

NEXT BIOMETRICS GROUP ASA

Q2 Presentation

AUGUST 20, 2024



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Today's speakers



Ulf Ritsvall

CEO, NEXT Biometrics



Eirik Underthun

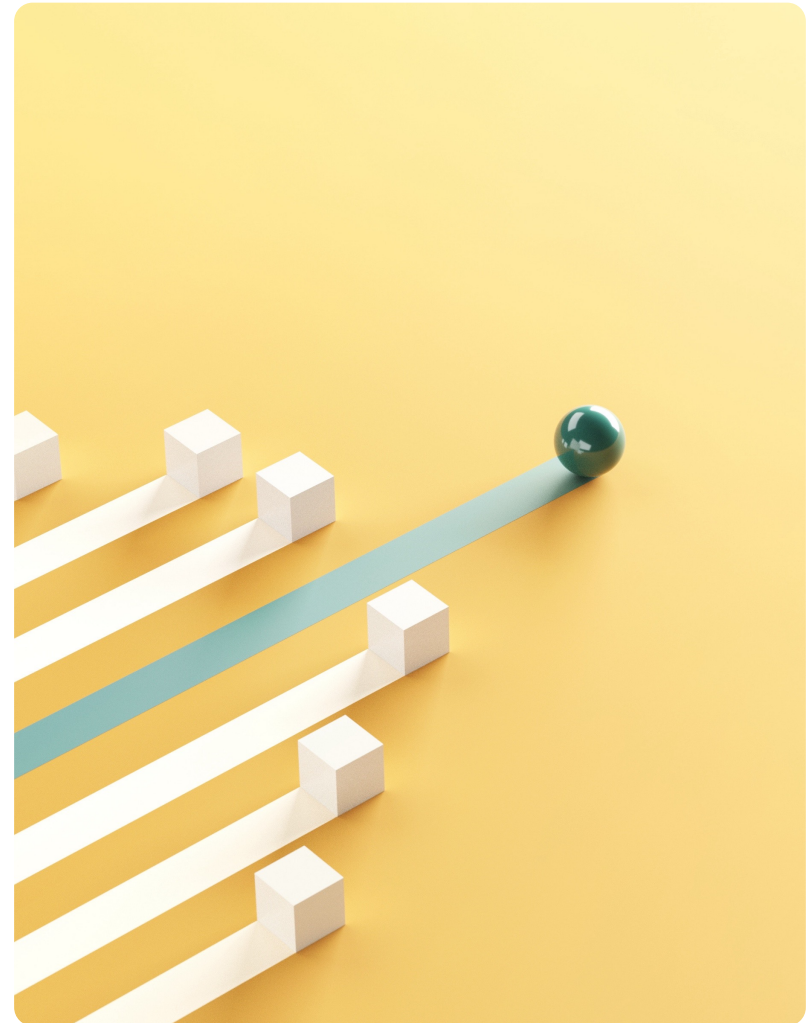
CFO, NEXT Biometrics

Agenda

- 1) Q2 Summary and Business Update
- 2) Current revenue pipeline
- 3) FAP30 and Distributor updates
- 4) Q2 Key Figures
- 5) Outlook
- 6) Q&A

Key developments in the quarter

- > **Q2 Revenues at NOK 18.3 million**
(up 150% compared to Q2 2023)
- > **Record-high Gross Margin of 57%**
(improved from 17% in Q2 2023)
- > **5 new design wins**
(55 accumulated)
- > **First shipment of China-ID sensors**



Business updates

> China

- Successfully shipped the first China ID order this quarter
- Formed a strategic joint-venture with Wiser in China, streamlining participation in tier-1 tenders
- Gained access to top-tier markets in banking, finance, and healthcare
- Enhanced competitiveness, with anticipated increases in gross margins and profitability

> India

- Meeting high-volume tender demands driven by a generational upgrade and rising need for biometric solutions

> Bangladesh

- Entered the biometric market with a multi-year agreement with Commlink Infotech LLC, securing a five-year contract worth NOK 95 million

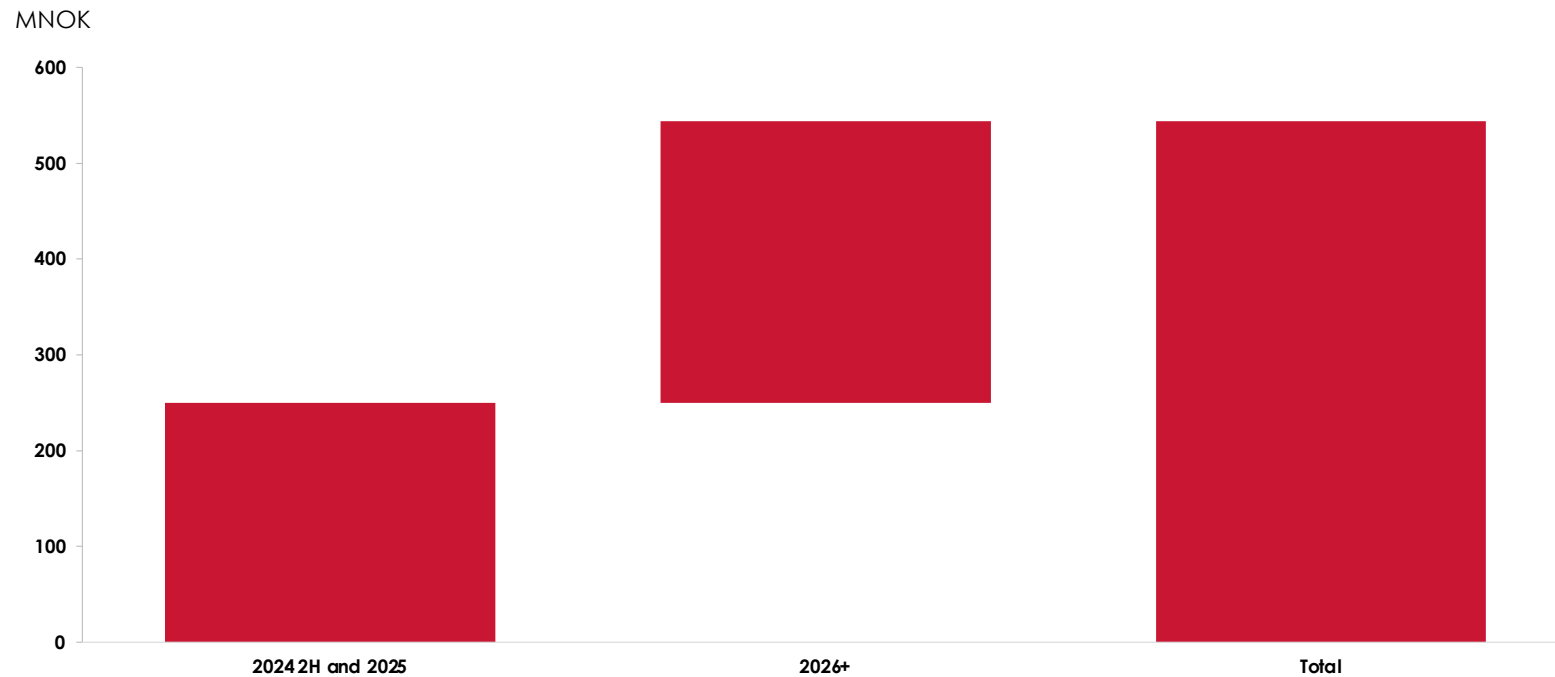


New Country Added: Pakistan

- > Population of Pakistan : 150 Million - Already enrolled 90 million citizens
- > National Database & Registration Authority (NADRA): Central agency that manages the citizen database of Pakistan
 - Issues a CNIC (Computerised National Identity Card) to every citizen for
 - Voting, passport, Open Bank account, Obtain electricity, telephone subscription
- > DDS (Digital Data System): NEXT's partner in Pakistan, is a leading system integrator, successfully integrated NEXT Oyster 3 into the NADRA system
- > First volume order from NADRA

Current revenue pipeline

Revenue backlog from current customer engagements and contracts¹⁾



1) Includes announced contracts, purchase orders, and customer forecasts in frame agreements.

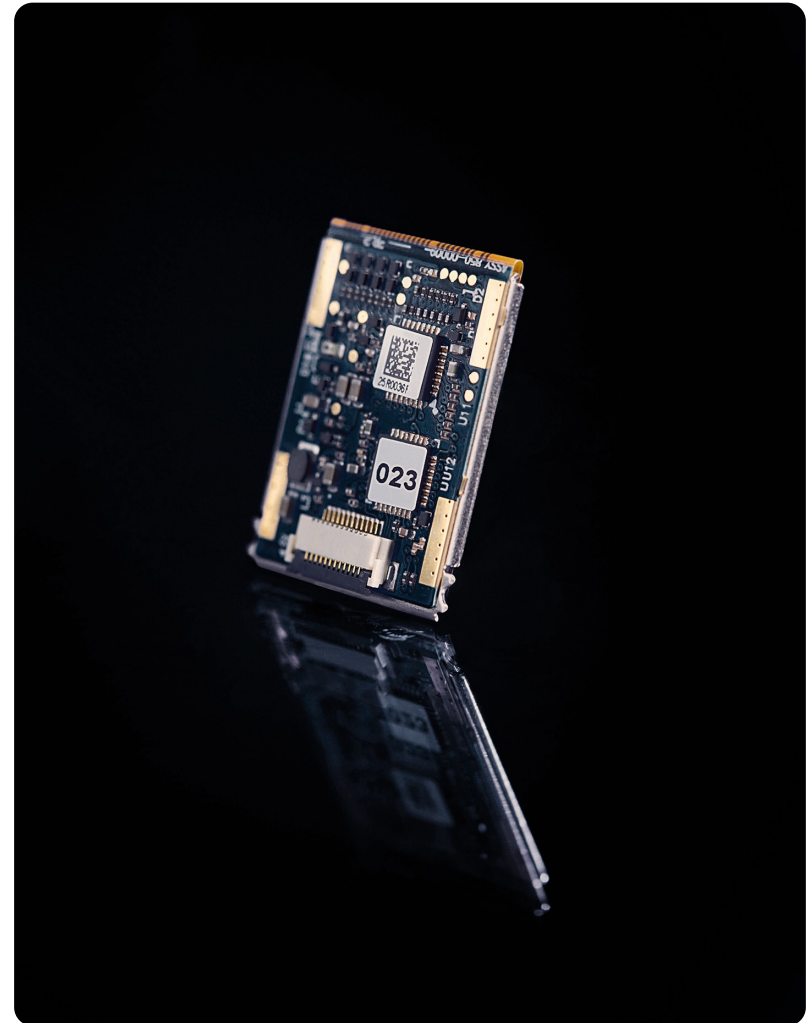
FAP30

> FAP30 Product Development

- Focusing on market segments with even higher security requirements than on FAP20
- FAP30 is based on the NEXT Biometrics' patented Active Thermal® technology
- First engineering sample planned for Q4 2024 (MP during 2025)

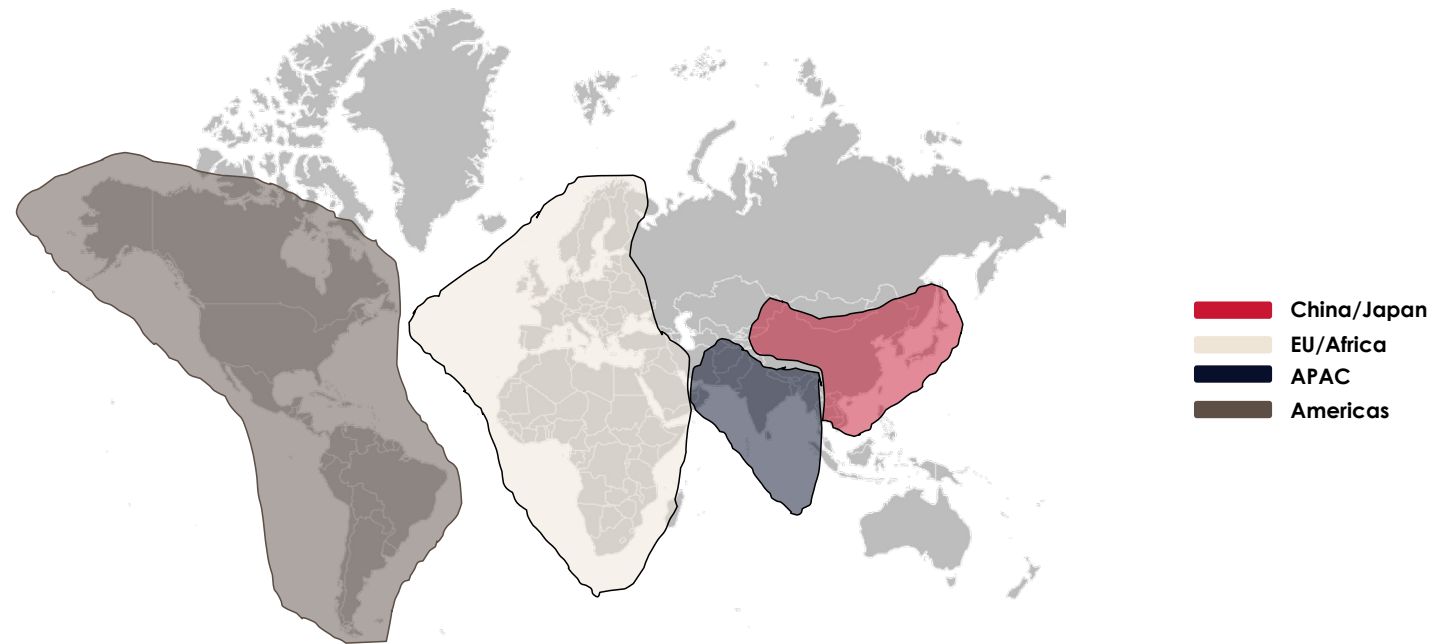
> FAP30 Key Product Features

- Better biometric performance
- Improved reliability and durability
- Attractive price, for the high-end markets like Governmental and Healthcare



Distributors

- > 55 design wins, Mainly 7 distributors contributing
- > Expanding in defined market segments and with multiple different customer products
- > Largest short term volume potential in India and China



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Q2 Financials



Q2 2024

Key Figures

Profit and loss

NOK million	Q2 2023	Q2 2024
Revenue	7.3	18.3
COGS	(6.1)	(8.0)
Gross margin ¹⁾	1.2	10.4
Gross margin % ¹⁾	17 %	57 %
OPEX ex. Options ²⁾	(14.4)	(17.0)
Adjusted EBITDA ²⁾	(13.1)	(6.7)

1) Gross margin adjusted for inventory write-downs

2) OPEX and EBITDA excluding share based remuneration, options social security cost and inventory write-downs

Revenues

- NOK 18.3 m vs. NOK 7.3 m in Q2 2023

Gross margin

- Adjusted Gross margin¹⁾ of 57% vs. 17% in Q2 2023

Operating expenses

- OPEX ex. options of NOK 17.0 m vs. NOK 14.4 m in Q2 2023

EBITDA

- Adjusted EBITDA²⁾ of negative NOK 6.7 m relative to negative NOK 13.1 m in Q2 2023

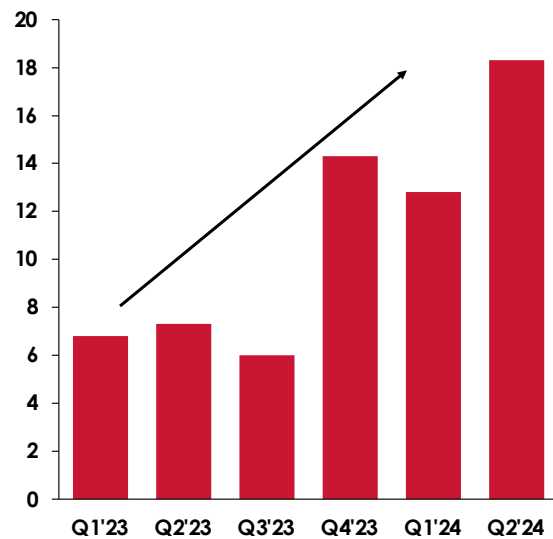
Cash and cash flow

- Cash of NOK 40.9 m end of Q2 2024 versus NOK 54.6 m at end of Q1 2024
- Q2 operational cash flow of negative NOK 14.0 m

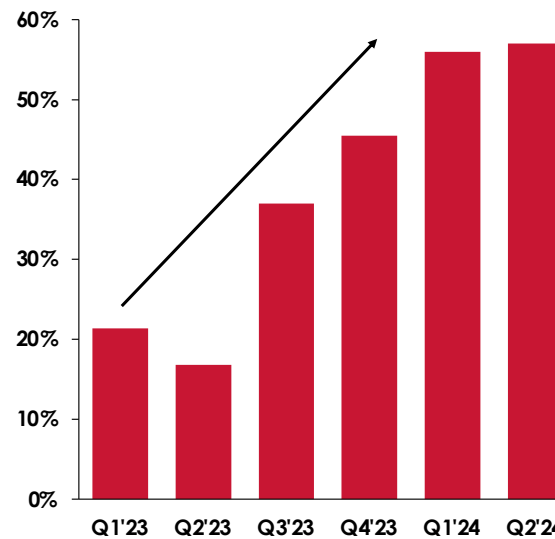
Record high gross margin
Cash flow impacted by higher sales (increased receivables) and slow cash collection during the quarter

Strong growth in revenues and improved gross margin

Revenues per quarter (MNOK)



Gross margin (%)





Outlook

Outlook

> Secured Revenue Pipeline

- Over NOK 500 million in revenue pipeline, with substantial potential for further growth from both existing and new customers

> Significant Revenue Growth

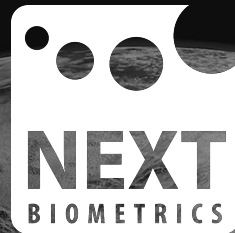
- Anticipating strong revenue growth in 2H 2024

> Targeting Profitability

- Expecting gross margin of over 50% in 2H 2024 and an annual OPEX run-rate of NOK 65 million
- Targeting profitability in 2H 2024

The background of the slide is a solid black field. Overlaid on this are numerous thin, curved lines in a vibrant red color. These lines are scattered across the frame, some forming loops, others being straight or slightly curved. Interspersed along these red lines are small, bright green dots. The overall effect is a complex, organic, and somewhat chaotic pattern that resembles a microscopic view of fibers or a stylized representation of neural connections.

Q&A



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