

NEXT Biometrics Group ASA

Q2 2021 Presentation

18 August 2021

Peter Heuman, Chief Executive Officer
Eirik Underthun, Chief Financial Officer

Oslo Børs: NEXT

Disclaimer

This presentation includes and is based, inter alia, on forward-looking information and statements that are subject to risks and uncertainties that could cause actual results to differ. Such forward-looking information and statements are based on current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for NEXT Biometrics Group ASA (NEXT Biometrics) and its subsidiaries. These expectations, estimates and projections are generally identifiable by statements containing words such as "expects", "believes", "estimates" or similar expressions. Important factors that could cause actual results to differ materially from those expectations include, among others, economic and market conditions in the geographic areas and industries that are or will be major markets for the NEXT Biometrics businesses, market acceptance of new products and services, changes in governmental regulations, interest rates, fluctuations in currency exchange rates and such other factors as may be discussed from time to time.

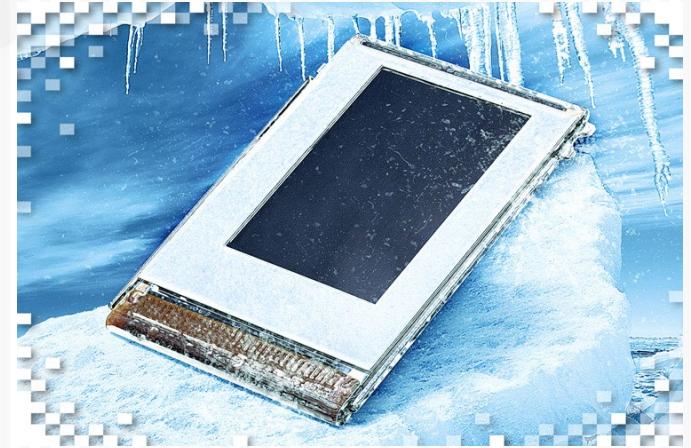
Although NEXT Biometrics believes that its expectations and the information in this presentation were based upon reasonable assumptions at the time when they were made, it can give no assurance that those expectations will be achieved or that the actual results will be as set out in this presentation. NEXT Biometrics Group ASA nor any other company within the NEXT Biometrics Group ASA is making any representation or warranty, expressed or implied, as to the accuracy, reliability or completeness of the information in the presentation, and neither NEXT Biometrics Group ASA, any other company within the NEXT Biometrics Group ASA nor any of their directors, officers or employees will have any liability to you or any other persons resulting from your use of the information in this presentation. NEXT Biometrics Group ASA undertakes no obligation to publicly update or revise any forward-looking information or statements in this presentation.

Agenda

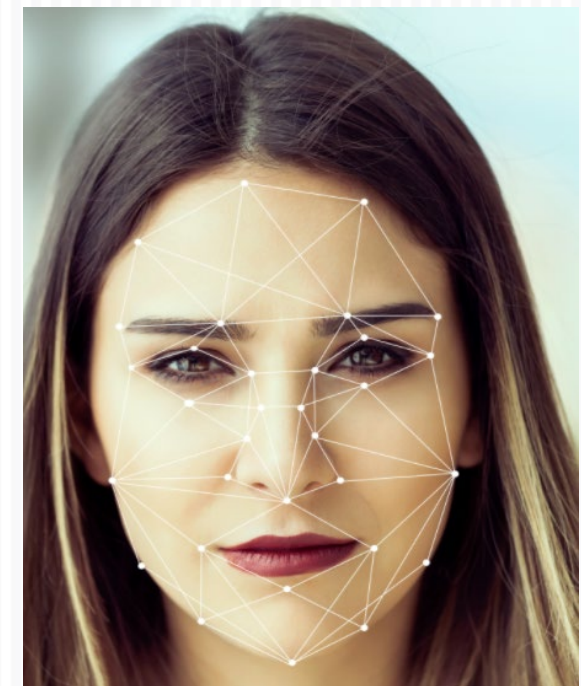
- **Business update**
 - **Update tech-giant**
 - **Recent partnership announcement**
 - **Growth agenda**
 - **Q2 Report and summary**
 - **Outlook**
 - **Q&A session**
-

Recent developments

- **5-year partnership agreement with tech-giant announced 10 March 2021:**
 - **NEXT engaged in several customer project including different products & markets**
 - **Initial larger purchase order expected during 2021 (delayed due to supply chain challenges)**

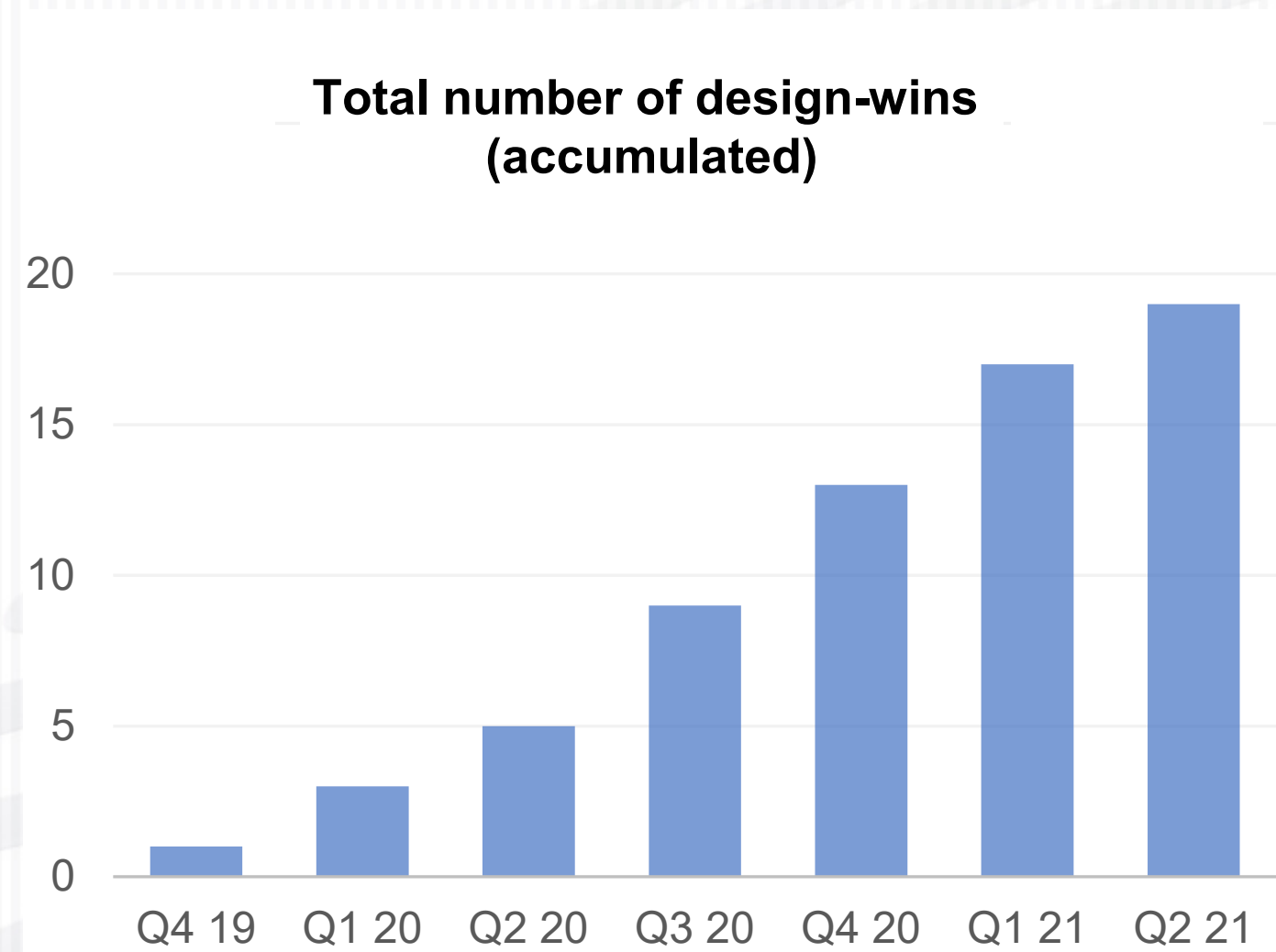


- **New partnership with leading Face Recognition company Paravision:**
 - **Broadens NEXT biometric product offering and relevance as technology partner**
 - **Provides faster sales cycles and brings recurring software revenues**
 - **Synergy: NEXT already having existing customers offering dual authentication methods**



- **The Company**
 - **Face Recognition with AI and Computer vision software technology**
 - **San Francisco based**
 - **Approx. 60 employees globally**
 - **Several customers in US, EU Asia**
 - **Backed by both venture capital and strategic investors**
- **NEXT improved biometric offering**
 - **Great match and complementing biometric modality**
 - **#1 US based Face Recognition software technology highly ranked by US authorities**
 - **Combination of Face Recognition and FBI certified FAP20 fingerprint - a great combination**
 - **Instant enriched NEXT product offering**
 - **NEXT improved relevance towards end-customers**
- **The partnership**
 - **Multi-year contract**
 - **Both companies already in talks establishing go to market execution plans**
 - **Provides additional software revenues for NEXT**

Growth agenda – Design wins



Approx. 60% of design-wins are FAP20 as per Q2 21

Status design wins

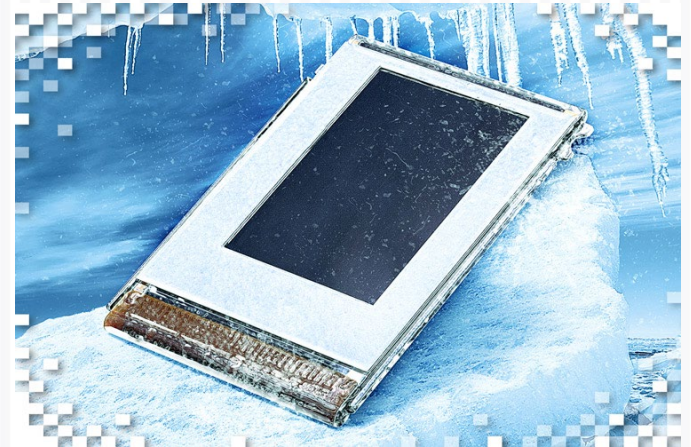
- **Total number of design-wins now at almost 20 and adding 1 new per month on average**
- **Establishing foundation for long-term recurring revenue growth**
- **NEXT’s sensors are designed into products with lifecycles of 4-8 years, implying stickiness and long-lasting customer relationships**

Agenda

- **Business update**
 - **Update tech-giant**
 - **Recent partnership announcement**
 - **Growth agenda**
 - **Q2 Report and summary**
 - **Outlook**
 - **Q&A session**
-

Key Q2 2021 Takeaways

- **NOK 15.7 m in orders booked**
- **Revenues booked at NOK 10.5 m due to supply chain challenges**
- **FAP20 shipments low during Q2, but 50% of design wins**
- **Strong PC-sensor order bookings during Q2, still unfilled backlog of NOK 5.2 m**
- **Quarterly OPEX lower than communicated target largely due to NOK 9 m in gains booked in Q2**
- **Almost NOK 120 m cash position at end of quarter**



-
- **With a strong balance sheet and a slim operation, NEXT focused on continuing scaling up with more design wins**



Key Figures Q2-2021

Profit and loss

NOK million	Q2 2020	Q2 2021
Revenue	13.6	10.5
COGS	(11.8)	(8.3)
Gross margin	1.8	2.2
Gross margin %	13%	21%
OPEX ex options ¹⁾	(24.8)	(5.8)
EBITDA ex options ¹⁾	(23.0)	(3.6)
Cash position	97.8	119.0

Orders received of NOK 15.7 m and revenue of NOK 10.5 m

- Revenues impacted by currency and semiconductor shortage; revenues of NOK 16 m if components had been available

Gross margin of 21% vs. 13% in Q2 2020

- Improved product mix

OPEX ex options¹⁾ of NOK 5.8 m vs. NOK 24.8 m in Q2 2020

- OPEX includes NOK 9.2 m in US loan relief and Skattefunn benefits

EBITDA ex options¹⁾ improved by NOK 19.4 m compared to Q2 2020

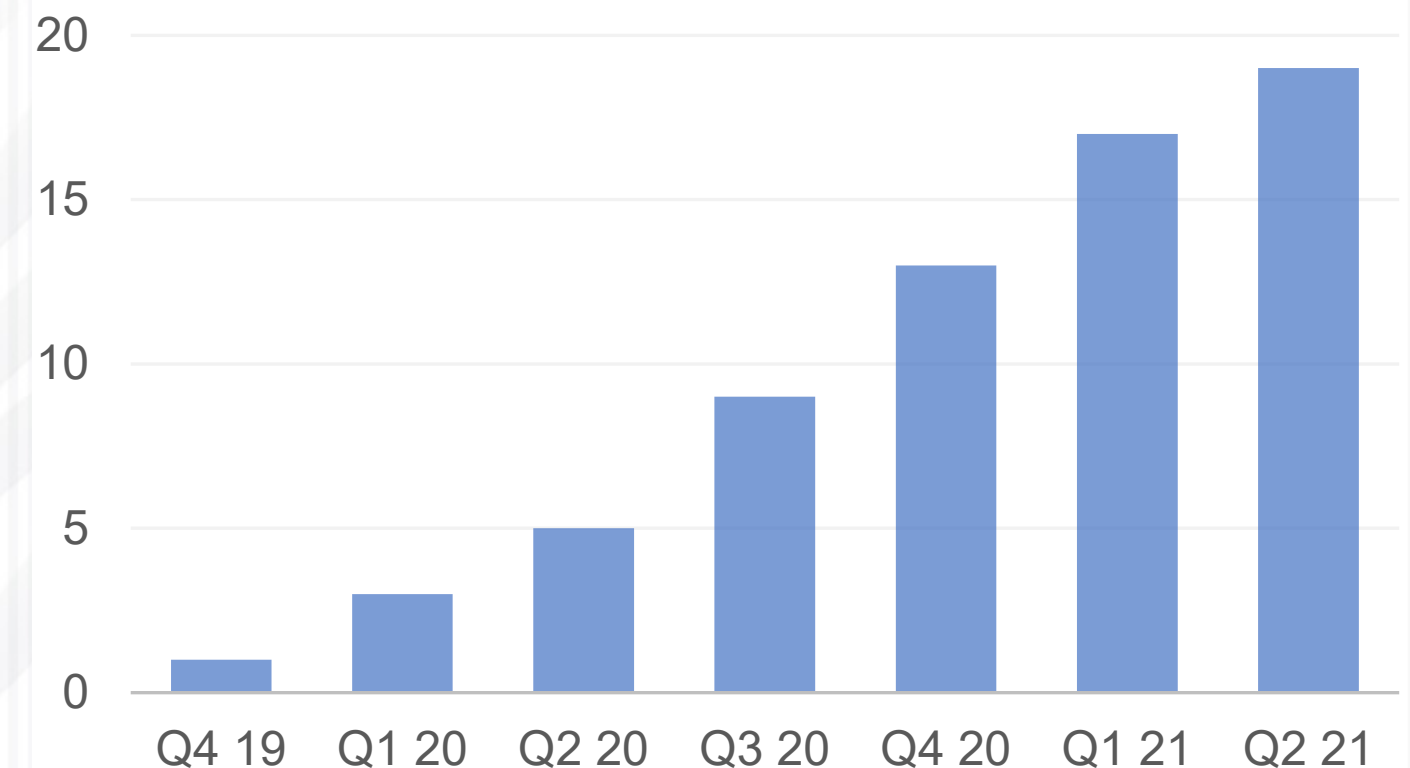
Cash position of NOK 119.0 m vs. NOK 97.8 m in Q2 2020

Growth in orders received
Record low reported OPEX

1) OPEX and EBITDA excluding share based remuneration
Option and options social security costs of net NOK 2.1 m in Q2 2021

- **Main focus - NEXT updated Growth strategy**
 - **Structured increase of FAP20 design-wins**
 - **1 new design-win per month since Q4 2019, aiming to increase further**
 - **Additional design wins and purchase orders expected to be announced during remaining part of 2021**
 - **Start adding face recognition as complementary biometrics customer offering**
- **Laptop sensors:**
 - **NEXT is in process for potential design-win with additional laptop manufacturer**
 - **Orders booked for Q3 already at high levels**
 - **Current backlog to carry forward of approximately NOK 5 m**
- **India fingerprint sensor market Q3 and beyond**
 - **Recent COVID-19 challenges has delayed tenders/contract awards and L1 launch**
 - **Aiming for additional design wins in payment and fintech & serving our existing customers**
 - **Establishing market readiness for L1 launch**

**Total number of design-wins
(accumulated)**



**Further design wins expected
Biometric offering broadened**

Q & A



NEXT Biometrics Group ASA

www.nextbiometrics.com