

NEXT BIOMETRICS GROUP ASA

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# Q4 Presentation

February 19, 2025





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# Today's speakers

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**Ulf Ritsvall**

CEO, NEXT Biometrics



**Eirik Underthun**

CFO, NEXT Biometrics

# Agenda

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- 1) 2024 Summary & Q4 Highlights**
- 2) Q4 Financials**
- 3) Business and market updates**
- 4) Outlook**
- 5) Q&A**



# 2024 summary

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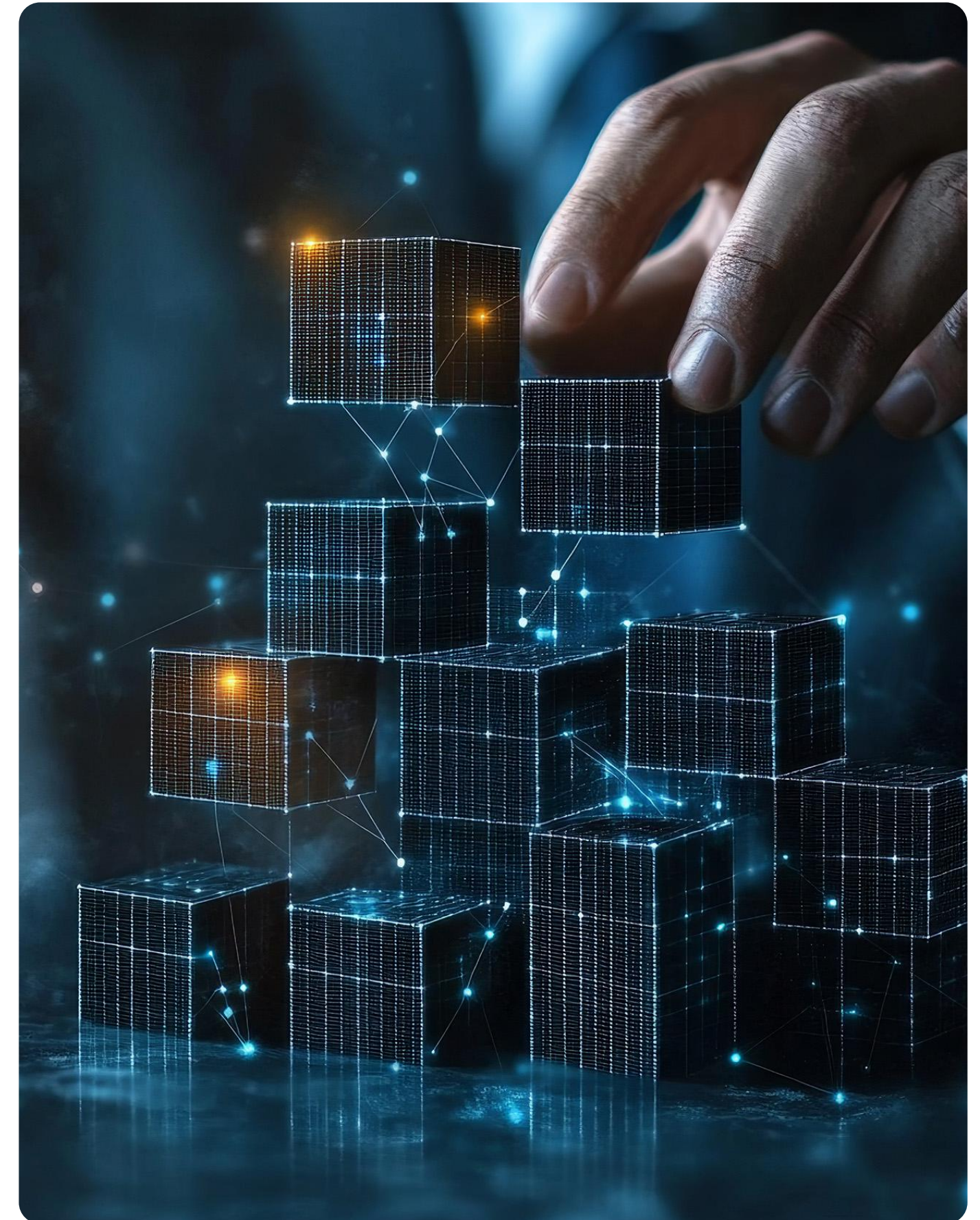
**A year of transformation and growth**

**109% revenue growth (from NOK 34.4 million to NOK 73.0 million)**

**Q3 record break-even quarter**

**Record high adjusted gross margin (55%) for the year**

**18 new design wins in 2024**





# Highlights Q4 2024

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## **Strong Order Pipeline**

Contracted orders for Q4 exceeding Q3 revenue

## **Q4 Revenues at NOK 13.3 million**

(down 7% compared to Q4 2023)

## **Gross Margin of 61%**

(improved from 45% in Q4 2023)

## **6 new design wins**

## **FAP30 Engineering Samples & FAP MoU (18 MNOK per year)**

## **MoU for Government ID product with higher ASP**

## **Expanding PC product offering**





# Q4 Financials



# Q4 2024 financial summary

## Profit and loss

NOK million	Q4 2024	Q4 2023
Revenue	13.3	14.3
COGS <sup>1)</sup>	(5.1)	(7.8)
Gross margin <sup>1)</sup>	8.1	6.5
Gross margin % <sup>1)</sup>	61%	45%
Adjusted OPEX <sup>2)</sup>	(19.9)	(14.8)
EBITDA	(15.3)	(11.0)
Adjusted EBITDA <sup>2)</sup>	(11.8)	(8.3)

1) COGS and gross margin adjusted for inventory write-downs

2) OPEX and EBITDA excluding share based remuneration, options social security cost, inventory write-downs and sales & marketing incentive fee

## Revenues

- NOK 13.3 m vs. NOK 14.3 m in Q4 2023

## Gross margin

- Adjusted Gross margin<sup>1)</sup> of 61% vs. 45% in Q4 2023

## Operating expenses

- Adjusted OPEX of NOK 19.9 m vs. NOK 14.8 m in Q4 2023

## EBITDA

- Adjusted EBITDA<sup>2)</sup> of negative NOK 11.8 m relative to negative NOK 8.3 m in Q4 2023

## Cash and cash flow

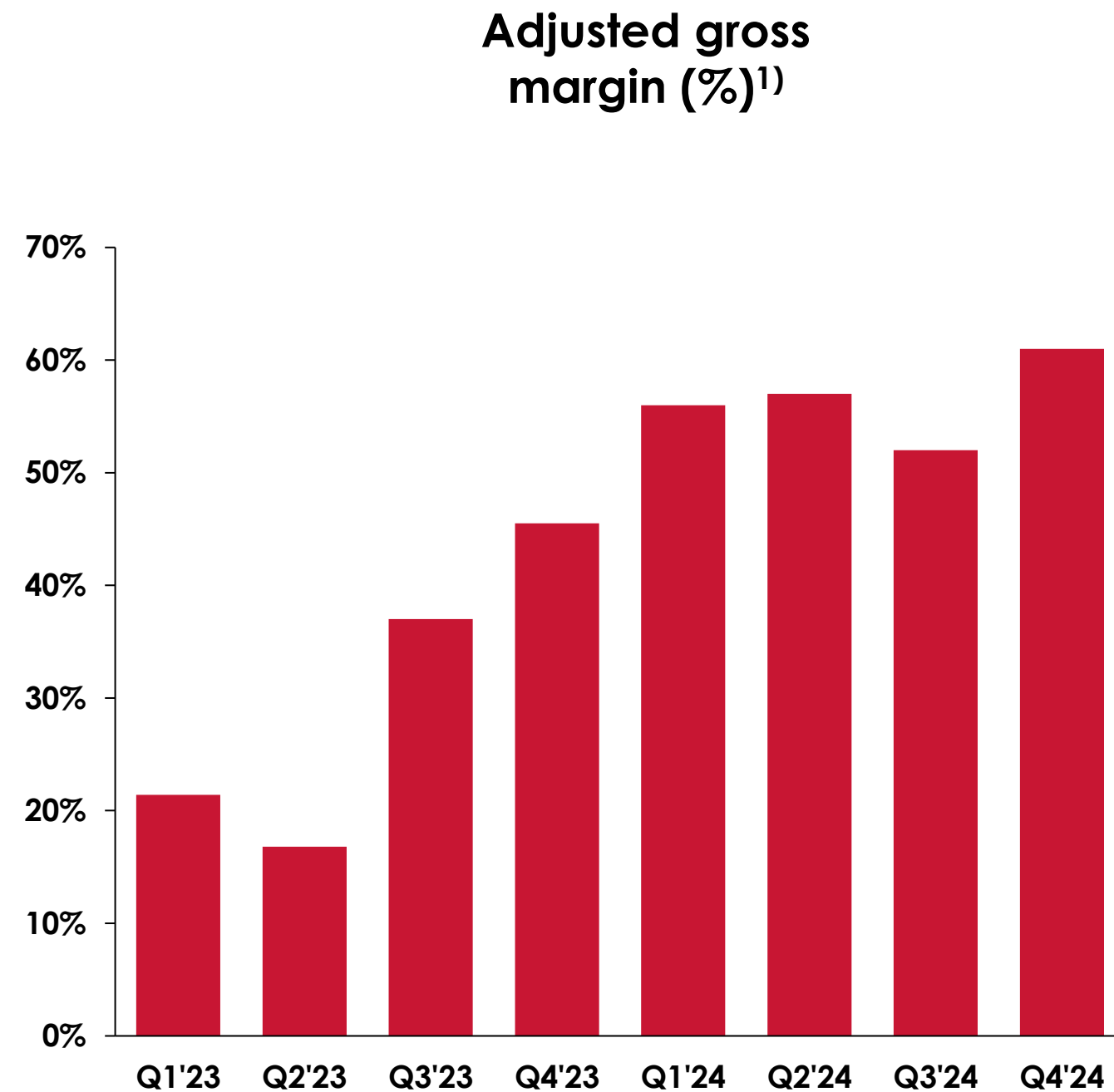
- Cash of NOK 62.9 m end of Q4 2024 versus NOK 45.5 m at end of Q3 2024
- Negative operational cash flow due to late payments on receivables and high sales in final month of the quarter
- Q4 cash flow from financing of positive NOK 37.7 m

**India pause reducing quarterly revenue**  
**Completed private placement in November 2024**  
**Strong gross margin**



# Continued strong gross margin

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1) Gross margin adjusted for inventory writedowns

# Business and market updates



# Update L1 Aadhaar

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## Short-Term Impact - Long-Term Gain

- Temporary pause in Aadhaar business
- Main partner up for final approval, expecting to pass latest early March

## Increased Market Opportunity

- Stricter security requirements
- Boosting NEXT's market share

## Positive Outlook

- Aadhaar program is crucial for India
- Business is expected to resume soon

## Revenue Recovery Expected

- Unfulfilled orders to be delivered in Q1, with additional orders to follow





# FAP20 – Primary focus

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## Product Overview & Market Fit

- Competitive edge with low power, slim form factor and competitive price
- Unique value proposition vs. competitors
- Stay ahead with the development of Government ID products - higher ASP

## Go-to-Market & Sales Strategy

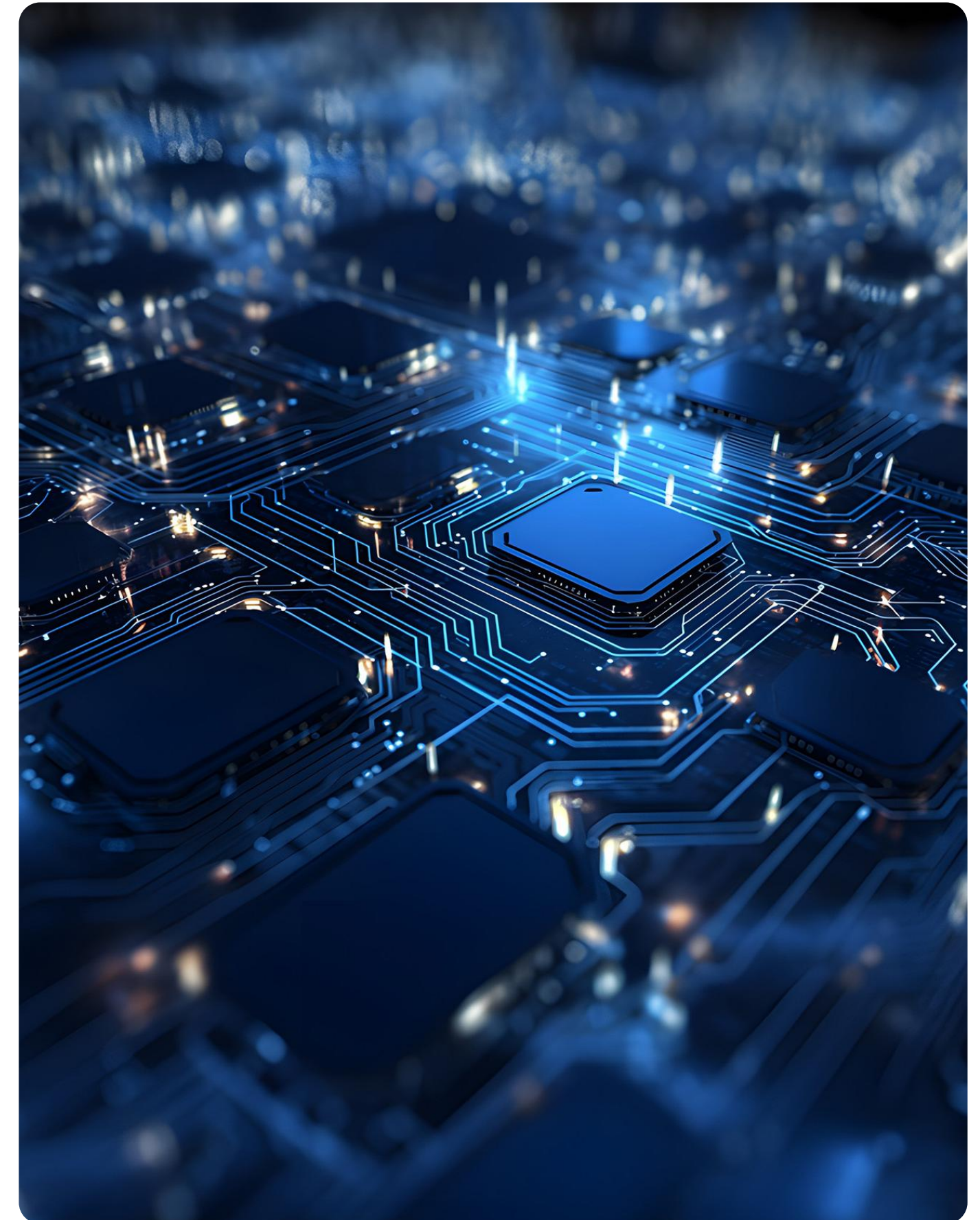
- Strategic Expansion in Government-ID Markets

## Pipeline Strength:

- Strengthening presence in India, China and beyond
- Design wins and first shipments to Malaysia and Pakistan
- Q4 Partner MoU agreement – NOK 30 m

## FAP20 Market size - 5 – 10 M units annually

- **Short-term goal:** Achieve break-even quarters driven by strong FAP20 sales
- **Long-term vision:** Establish market leadership with a 20% share, setting the industry benchmark





# Leveraging unique technology

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## NEXT FAP30 product

- Leveraging NEXT Biometrics' patented Active Thermal® technology
- First engineering samples shipped to customers (Mass Production during 2025)

## Opens new market segments

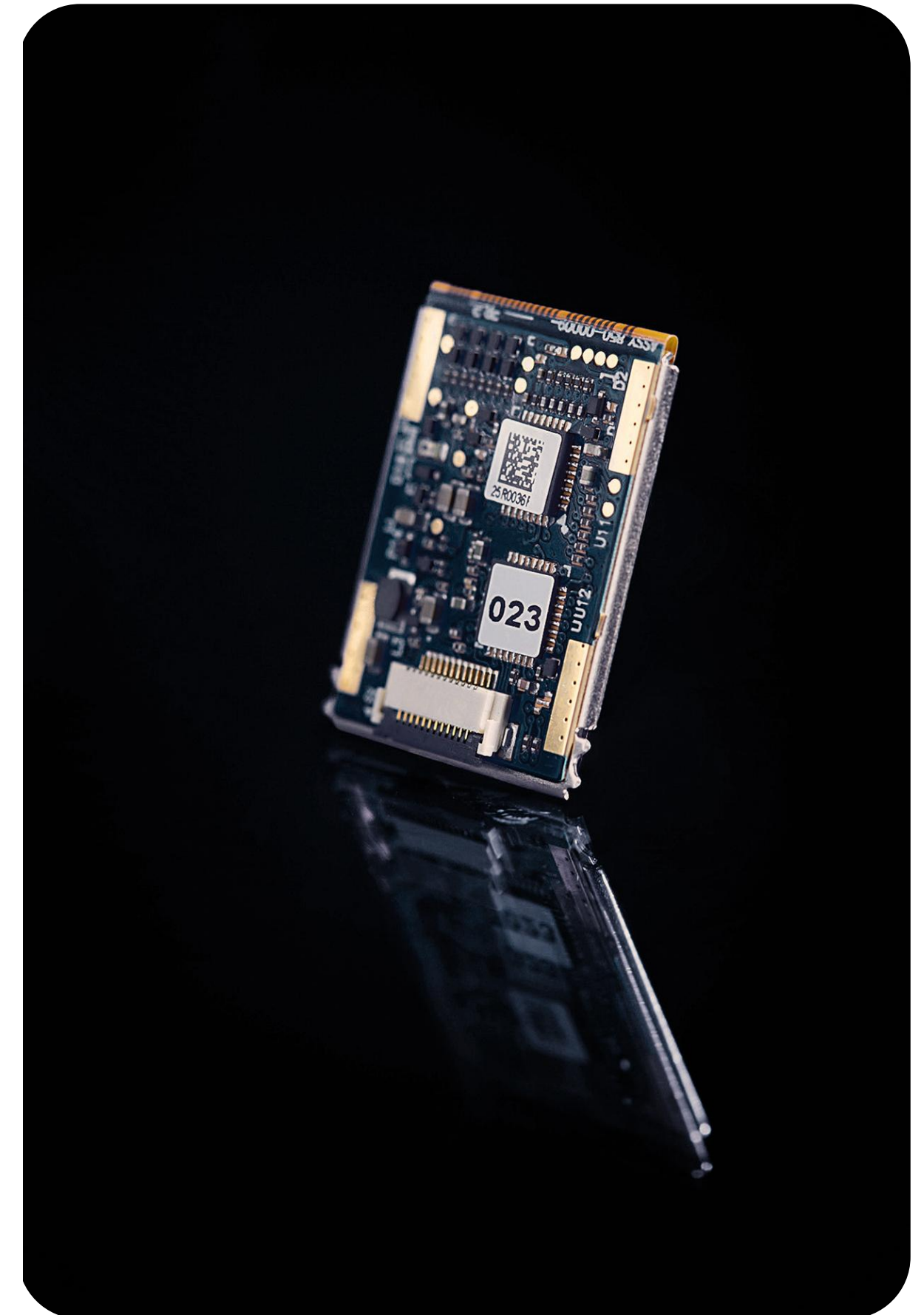
- Addressing market segments with higher security requirements
- Attractive USPs for high-end markets like the Government ID and Healthcare
- Additional geographical spread in African, US and South American market

## FAP30 Market size - 1 - 3 M annually

- **Short-term goal:** Shipment of at least 100k units within 12 – 18 months
- **Long-term vision:** Establish market leadership with a 20% share, setting the industry benchmark
- Expecting initial purchase order Q2/Q3 2025, market deployment second half 2025
- Q4 FAP30 MoU agreement - Revenue estimated at 18 MNOK per year

## Further strength

- Strong interest from partners as NEXT can offer sensors at very competitive prices
- FAP30 products are more high-end than FAP20 – Not a replacement for FAP20
- Fewer competitors





# Innovation

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Large global display company interested in NEXT unique technology

Leveraging NEXT Patented Active Thermal technology innovation, creating a solid long-term roadmap

Validating a licensed model financed solely by global display partners – early R&D initiative NOT requiring additional cash

Targeting demonstrating prototype at **Mobile World Congress, 2027**







# Outlook



# Summary and Outlook 2025

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## Significant Revenue Growth

- Target 180 – 200 million NOK revenue for 2025
- Revenue growth triggering change for NEXT press releases

## Continue to focus on strong FAP20 sales

- Unique product offering drives competitive advantage
- Achieve break-even quarters driven by strong FAP20 sales

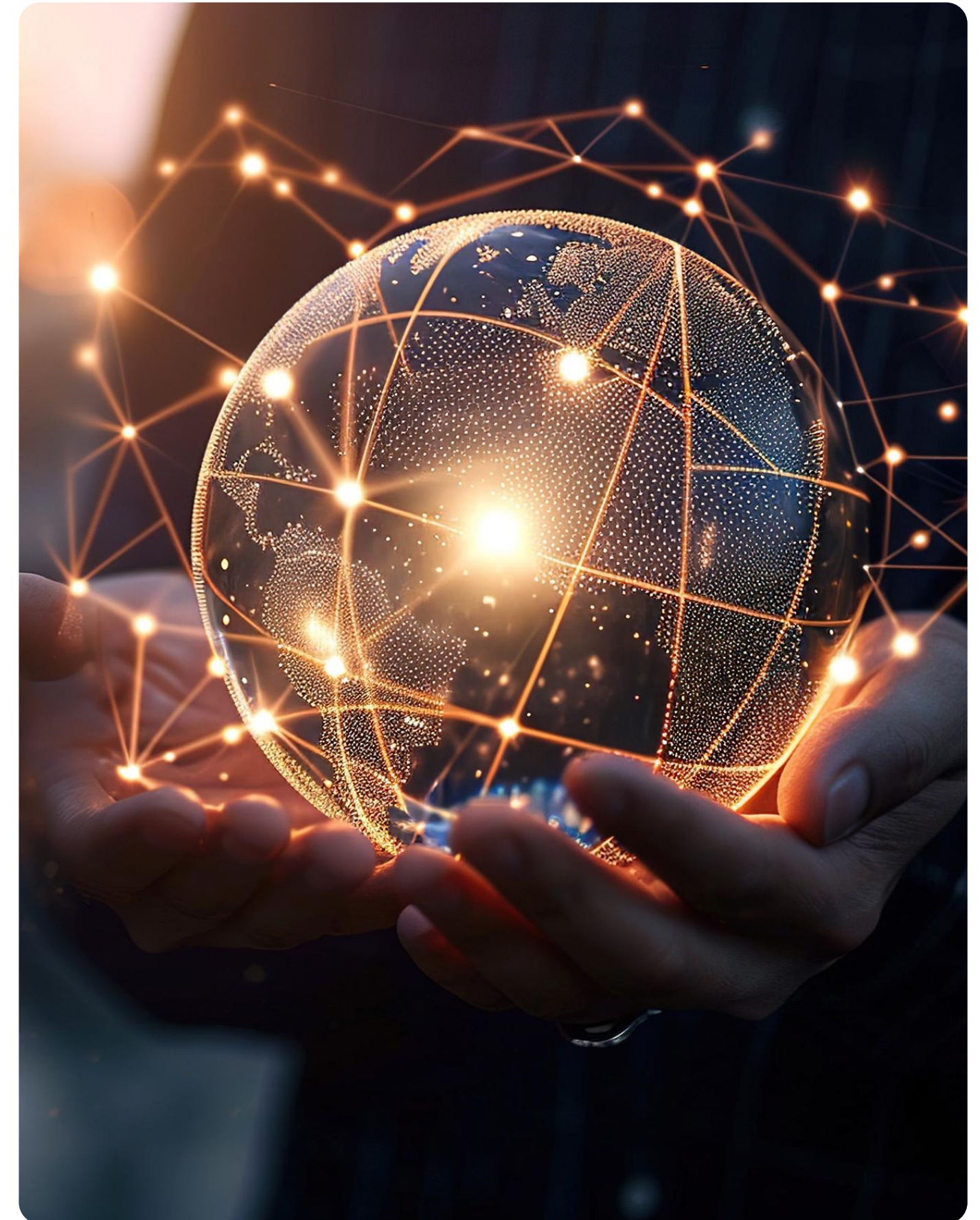
## Successful launch of FAP30

- Efficient scaling can lead to strong revenue growth

## Focus on cash collection

- Prioritizing accounts receivable to ensure steady cash flow

**New Innovation – Strong Industry Interest, and this is just the Beginning...**





# Q&A



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