

NEXT BIOMETRICS GROUP ASA

Q4 Presentation February 14, 2024



nextbiometrics.com

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 of the day

Q4 results presentation: 11.00 – 11.25

Capital Markets Day: 11.30 – 14.00



Today's Q4 Results Presentation Speakers



Ulf Ritsvall

CEO, NEXT Biometrics



Eirik Underthun

CFO, NEXT Biometrics

Agenda

1. Business update
2. Q4 Highlights
3. Outlook
4. Q&A



Q4 2023 - Summary

Key developments in the quarter

- 2 new design wins (46 accumulated)
- Q4 Revenues at NOK 14.3 million (up 19% compared to Q4 2022)
- Announced new purchase orders amounting to NOK 20 million during quarter
- Increased Gross Margin of 45% (improved from 24% in Q4 2022)
- Continued strong business development progress in China and India



Significant progress in both India and China

- ACPL picked up first batch FAP20 sensors for its L1 reader product
- Distributor placed NOK 12 million FAP20 order and picked up the first batch of sensors for India L1 products
- New Indian OEM signed MoU for making Bluetooth-enabled L1 device
- Asian distributor placed NOK 6.6 million initial stocking order for ChinaID market (FAP20) and picked up first batch of sensors

After the Quarter:

- ChinaID certificate was awarded
- Exclusive Healthcare agreement signed





Q4 FINANCIALS

Q4 2023 - Key Figures

Profit and loss

NOK million	Q4 2022	Q4 2023
Revenue	12.0	14.3
COGS	(9.1)	(7.8)
Gross margin ¹⁾	2.9	6.5
Gross margin % ¹⁾	24 %	45 %
OPEX ex. Options ²⁾	(11.9)	(14.8)
Adjusted EBITDA ²⁾	(9.1)	(8.3)

- 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 14.3 m vs. NOK 12.0 m in Q4 2022

Gross margin
• Adjusted Gross margin¹⁾ of 45% vs. 24% in Q4 2022

Operating expenses
• OPEX ex. options of NOK 14.8 m vs. NOK 11.9 m in Q4 2022

EBITDA
• Adjusted EBITDA²⁾ of negative NOK 8.3 m relative to negative NOK 9.1 m in Q4 2022

Cash and cash flow
• Cash of NOK 67.8 m end of Q4 2023 versus NOK 86.1 m at end of Q3 2023
• Q4 cash burn of NOK 18.5 m

Increased revenues and gross margin
Cash flow impacted by higher sales (increased receivables) and limited cash collection during the quarter

The background features a series of concentric, wavy lines that create a sense of depth and movement. These lines are illuminated with a warm, orange-gold glow, contrasting with the dark, deep blue background. Interspersed among the lines are sequences of binary code (0s and 1s), which appear to be floating or embedded within the structure, reinforcing a technological or digital theme.

STATUS AND OUTLOOK

2023 Highlights

- Secured Chinese contracts estimated value NOK 130 – 270 million over 3 years
- First stocking order for ChinaID market
- Strategic partnership with tier 1 algo partner in Medical / Healthcare industry (new market to NEXT)*
- Indian Aadhaar's L1 certificate has now successfully been deployed
- NEXT partner ACPL secured Aadhaar L1 certification
- Secured Indian contracts valued NOK 300 million over at least 2 years

2024 Outlook

- Anti-spoofing is a big demand from customers in mature biometric markets
- NEXT improves its position in the value chain of Biometrics industry from sensor vendor to solution provider
- ChinaID certificate awarded - more orders expected
- NEXT will expand its footprint to new market – ChinaID, Healthcare, Medical Insurance and E-lock
- Expecting to have at least 3 OEMs with Indian L1 certification in 2024 and minimum 30% market share
- Aadhaar opening up ecosystem, could increase the total addressable market by 20%



* Announced Q1 2024

Outlook

- NEXT expects 20 % increase in revenues in Q1 2024 (Q4 2023 to Q1 2024)
- NEXT is expecting EBITDA to break-even in Q2 2024
- Already secured contracts and design-wins with NOK 200 million in total annual revenue potential
- Potential growth beyond this is large, both from already existing customers and new potential customers
- Expecting 50 % gross margin in 2024 and run-rate OPEX cost of NOK ~65 million per year





Q & A



nextbiometrics.com