

NEXT Biometrics Group ASA

Q4 2020 and business update

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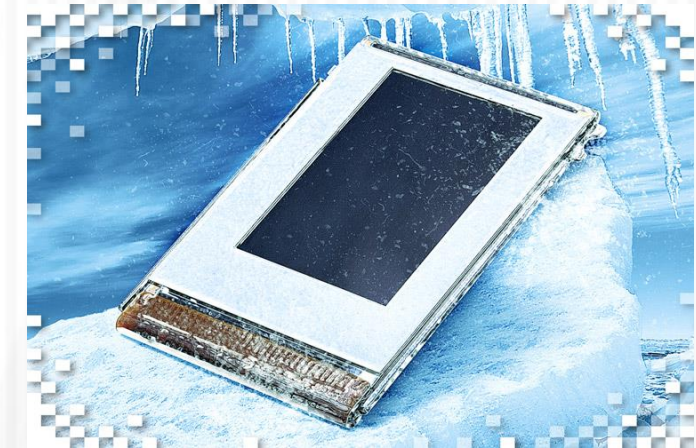
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Agenda

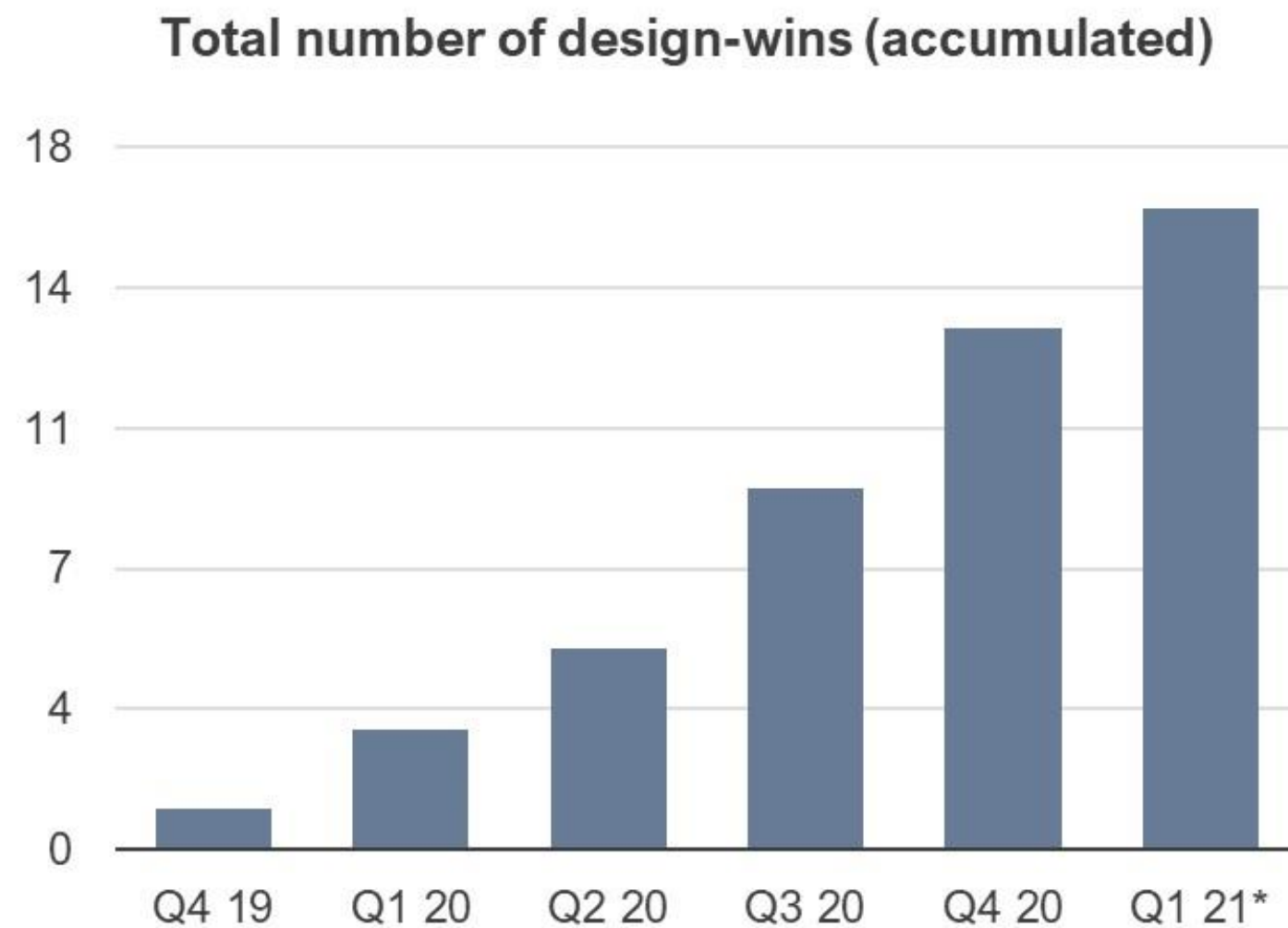
- **Business update**
 - **Q4 Financial Summary**
 - **Outlook**
 - **Q&A session**
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- A large, faint, light gray fingerprint graphic is centered on the slide, serving as a background for the agenda list. It consists of several ridges and valleys, typical of a human fingerprint.
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Recent developments

- **NEXT transformation program ongoing; starting to see strong effect of actions taken**
- **Number of design-wins continues to grow. 15 design-wins since Q4 2019**
- **NEXT Active Thermal sensor technology positioned to disrupt \$1.5 billion growing FAP20 large area sensor market**
- **Payment and Fintech business in-roads established and increased with multiple device partners**
- **PC business rejuvenated**



Design-wins multiplied

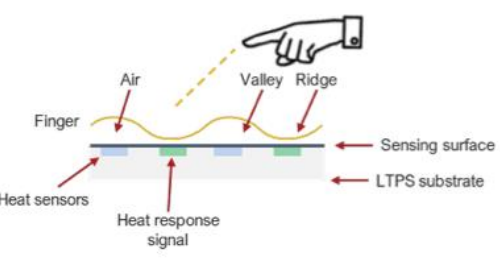
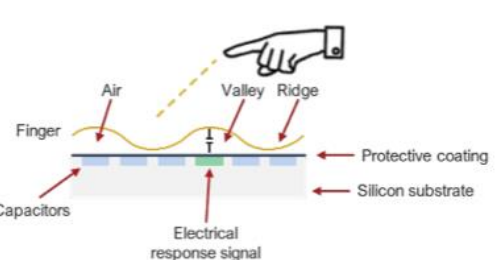
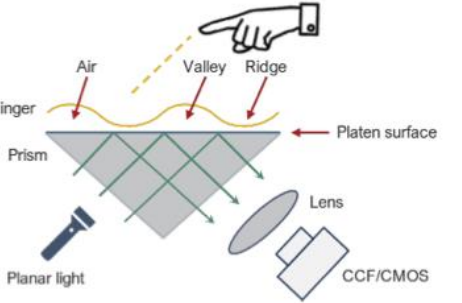


Approx. 60% of design-wins are FAP20







- **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**
- **Some design-wins will be more important than others, but a high number of design-wins increases NEXT's probability of success**
- **Time from design-win to first sizeable purchase order typically 6-12 months**

*) Q1 2021 to date

Advantages of NEXT Active Thermal sensor technology

Active thermal	Capacitive	Optical
		
<ul style="list-style-type: none">▪ Cost efficient for large size sensors with high security needs▪ High margin potential, but smaller volume compared to capacitive mass market▪ Thin form factor and may be both flexible and rigid	<ul style="list-style-type: none">▪ Cost efficient for small size sensors, but cost increase significantly with size▪ Mass market with low margins (PC and mobile)▪ Thin form factor. Rigid only (flexible not proven)	<ul style="list-style-type: none">▪ Medium to high cost and increasing with size▪ Large and bulky form factor▪ Relatively good performance

NEXT FAP20 unique selling points

-  Ultra slim form-factor for a FAP20 size sensor (fits well with mobile/portable devices)
-  Disruptive price points for customers, still with strong gross margin for NEXT
-  PIV certified by FBI as well as certified by NIBSS Nigeria
-  Available in both rigid and flexible format
-  Low power consumption / high resolution image
-  Challenging existing optical FAP30 sensors

Sizeable and untapped market

- **Large USD 1.5bn and growing market**
- **High margin product with untapped potential**
- **Current market price approx. \$20-35 per sensor**
- **High customer interest, first large POs received (Credence ID); volume picking up. Newland placing recurring orders**

FAP20 global market (USDbn)¹



1) Source: Allied Market Research February 2020 Report

PC business rejuvenated

- First purchase order for new premium PC sensor product (NEXT Secure Bio) announced
- Higher sensor price compared to previous sensor solutions
- Compliant with Microsoft SecureBIO requirements
- Developed together with global technology leader Broadcom Inc. for NEXT top tier PC OEM customer
- Fingerprint solutions is widely expected to become mandatory for computer manufacturers world-wide as Microsoft launches its Modern PC protocol H2 2021
- Working with existing customers and in dialog with new PC OEMs to introduce sensor products

Traction in Payment and Fintech



Europe / world-wide

Crypto currency wallet based
on blockchain technology

Placed first order in Q4 2020



China / world-wide

Worlds second largest
payment terminal maker

Placing recurring orders for
FAP20



India

Fast moving India POS and
biometric device partner

Placed initial order Q4 2020
+ 2 more orders in 2021 and
an uplift in forecast demand

Profit and loss

NOK million	Q4 2019	Q4 2020
Revenue	9.2	8.8
COGS	(9.4)	(7.3)
Gross margin	(0.2)	1.4
Gross margin %	-2 %	16 %
Opex	(44.9)	(10.6)
EBITDA	(45.1)	(9.2)
EBITDA ex options ¹	(44.3)	(8.0)
Cash position	88.5	67.9

1) OPEX and EBITDA excluding share based remuneration

Revenue of NOK 8.8

Gross margin of 16% vs. -2% in Q4-2019

OPEX²⁾ of NOK 10.6 m vs. NOK 44.3 m in Q4-2019

- Cost reduction program completed

EBITDA ex options improved by NOK 35 m compared to Q4-2019

Strong traction in Q1

- Announced new NOK 7 million purchase from Credence ID
- First order for new high value PC sensor
- New 20,000 units order from Pagaria Group and increased 2021 shipment forecast
- Already NOK 13 million in signed purchase orders scheduled for shipment in Q1 2021

2) OPEX=Payroll and Other operating expenses

NOK 5 million Skattefunn benefit included in Q4-19 OPEX and NOK 3.9 million included in Q4 -20 OPEX

NEXT design-wins accelerated, multiple deals announced, traction across all three main product areas

- Design-wins continues to grow with 15 design-wins since Q4 2019
- NEXT Active Thermal sensor technology likely to disrupt \$1.5 billion growing FAP 20 sensor market
- FAP20 key success factor
- Payment and Fintech business design-wins increased with multiple partners

NEXT stated financial targets:

- Revenues expected to pick up after COVID-19 delay, annualized run rate target of NOK 150-200m by Q4 2021-Q1 2022
- 35-40% gross margin target by end of 2021; Gross margin expected to improve in Q1 2021 with gradual pick-up to reach target Q4 21 – Q1 22
- Quarterly OPEX of NOK 15m towards end of 2020

Q & A



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