

4TH QUARTER 2017 PRESENTATION

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Oslo, Norway, 22 February 2018



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BIOMETRIC CARD MARKET AT INFLECTION POINT



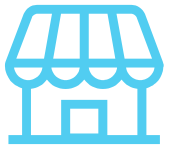
CONSUMER PULL

- Mass adoption of biometrics in smartphones
- Low contactless transaction limit due to weaker security



ISSUERS DEMANDING INNOVATION

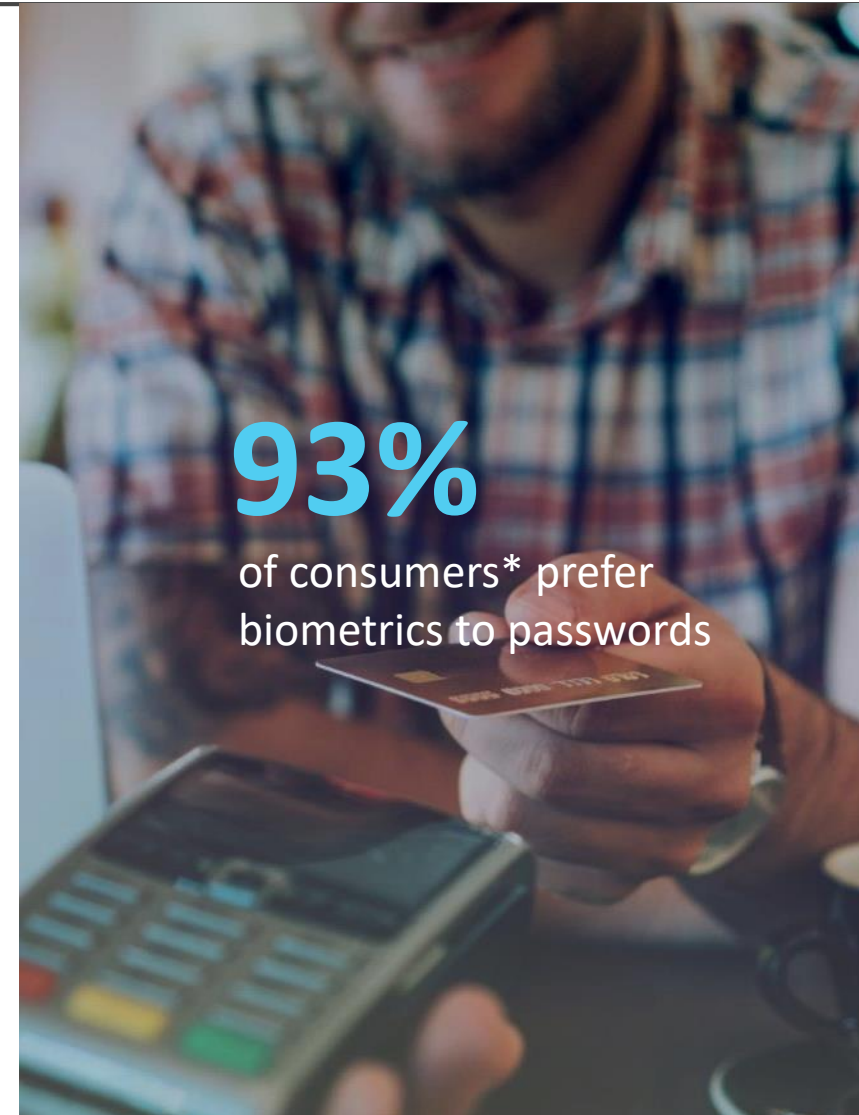
- Seeking fraud and skimming reduction
- New regulations enhance identity based security (e.g. GDPR, PSD)
- High value in attracting and retaining customers for top of wallet



BENEFITS MERCHANTS AND RETAILERS

- Biometric authentication is faster and more secure
- Biometrics in contactless cards increases transaction limits

Source: Mastercard and University of Oxford

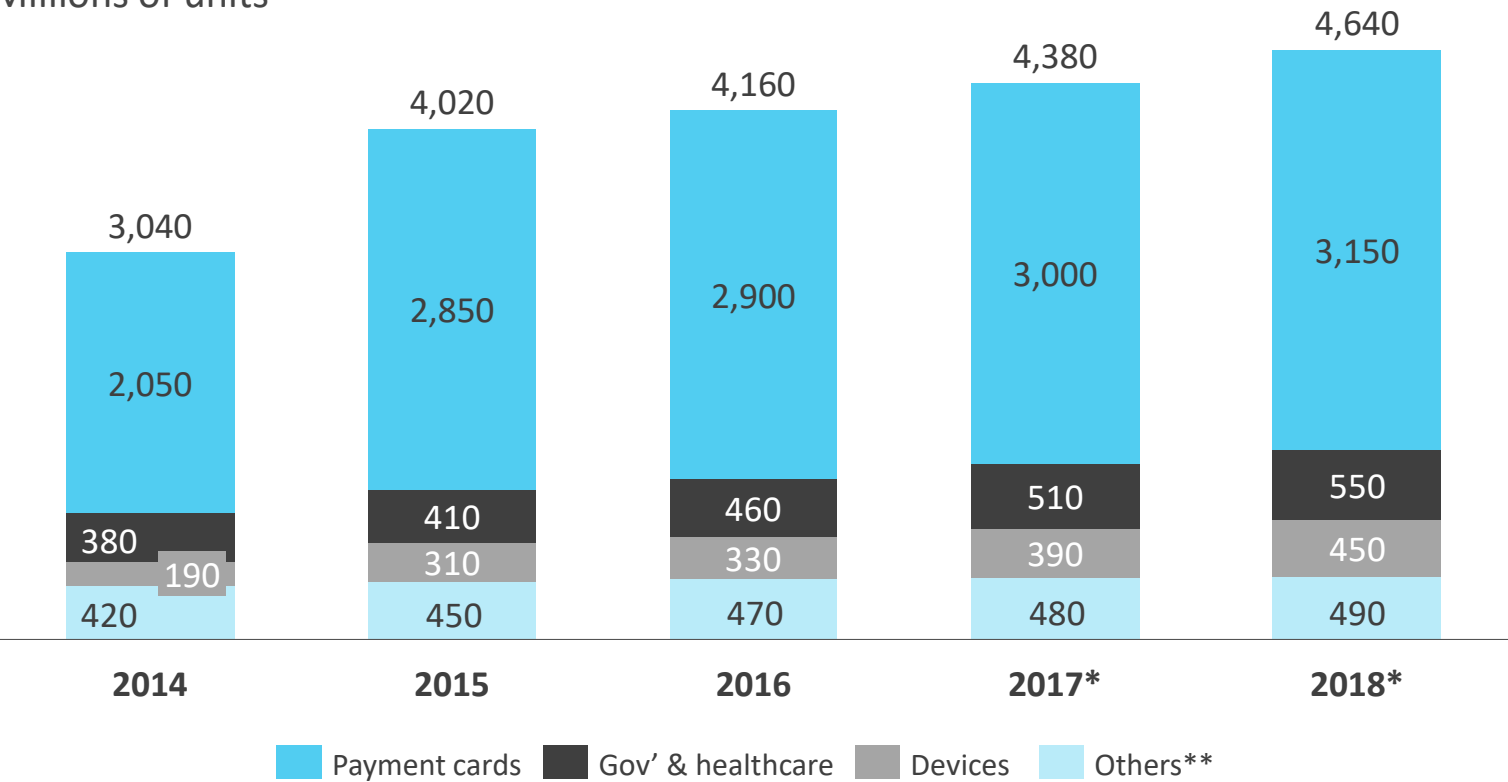


93%

of consumers* prefer
biometrics to passwords

IDEX SET TO EXPLOIT BIOMETRIC CARD MASS MARKET POTENTIAL

Worldwide shipments of smart cards
Millions of units



IDEX BIOMETRIC SOLUTIONS IDEAL FIT TO ECOSYSTEM

- Biometric card adoption drivers:
 - Convenient ID and security
 - Affluent bank customers
 - Financial inclusion
 - Loyalty schemes

Source: Eurosmart
* Excluding SIM cards
** Others include Transport, PayTV and access cards

MASTERCARD PIONEERING BIOMETRIC PAYMENT CARD ADOPTION



- First mover - developing ecosystem with IDEX from 2015
- Unveiled biometric card in April 2017
- 3 end-customer trials completed in 2017
- Launched global promotion to banks January 2018



Our mission at Mastercard is to make biometrics in payment safe, simple and secure.

Bob Reany, Executive VP, Identity Solutions



- Initiated proof of concept pilots early 2018
- Using pre-existing complex smartcards

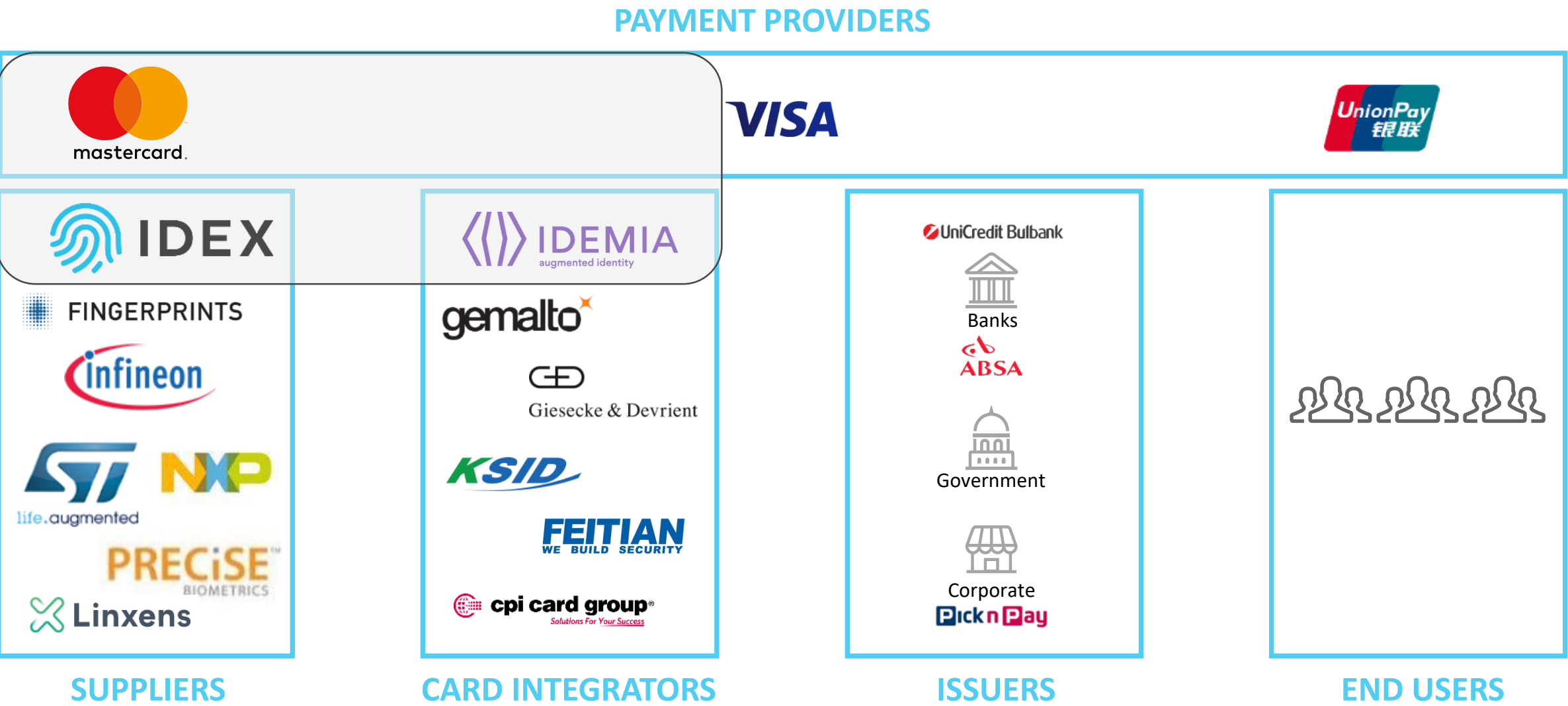


The world is quickly moving toward a future that will be free of passwords, as consumers realize how biometric technologies can make their lives easier.

Jack Forestell, head of global merchant solutions, Visa Inc.

IDEX CREATING SCALABLE SOLUTION WITH ECOSYSTEM LEADERS

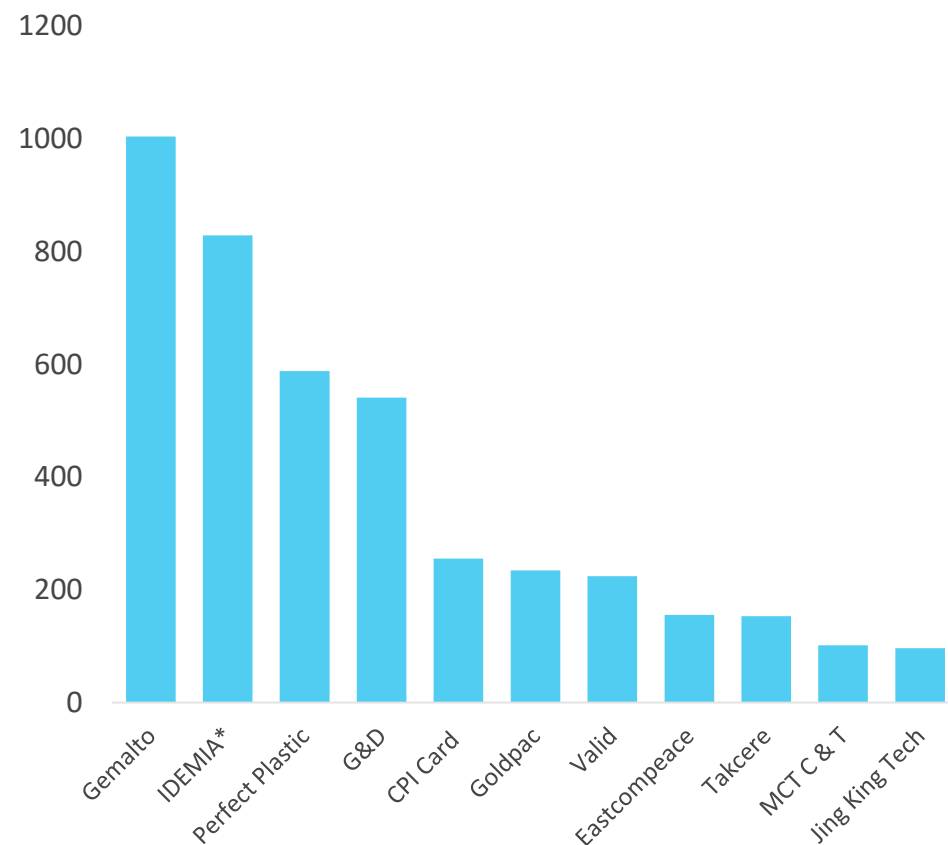
First mover ecosystem



ATTRACTIVE MARKET DYNAMICS WITH HIGH BARRIER TO ENTRY

Card shipments by card integrators

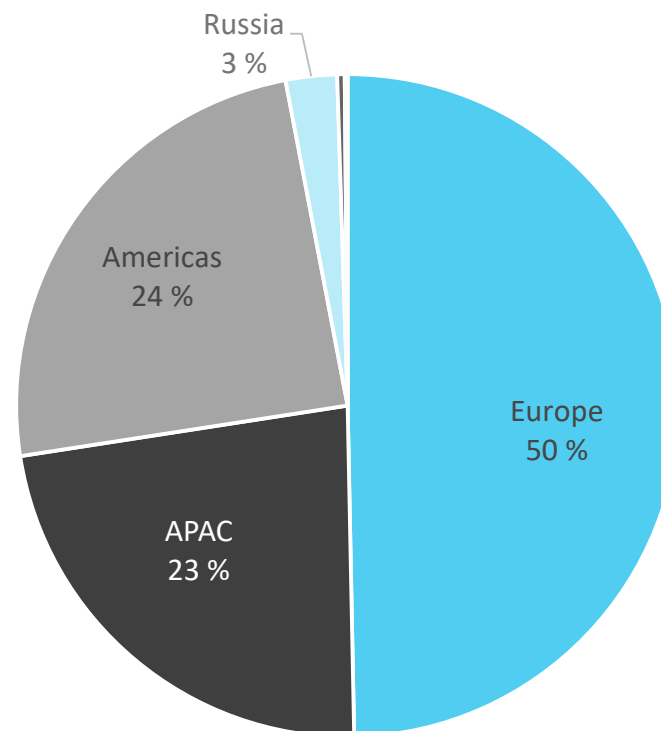
Million cards; 2016



*Oberthur and Morpho

Geographic split of card integrators

Market share

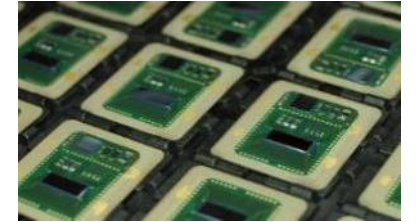


- Top 5 account for 50% share
- European players dominate in contrast to mobile market
- Compliance with security, standards and certification essential
- **IDEX co-developing with multiple leading integrators**

IDEX STRATEGIC FOCUS ON LEADERSHIP IN BIOMETRIC CARD SENSORS

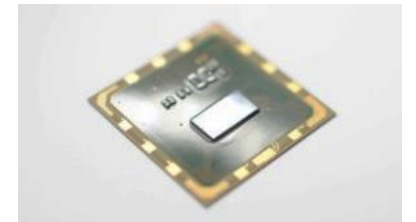
Patented off-chip sensors

- Low cost due to tiny silicon footprint <13 sq mm
- Thin polymer, not fragile silicon material
- Low power for NFC operation



Complete biometric solution

- Ultra-compact matcher optimised for cards
- Game-changing mass enrolment solution at low cost
- Single digit FRR for superior user experience



Fits existing ecosystem

- Compatible with existing payment infrastructure
- ISO compliant
- Adapted to standard card mass manufacturing e.g. hot lamination



Team to sustain leadership

- System level engineering capabilities optimizing solutions at card level
- Fundamental innovators in capacitive off-chip fingerprint biometrics
- Experienced sales and marketing team from the card ecosystem



INHERENT COMPETITIVE ADVANTAGE OF IDEX OFF-CHIP SENSING

Indicative cost of off-chip vs silicon capacitive sensors

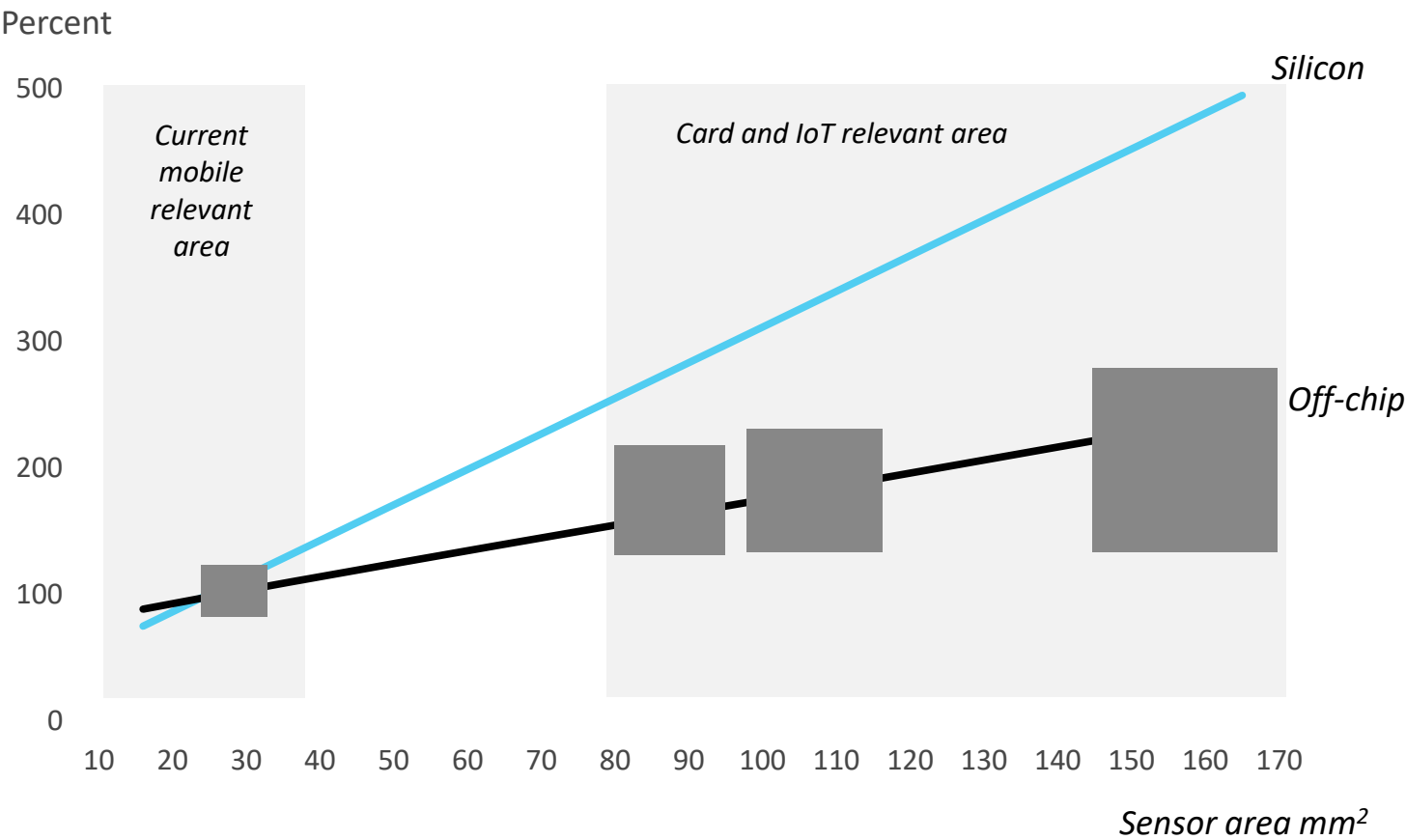


IMAGE SIZE MATTERS IN CARDS



Less data from image require more complex matcher, demanding higher power and processing, and more enrolls

IDEX CONVENIENT AND SECURE BIOMETRIC SOLUTION FOR CARDS

Step 1: Enrol



Step 2: Transaction



Game-changing on-card enrol

Low cost large area sensors

Compact matcher

CHALLENGE

Branch enrolment limited in applications

Real world card use is challenging

Cards are highly power constrained

IDEX SOLUTION

Easy and secure self enrolment

Large image maximises biometrics

Achieves speed & power for contactless without a battery

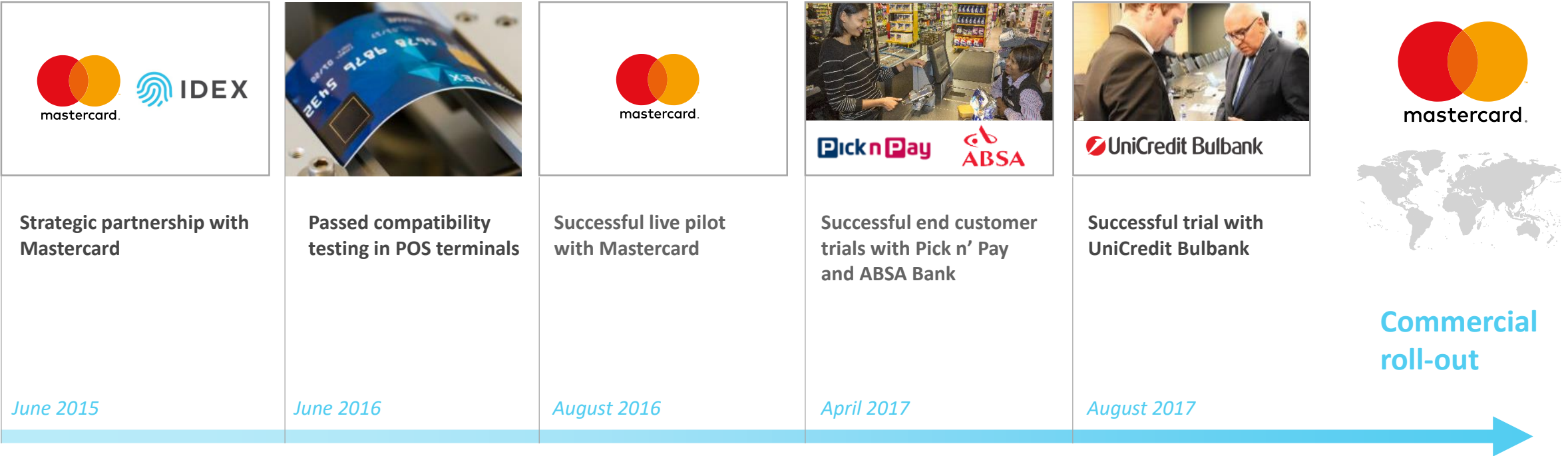
IMPACT

Opens up mass deployment for banks

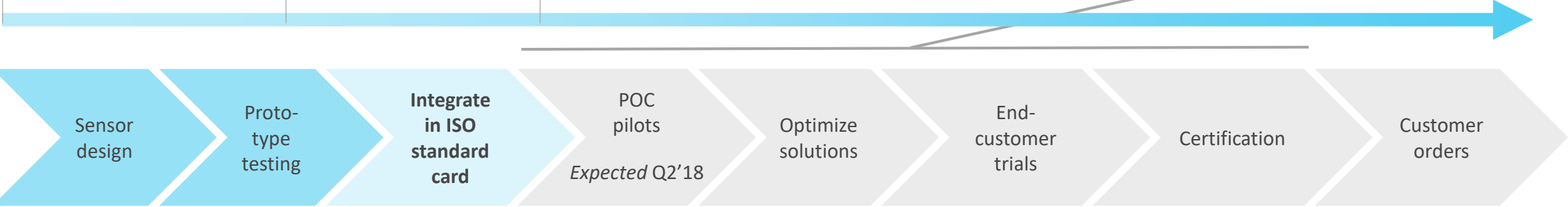
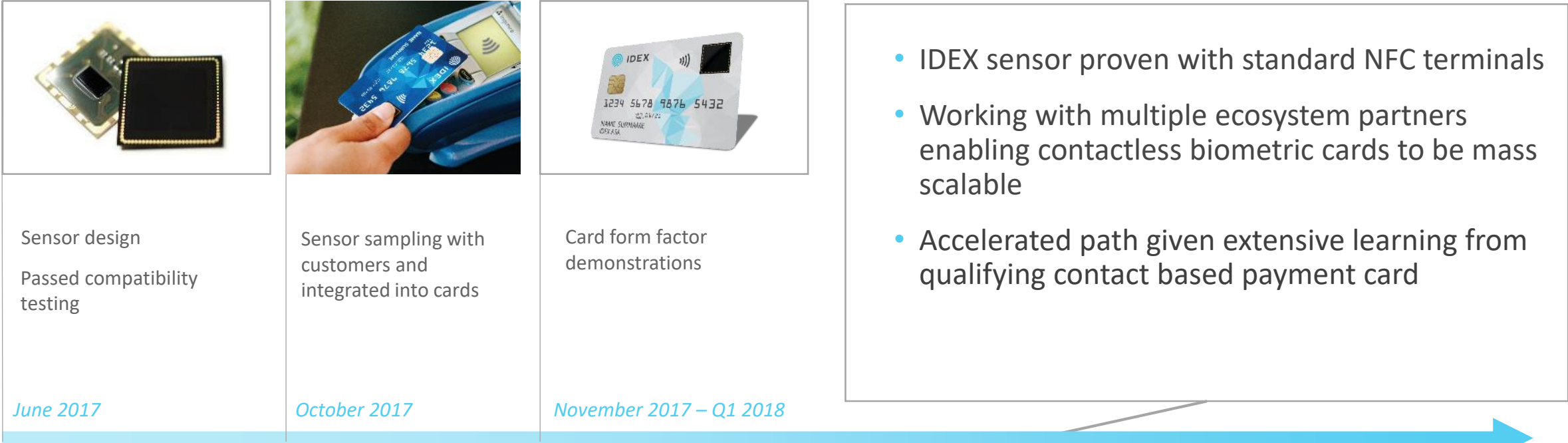
Critical for on-card enrol and real world partial touches

Enables low cost and usable dual I/F biometric cards

FIRST MOVER TO COMMERCIALISE BIOMETRIC PAYMENT CARDS (CONTACT)



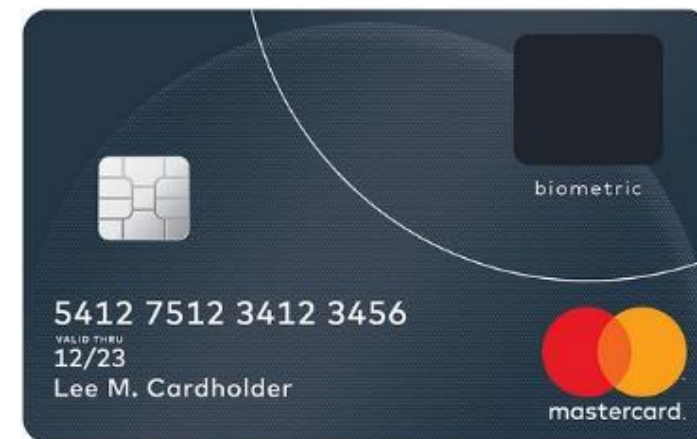
ACCELERATED COMMERCIAL TIMING FOR CONTACTLESS CARDS



MASTERCARD LEADING COMMERCIAL ROLL OUT IN 2018

Established volume ecosystem for biometric cards with IDEX and IDEMIA

- Contact solution in final stages of certification
- Dual interface solution on accelerated timeline
- Broad sales promotion to issuers initiated
- Multiple further customer trials committed
- Active commercial engagements for launches to end users



“Our mission at Mastercard is to make biometrics in payment safe, simple and secure, and to that end we are proud of our Biometric Card solution. We find that IDEX’s deep expertise in fingerprint, culture of innovation and commercial focus positions them as one of our most credible partners in this field.”

Bob Reany
Executive VP, Identity Solutions



IDEX TRACTION WITH PARALLEL SALES CHANNELS

High activity in Asia

- Multiple major ecosystem players integrating IDEX's sensors for market deployment
- Working with 6 of the larger card vendors in China
- Strategic relationships with Asian vendors of Secure Elements (SE) and packaging solutions

Strong local team from ecosystem in Asia

- Expediting go to market in 2018
- Leveraging IDEX dual interface solution and learning from real world customer trials

Partnership with Feitian Technologies

- Contactless cards being integrated for end customer sampling
- Use cases across government ID, access control and payment



OUTLOOK FOR BIOMETRICS CARDS – IDEX PRIORITY #1

Commercial roll out of biometric card programme with Mastercard

- Complete certification process for contact based solution in Q2 2018
- Additional customer trials in 1H 2018
- Commercial bidding process to end customers commencing in Q2 2018
- Expect proof of concept pilots for contactless cards in 1H 2018
- Promotion of remote enrolment solution to leading banks

Expansion of card ecosystem partners to secure multiple channels to market

- Integration of IDEX's sensors in biometric cards in 1H 2018
- Orders from Asian card integrators expected following successful integration



KEY FINANCIALS

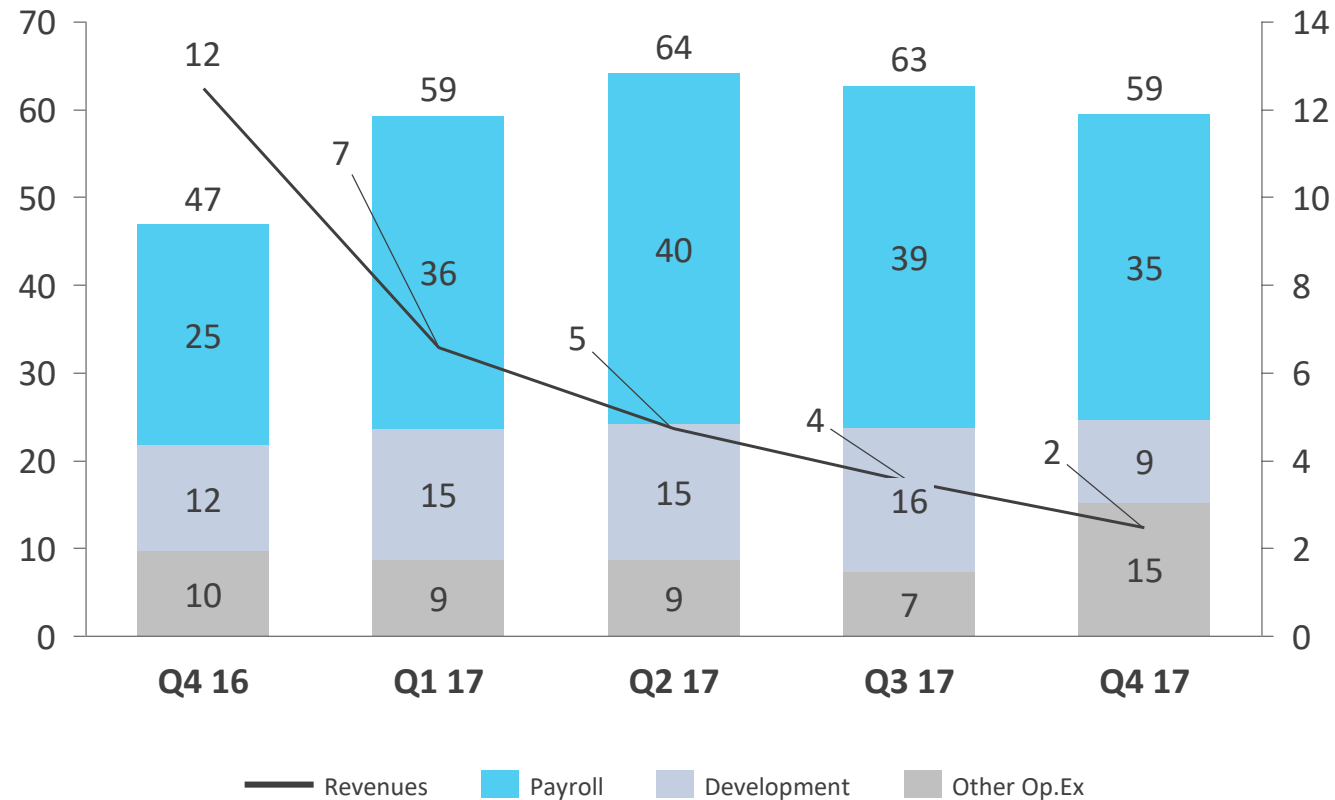
Henrik Knudtzon, CFO



4TH QUARTER 2017 KEY FINANCIALS

Key financials

NOK million



- **Revenues of NOK 2.5 million**

- Reflecting strategic shift from mobile to cards
- Service income of NOK 1.2 million from innovation agreement with global payment provider

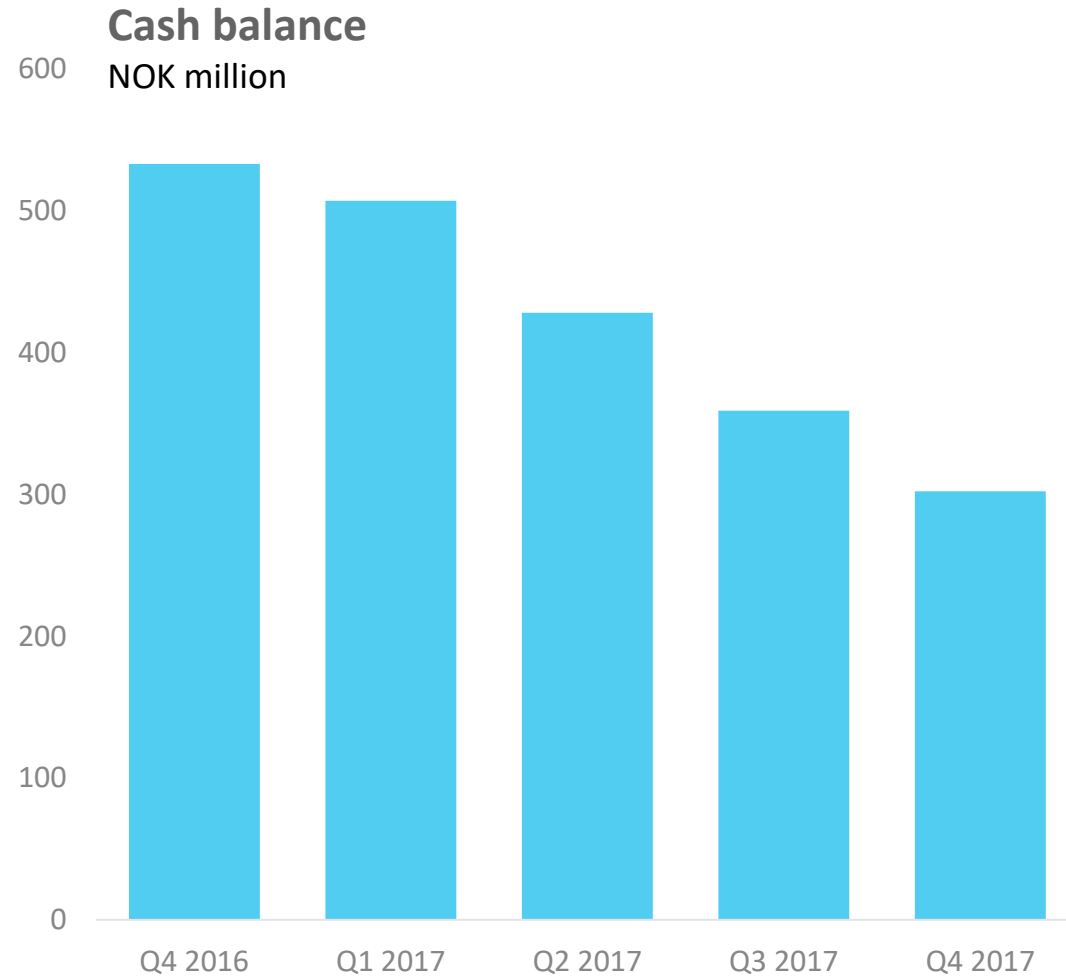
- **High gross margin due to sale of services**

- Gross margin on product sales at 5.6 per cent due to inventory adjustments

- **Reduced OPEX run rate**

- Total staff slightly reduced from Q3 – currently at capacity
- Low spend on development due to increased internal capacity and phasing of projects
- Other OPEX high due to extraordinary items

SOLID FINANCIAL POSITION



- Cash balance of NOK 302 million, and no financial debt
- 2018 OPEX expected to be lower than 2017 levels

Q&A

Welcome back for IDEX's presentation of first quarter 2018 results on 9 May 2018

