

NEXT Biometrics Group ASA

Q1 2021 Presentation

12 May 2021

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Agenda

- **Q1 Report and summary**
 - **Outlook**
 - **Q&A session**
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- A large, light gray, stylized fingerprint graphic is centered on the slide, serving as a background for the agenda items. It features concentric ridges and valleys, typical of a fingerprint pattern.
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Key Q1 2021 Takeaways

- **Revenues in line with budget expectations**
- **Gross Margin towards target with FAP 20 driving GM upwards**
- **Quarterly OPEX in line with communicated target**
- **Strong Balance Sheet through successful Private Placement**



- **Business fundamentals established, top priority - our updated Growth strategy**
 - **Defined key-products - FAP20**
 - **Defined main customer segments - Payment&Fintech, Public Security, Access Control and Office&Notebook**
 - **How - Design-wins with Tech Giant and additional FAP20 customers**



- **With a strong balance sheet and a slim operation, NEXT focused on defined growth strategy. Main current headwinds are Covid-19 and global supply chain challenges.**

Key Figures Q1-2021

Profit and loss

NOK million	Q1 2020	Q1 2021
Revenue	20.5	14.1
COGS	(17.0)	(10.2)
Gross margin	3.4	3.8
Gross margin %	17%	27%
Opex ex options ¹⁾	(37.0)	(14.8)
EBITDA ex options ¹⁾	(33.6)	(11.0)
Cash position	54.1	130.2

Revenue of NOK 14.1 m

Gross margin of 27% vs. 17% in Q1-2020

- Improved product mix

OPEX ex options¹⁾ of NOK 14.8 m vs. NOK 37.0 m in Q1-2020

- Cost reduction program completed

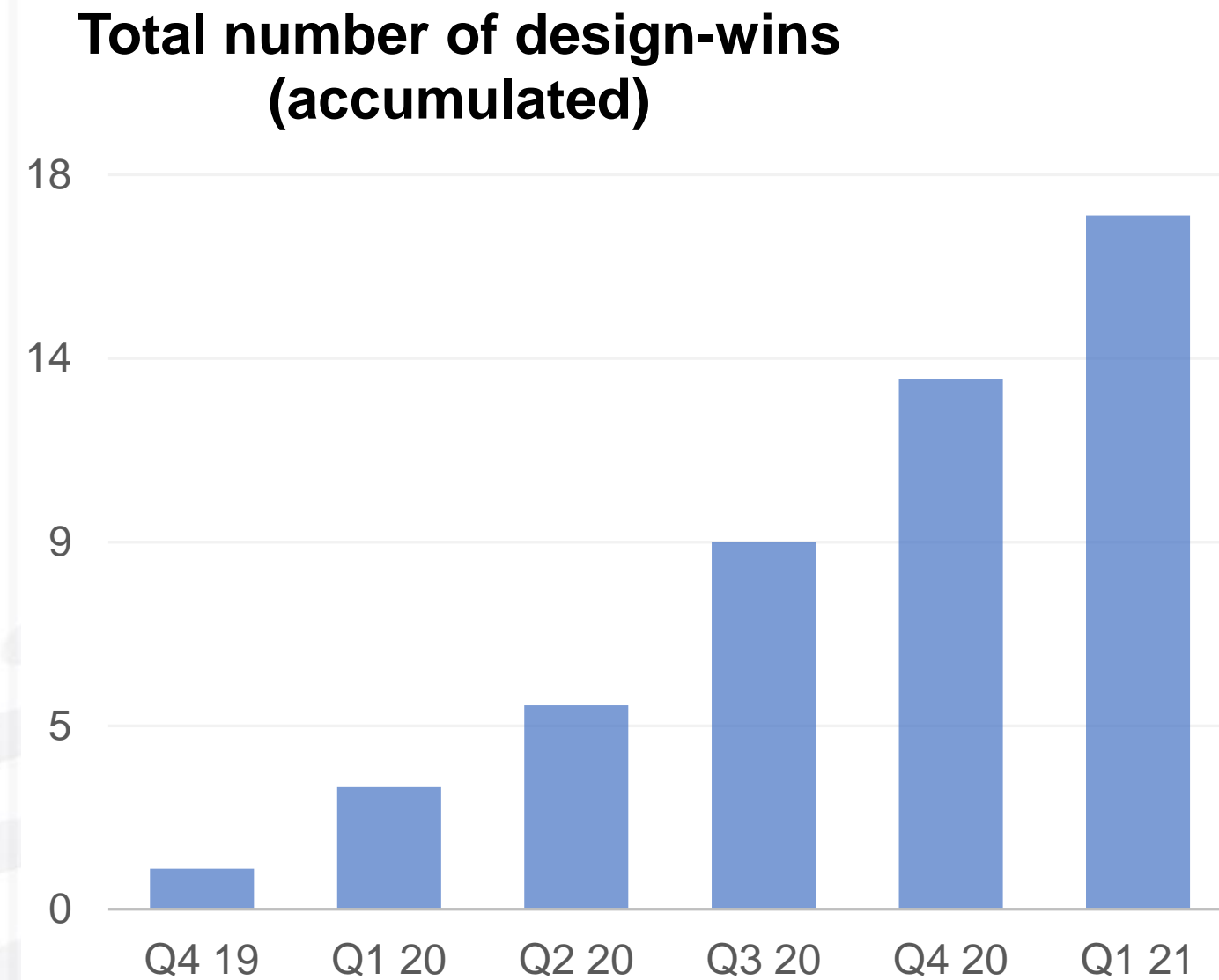
EBITDA ex options¹⁾ improved by NOK 23 m compared to Q1-2020

Cash position of NOK 130.2 m vs. NOK 54.1 m in Q1 2020

Revenues, OPEX ex options¹⁾ and gross margin improving and in line with expectations

1) OPEX and EBITDA excluding share based remuneration
Option and options social security costs of NOK 4.7 m in Q1 2021 largely due to increasing share price

Defined Growth strategy



Approx. 60% of design-wins are FAP20 as per Q1 21

- **With strong balance sheet, low-cost operations, focus on driving updated growth strategy:**
 - **What - Key product defined**
 - **Who - Key customer Segments defined**
 - **How - Structured focus on Design-wins**
- **4 New design wins during Q1**
- **Total number of design-wins now at 16**
- **Establishing foundation for long-term recurring revenue growth**
- **NEXT's sensors are designed into products with lifecycles of 4-8 years, implying stickiness and long-lasting customer relationships**
- **Time from design-win to first sizeable purchase order typically 6-12 months**

- **Main focus - NEXT updated Growth strategy**
 - **Structured increase of design-wins**
 - **16 new design-wins since Q4 2019, will contribute to future revenue growth**
 - **Additional design wins expected to be announced during the remaining part of 2021**
 - **FAP20 most important product due to its considerable market potential and higher gross margin**
 - **NEXT Active Thermal sensor technology potential to disrupt large and growing FAP 20 large area sensor market**
- **Laptop sensors:**
 - **NEXT is in process for potential design-win with additional laptop manufacturer**
 - **Increased purchase orders in Q2 from existing PC customers, has grown significantly relative to Q1 2021**
 - **Limiting factor recognizing all revenue in Q2 is global semiconductor component shortage**
 - **Working with suppliers to secure additional components**
- **India fingerprint sensor market Q2 and beyond**
 - **Recent COVID-19 challenges has delayed tenders and contract awards**
 - **Aiming for additional design wins in payment and fintech & serving our existing customers**
- **Quarterly OPEX of NOK 15 m during 2021**

Q & A



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