



NEXT Biometrics

Q3 Presentation
November 2, 2022

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Agenda

Q3 2022 Report and summary

Outlook

Q&A session



Q3 2022

Q3 2022 Summary

1. Design wins

A. At win rate traction in Q3 – 3 new design wins
(two design-wins were not announced due to initial revenue size and confidentiality of the projects/products)

B. Accumulated 33 design wins end of Q3 - When all performing - enough to take NEXT to break-even

2. Revenue, NOK 14.4 m (Our main customers are hampered by regulatory delays in India and some customers lack MCUs)

3. Gross Margin at 38%

4. OPEX remains low and flat at around NOK 15 m

When all 33 design-wins performing - enough to take NEXT to break-even

Key Figures Q3-2022

Profit and loss

NOK million	Q3 2021	Q3 2022
Revenue	12.4	14.4
COGS	(9.4)	(9.0)
Gross margin	3.0	5.4
Gross margin %	24%	38%
OPEX ex. Options ¹⁾	(12.2)	(13.4)
Adjusted EBITDA ¹⁾	(9.2)	(8.0)

Revenues of NOK 14.4 m vs. NOK 12.4 m in Q3 2021

- Revenues continued to be impacted by customer's semiconductor shortage

Gross margin of 38% vs. 24% in Q3 2021

- Improved product mix in Q3 2022

OPEX ex. options of NOK 13.4 m vs. NOK 12.2 m in Q3 2021

Adjusted EBITDA¹⁾ improved by NOK 1.2 m relative to Q3 2021





Cash position of NOK 72.5 m end of Q3 2022 versus NOK 82.5 m at end of Q2 2022

- Q3 cash position affected by main shipments to customers towards end of Q3 and additional build-up of inventory to prepare for increased shipment volumes

Gross Margin already trending in target range at relative low volumes
Continued low Quarterly OPEX

1) OPEX and EBITDA excluding share based remuneration and options social security cost

Q3 Key takeaways

Revenue	Positioned to grow faster than overall market with established design wins. First major increase will start when India regulator opens up market for our two main customers	
Cash flow	Cash burn of NOK 10.2 m mainly reflecting high shipments to customers towards the end of Q3	
Gross Margin	Gross margin trending higher; 38% in Q3	
Supply-chain	Increased NEXT inventory of key components and microchips; NEXT ready to increase production	

Revenue, operational cash flow and gross margin trending in the right direction

General business update - Q3 2022

Building global biometric distributor network

- We have signed up additional distributors during Q3 and in total now 6 biometrics distributors globally
- Biometric Distributors expands market-reach and our sales/distribution power
- First orders already received from China-based distributor in Q2 2022 and Singapore distributor in Q3 2022

Improving NEXT business model, step 2 implemented

- Step 1 – Transition from cost-plus to value-based pricing (implemented already in 2020)
- Step 2 – Implementation of support & maintenance agreements as part of product offering containing software, algorithms, IP and hardware (several customers already signed)

Supply Chain

- NEXT's microchip suppliers increased shipments to NEXT towards the end of the third quarter; NEXT's supply-chain situation has improved

2019/2020 - Dependent on one main revenue-generating design win

- Not sufficient to make NEXT profitable





End Q3 2022 - Revenue through multiple design wins in all four market segments

- 33 performing design wins enough to take NEXT to break even
- Largest short term, high volume potential from India via Tech-Giant and India OEM



Legend

-  DW and paying Customer
-  Local Distributor



Outlook

FAP20 Status and Outlook

FAP20 market potential

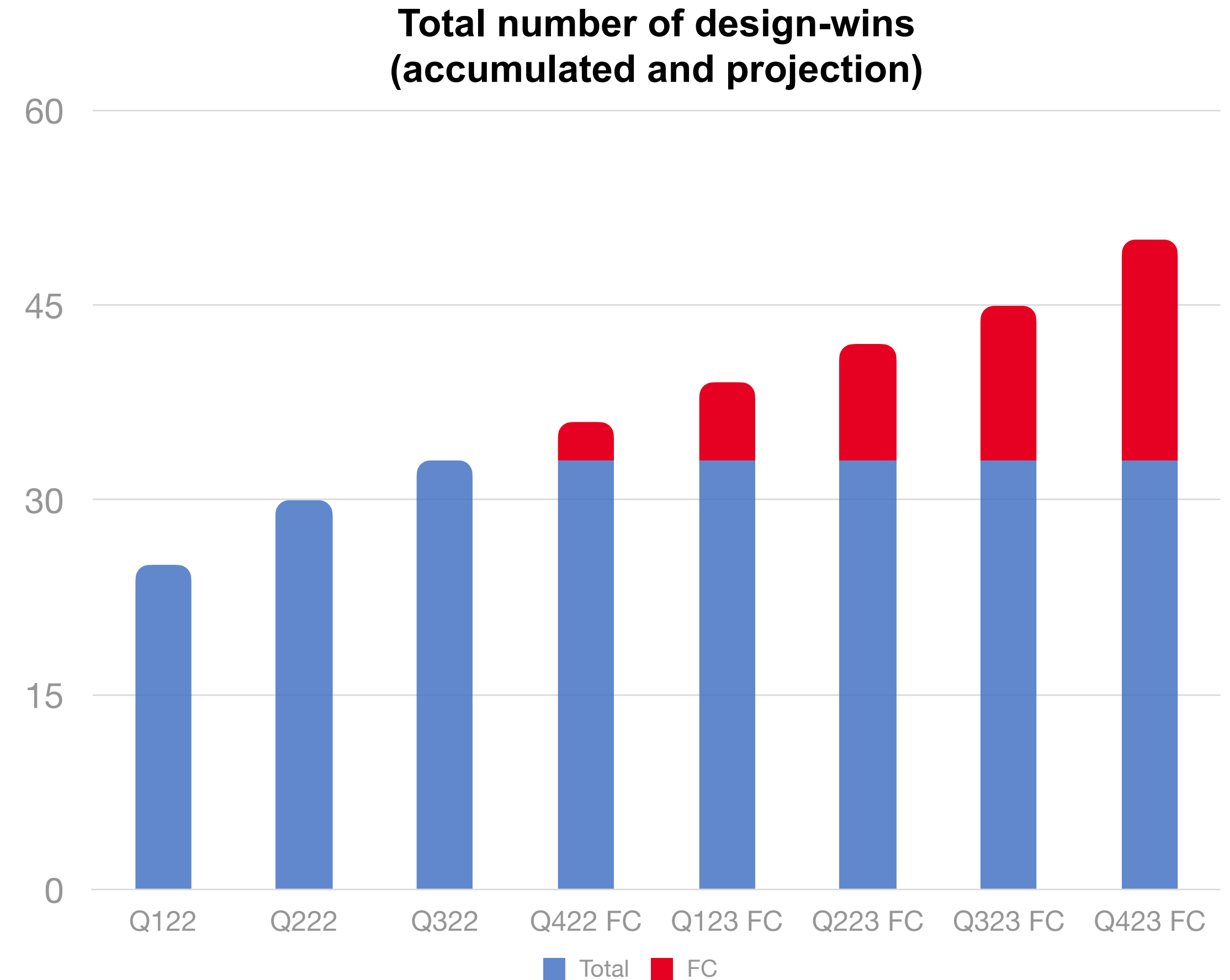
- We see strong interest in replacing the optical sensors in favor of the slim FAP20 form factor
- We will intensify co-operation with biometric distributors in selected markets/regions
- Key markets: Africa, Latin Americas and selected countries in South East Asia such as Indonesia and Vietnam

Status for India and its FAP20 outlook

- NEXT main customers believe that market opens up end Q4
- Order commitments from both Tech Giant and Indian OEM as soon as market opens up
- NEXT and its partners are in a good position when the Indian market finally opens up

Outlook

1. Continue with 3 new design wins per quarter with a focus on FAP20 sensors
 - Target at least 36 Design-wins by end of 2022
2. Continued focus on distributor channels in growing biometric markets
3. Well-positioned in India with two large established partners and major distributor
 - First step in L1 certification achieved by passing the 5000 FRR tests (for Indian OEM and Tech Giant)
 - Market launch of L1, partners believe end Q4 2022, initial larger orders expected Q1 2023
4. Short-term goal to close large volume customer(s) with predefined recurring demand



**Tech Giant and Indian OEM alone have potential to bring
NEXT to positive EBITDA in second half of 2023**



QnA



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