cash outflow of NOK 26 million

- EBITDA of NOK -58 million
- NOK 11 million proceeds from share issue
- NOK 14 million is short term payables effect

Strong cash balance of NOK 507 million



THANK YOU

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