



NEXT Biometrics Group ASA

Quarterly report – Q2 2016

Highlights

- MNOK 26.6 in Sales (MNOK 5.2 in Q1)
- Showcased the first flexible Smart Card sensor compliant with ISO-specifications
- Received the market's first volume order for Smart Card sensors (MNOK 12)
- Raised gross proceeds of MNOK 164.9 in new equity
- Launched a new low-power, high yield sensor for H2-16 & 2017 markets

Status

Product: During Q2-16 NEXT has continued to scale-up its mass production capacity for volume deliveries. After initial increased shipments in Q1, volumes continued to grow further in Q2-16. During this high growth phase a number of production yield optimisation projects have been initiated. Such cost down improvements have been proven effective late in Q2 and will have impact from late in Q3. All costs related to Q2-transition to new products and volume ramp-up have been booked in this quarter.

Due to the Company's recent successes in bringing forward the world's first fully ISO-compliant flexible sensor, the vast opportunity Smart Card segment is now the primary focus for the Company. To the Company's knowledge, no other supplier within the fingerprint industry has been able to design sensors meeting all mandatory ISO standard requirements. Thus, NEXT considers itself to have fundamental competitive advantages within this market. Early Smart Card customer projects involve significant value propositions. Several of these first customer projects are larger and more attractive than initially estimated.

The Smart Card order announced in April demonstrates the attractive early stage commercial viability of the Company Smart Card activities.

The NEXT ASIC project, a significant cost-down project, has completed its design phase, first silicon samples have been delivered and the Company still targets first volume shipments during Q2-17.

Sales and market: The Company focuses its resources on quality dependent market segments that require high uncompromised levels of security and convenience coupled with the ability to serve close to 100% of a given population. These markets include Smart Cards, NEXT-Enabled markets, traditional markets, high-end security focused smartphones and notebooks where the NEXT technology is uniquely positioned. The Company has over the last 12-18 months identified significant opportunities within several major Smart Card market segments.

Financing: The Company raised gross proceeds of MNOK 164.9 in the beginning of May. The purpose of the share issue was to expand the flexible sensor production capacity and to invest in further Smart Card related R&D as well as operational developments. A subsequent repair issue closed by the end of July brought additional gross proceeds of MNOK 26.6.

Amounts in MNOK

(except per share data)	Q2-2016	Q1-2016	YTD-2016	YTD-2015	2015
Total revenue	26.6	5.2	31.8	2.7	4.6
Operating profit (loss)	-51.3	-49.0	-100.3	-46.0	-121.8
Net profit (loss) for the period	-51.5	-49.5	-100.9	-44.1	-121.5
Opening cash balance	76.8	130.2	130.2	129.3	129.3
Net change in cash flows	105.7	-53.4	52.3	-53.3	1.0
Closing cash balance	182.5	76.8	182.5	76.0	130.2
Total equity	235.2	125.2	235.2	118.7	172.7
Earnings per share - basic & diluted	-3.82	-3.66	-7.49	-3.90	-10.44
Weighted average number of shares (in thousands)	13 474	13 499	13 474	11 318	11 639

Interim condensed financial statements as of 30 June 2016 (Unaudited)

Profit & loss statement

Revenues

Operating revenue in the second quarter of 2016 was MNOK 26.6, compared to MNOK 5.2 in the previous quarter and MNOK 0.3 in the second quarter of 2015. The increased revenue was due to higher volume sensor shipments.

In the first half of 2016 revenue amounted to MNOK 31.8 compared to MNOK 2.7 in the first half of 2015.

Due to low initial production volumes, the production costs were high for these initial delivered sensors and are currently included in other operating expenses. Several of the initial cost elements related to production and delivery of these units are one-offs or temporary and do not provide a clear and relevant indication of cost of goods sold.

Operating expenses

Payroll expenses amounted to MNOK 16.4 in the second quarter of 2016, compared to MNOK 15.8 in the previous quarter and MNOK 10.3 in the corresponding quarter of 2015. The increase from the previous quarter of MNOK 0.6 was mainly related to higher accrued social cost related to share-based remuneration.

Payroll expenses in the first half of 2016 amounted to MNOK 32.3 compared to MNOK 18.7 in the first half of 2015. The increase was mainly due to increased R&D employees in the US and operations staff in Asia.

Other operating expenses amounted to MNOK 60.7 in the second quarter of 2016, compared to MNOK 37.3 in the previous quarter and MNOK 13.5 in the corresponding quarter of 2015. The increase from the previous quarter of MNOK 23.4 was mainly related to higher costs of goods sold due to increased sales. The R&D costs

included in other operating expenses increased to MNOK 18.7 in the second quarter of 2016, compared to MNOK 17.1 in the previous quarter and MNOK 4.8 in the corresponding quarter of 2015.

Other operating expenses amounted to MNOK 98.0 in the first half of 2016 compared to MNOK 29.5 in the first half of 2015. The increase from the previous first half year of MNOK 68.5 was mainly related to increased sales and R&D costs.

Total R&D expenses, included in both payroll and other operating expenses, amounted to MNOK 53.0 in the first half of 2016, compared to MNOK 23.1 in the first half of 2015 (see note 4).

Depreciation, amortisation and investments

Depreciation and amortisation amounted to MNOK 0.8 in the second quarter of 2016 compared to MNOK 1.0 in previous quarter and MNOK 0.3 in the corresponding quarter of 2015. In the first half of 2016 depreciation and amortisation amounted to MNOK 1.8 compared to MNOK 0.5 in the first half of 2015.

There were no investments in the second quarter of 2016 compared to MNOK 0.1 in previous quarter and MNOK 15.5 in the corresponding quarter of 2015. In the first half of 2016 investments amounted to MNOK 0.1 compared to MNOK 17.0 in the first half of 2015. The main investment in the first half of 2015 was the MNOK 15.5 investment in coating technology.

Net financial items

Net financial items amounted to a net cost of MNOK 0.2 in the second quarter of 2016 compared to a net cost of MNOK 0.4 in the previous quarter and a net cost of MNOK 0.7 in corresponding quarter of 2015. In the first half of 2016 net financial items amounted to a net cost of MNOK 0.6 compared to a net income of MNOK 1.9 in the first half of 2015. The decrease was mainly related to foreign exchange gains and losses.

Net profit (loss) for the period

Net loss in the second quarter of 2016 was MNOK 51.4 compared to a loss of MNOK 49.5 in the previous quarter and a loss of MNOK 24.5 in the corresponding quarter of 2015. Net loss for the first half of 2016 amounted to MNOK 100.9 compared to a loss of MNOK 44.1 in the first half of 2015.

NEXT operated at a loss and did not incur deferred or payable income taxes in the first half of 2016 or in 2015, except for an insignificant amount in the fourth quarter of 2015.

Cash flow and balance sheet

Cash and cash equivalents

Cash and cash equivalents amounted to MNOK 182.5 by the end of the first half of 2016 compared to MNOK 130.2 by the end of 2015. The operations, including investments, consumed cash in an amount of MNOK 54.3 in the second quarter of 2016 compared to MNOK 53.7 in the previous quarter and MNOK 22.8 in the second quarter of 2015. Total amount for the first half of 2016, including investments, amounted to MNOK 108.0 compared to MNOK 53.3 in the first half of 2015.

The net proceeds from the private placement of 1,240,000 new shares in May 2016 was MNOK 160.0. The Company's share capital is NOK 14,751,855, divided into 14,751,855 shares with a par value of NOK 1 per share.

Equity

Equity amounted to MNOK 235.2 by the end of the first half of 2016 compared to MNOK 172.7 by the end of 2015 and MNOK 118.7 by the end of the first half of 2015. This was mainly due to the net proceeds of MNOK 160.0 described above and the loss of MNOK 100.9 in the first half of 2016.

Outlook H2-2016

- Sales Q3 and Q4 expected to marginally increase compared to Q2 2016
- Improved production yields and higher production capacity
- Strong focus on mass-production preparations for flexible sensors
- Continued negotiations with major players in the Smart Card industry
- Further investments in 2018 generation Smart Cards
- Generation 2 ASIC – Significant cost down project for 2017

Oslo, August 24, 2016
Board of directors
NEXT Biometrics Group ASA

NEXT Biometrics Group ASA
Condensed interim statements of comprehensive income (unaudited)
30 June 2016

Amounts in NOK 1,000	Notes	Q2-2016	Q2-2015	YTD-2016	YTD-2015	2015
PROFIT AND LOSS						
Revenue						
Operating revenue	3	26 647	283	31 817	2 668	4 571
Other revenue	3	0	0	0	0	0
Total revenue		26 647	283	31 817	2 668	4 571
Operating expenses						
Payroll expenses	4	16 413	10 309	32 256	18 704	54 000
Other operating expenses	4	60 695	13 548	98 006	29 474	70 520
Total operating expenses		77 107	23 857	130 261	48 178	124 520
Profit (loss) before tax, depreciation and amortization		-50 461	-23 574	-98 444	-45 510	-119 949
Depreciation and amortisation	5.6	796	254	1 826	488	1 866
Operating profit (loss)		-51 256	-23 828	-100 270	-45 999	-121 815
Net financial items	7	-196	-698	-643	1 897	304
Taxes		0	0	0	0	-22
Net profit (loss) for the period		-51 452	-24 527	-100 913	-44 102	-121 533
Earnings per share - basic and diluted	9	-3.82	-2.17	-7.49	-3.90	-10.44
Other comprehensive income						
Items that will be reclassified to profit and loss						
Exchange rates differences		14	7	-43	-26	-41
Total other comprehensive income		14	7	-43	-26	-41
Total comprehensive income for the period		-51 438	-24 519	-100 956	-44 128	-121 574
Total comprehensive income for the period attributable from:						
Owners of the parent company		-51 438	-24 519	-100 956	-44 128	-121 574
Total		-51 438	-24 519	-100 956	-44 128	-121 574

Condensed interim statements of financial position (unaudited)

Amounts in NOK 1,000		30 Jun 2016	30 Jun 2015	31 Dec 2015
ASSETS				
Non-current assets				
Intangible assets	5		6 826	7 053
Machinery and office equipment	6		17 210	18 584
Total non-current assets			24 037	25 637
Current assets				
Inventory			22 729	23 394
Receivables				
Accounts receivable			11 496	3 278
Other receivables			16 150	6 690
Total receivables			27 646	9 968
Cash and cash equivalents			182 520	75 951
Total current assets			232 895	109 313
Total assets			256 932	134 949
EQUITY AND LIABILITIES				
Equity				
Share capital	8		14 752	11 318
Share premium			537 527	268 155
Other paid in capital			23 288	17 829
Retained earnings			-340 320	-178 585
Total equity			235 246	118 716
Liabilities				
Non-current liabilities				
Other non-current provisions	7		0	7 244
Total non-current liabilities			0	7 244
Current liabilities				
Accounts payable			7 455	4 292
Public duties payable			187	421
Other current liabilities			14 044	4 277
Total current liabilities			21 686	8 990
Total liabilities			21 686	16 234
Total equity and liabilities			256 932	134 949

NEXT Biometrics Group ASA
Condensed interim statements of cash flow (unaudited)

Amounts in NOK 1,000	Notes	Q2-2016	Q2-2015	YTD-2016	YTD-2015	2015
Cash flows from operating activities						
Profit (loss) before taxes		-51 452	-24 527	-100 913	-44 102	-121 511
Taxes payable		0	0	0	0	-22
Share based remuneration (equity part)		1 529	1 229	3 129	1 234	3 564
Depreciations and amortisation	5.6	796	254	1 826	488	1 866
Change in working capital items		-5 182	15 749	-11 994	6 042	6 474
Net cash flows from operating activities		-54 309	-7 294	-107 952	-36 337	-109 629
Cash flows from investing activities						
Purchase of tangible assets		0	-15 510	-69	-16 950	-18 484
Net cash flows from investing activities		0	-15 510	-69	-16 950	-18 484
Cash flows from financing activities						
Change in non-current debt		0	0	0	0	0
Share issue net of expenses		159 965	0	160 353	0	129 121
Net cash flows from financing activities		159 965	0	160 353	0	129 121
Translation differences		14	7	-43	-26	-41
Net change in cash flows		105 670	-22 797	52 289	-53 314	966
Opening cash balance		76 850	98 748	130 231	129 265	129 265
Closing cash balance		182 520	75 951	182 520	75 951	130 231

Condensed interim statements of changes in equity (unaudited)

Amounts in NOK 1,000	Notes	Share capital	Share premium	Other paid-in capital	Retained earnings	Total Equity
Balance 1 April 2016		13 512	378 803	21 759	-288 883	125 190
Shares issue	8	1 240	158 725			159 965
Share based compensation				1 529		1 529
Translation differences					14	14
Net profit (loss)					-51 452	-51 452
Balance 30 June 2016		14 752	537 527	23 288	-340 321	235 246
Balance 1 April 2015		11 318	268 155	16 599	-154 066	142 006
Shares issue	8	-	0			0
Share based compensation				1 229		1 229
Translation differences					7	7
Net profit (loss)					-24 527	-24 527
Balance 30 June 2015		11 318	268 155	17 829	-178 585	118 716
Balance 1 January 2016		13 474	378 453	20 158	-239 365	172 720
Shares issue	8	1 278	159 074			160 353
Share based compensation				3 129		3 129
Translation differences					-43	-43
Net profit (loss)					-100 913	-100 913
Balance 30 June 2016		14 752	537 527	23 288	-340 320	235 246
Balance 1 January 2015		11 318	268 155	16 594	-134 457	161 609
Shares issue	8	-	-			0
Share based compensation				1 234		1 234
Translation differences					-26	-26
Net profit (loss)					-44 102	-44 102
Balance 30 June 2015		11 318	268 155	17 829	-178 585	118 716
Balance 1 January 2015		11 318	268 155	16 594	-134 457	161 609
Shares issue	8	2 156	126 965			129 121
Share based compensation				3 564		3 564
Translation differences					-41	-41
Net profit (loss)			-16 667		-104 867	-121 533
Balance 31 December 2015		13 474	378 453	20 158	-239 365	172 720

Notes to the condensed interim financial statements

30 June 2016 (Unaudited)

1. General information

NEXT BIOMETRICS GROUP ASA (“NEXT”) is a public limited liability Company incorporated and domiciled in Norway. NEXT Biometrics Group ASA is the parent Company of the Group whose headquarter is located in Oslo, Norway, with subsidiaries in Shanghai, Seattle, Taipei and Prague. NEXT’s shares were listed at Oslo Stock Exchange, OB Match, as of 17 December 2015. From 25 June 2016, NEXT’s shares were included in the Oslo Stock Exchange main list, OSEBX.

The operations of the Group are carried out by the Group’s operating subsidiaries. As per the end of the first quarter of 2016, the Group has five wholly owned operating subsidiaries: NEXT Biometrics AS (Norway) and its subsidiaries NEXT Biometrics Inc. (Seattle, USA), NEXT Biometrics China Ltd (Shanghai, China), NEXT Biometrics Taiwan Ltd (Taipei, Taiwan) and NEXT Biometrics s.r.o (Prague, Czech Republic).

The purpose of the Company as stated in the articles of association is to conduct research, development and commercialization of security products, as well as other related activities that will naturally fall under this.

2. Basis of preparation, accounting policies

This condensed interim financial report for the second quarter of 2016 has been prepared in accordance with IAS 34 “Interim financial reporting”. The condensed interim financial report should be read in conjunction with the annual financial statements for 2015.

The IFRS accounting policies applied in this condensed interim financial report are consistent with those applied and described in the annual financial statements for 2015.

NEXT has adequate equity and liquidity for being a going concern for longer than 12 months from the date of this report.

The going concern assumption has been applied when preparing this financial report. In May 2016 NEXT raised additional funds to enable NEXT to enter the commercial phase. A subsequent offering closed in the end of July followed this. By the end of the first half of 2016 NEXT had earned revenue from commercial volumes, but still at modest levels.

This interim financial report has not been subject to audit.

The board of directors approved the report on 24 August 2016.

3. Revenue and segment reporting

Operating revenue - Per business segment (amounts in NOK)	2016 YTD-Q2	2015 YTD-Q2	2015
Fingerprint sensor technology	31 817 482	2 667 796	4 571 441
Total	31 817 482	2 667 796	4 571 441

NEXT has grouped the use of the technology into four main market segments;

- (i) Smart Cards
- (ii) NEXT-Enabled and Traditional markets
- (iii) Notebooks and Tablets
- (iv) Smartphones

The available technology is generic into the four market segments. Since NEXT has limited revenues it is operating and reporting only in one business segment; Fingerprint sensor technology.

4. Operating expenses

Payroll expenses (amounts in NOK)	2016 YTD-Q2	2015 YTD-Q2	2015
R&D related payroll expenses	17 206 250	11 573 331	27 807 955
Other payroll expenses	11 136 379	6 588 830	17 694 395
Share based remuneration (salary part)	2 908 844	1 137 241	3 327 298
Share based remuneration (employer's tax)	1 004 276	-595 173	5 170 345
Total	32 255 749	18 704 229	53 999 993

Other operating expenses * (amounts in NOK)	2016 YTD-Q2	2015 YTD-Q2	2015
R&D related operating expenses	35 804 613	11 554 066	24 779 397
Other expenses	61 980 551	17 822 771	45 504 128
Share based remuneration (operating part)	220 486	97 172	236 941
Total	98 005 650	29 474 009	70 520 466

Total - Operating expenses	130 261 399	48 178 238	124 520 459
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*Cost of goods sold is included in other operating expenses.

5. Intangible assets

The Company entered into a royalty agreement on 8 May 2008 regarding NEXT Biometrics Group ASA right to use the patent described as the *Active Thermal Sensing Principle*. This purchase was recognized at net present value and included in the opening balance as of 1 January 2012. The book value is depended on the successful development of the fingerprint technology in the parent company and its subsidiaries.

Intangible assets (amounts in NOK)	2016	2015	2015
	YTD-Q2	YTD-Q2	
Cost - Opening balance	7 674 081	7 458 255	7 458 255
Additions	0	0	215 826
Disposals at cost	0	0	0
Currency adjustments	0	0	0
Cost - Closing balance	7 674 081	7 458 255	7 674 081
Accumulated depreciation - Opening balance	605 699	243 204	243 204
Depreciation	242 137	162 136	362 495
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	0	0	0
Accumulated depreciation - Closing balance	847 836	405 340	605 699
Book value - Closing balance	6 826 245	7 052 915	7 068 382

The patent is amortized over the patent life from the time revenue was recognized.

6. Tangible assets

Machinery and equipment (amounts in NOK)	2016	2015	2015
	YTD-Q2	YTD-Q2	
Cost - Opening balance	22 138 708	3 535 656	3 535 656
Additions	94 420	16 840 672	17 948 643
Disposals at cost	0	0	0
Currency adjustments	-148 480	201 488	654 409
Cost - Closing balance	22 084 647	20 577 816	22 138 708
Accumulated depreciation - Opening balance	3 413 753	1 575 766	1 575 766
Depreciation	1 583 595	326 217	1 503 503
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	-123 028	91 835	334 484
Accumulated depreciation - Closing balance	4 874 320	1 993 818	3 413 753
Book value - Closing balance	17 210 327	18 583 999	18 724 954
Depreciation period (straight line) years	3-10	3-10	3-10

7. Provisions

Royalty payments

NEXT Biometrics Group ASA and former board member Ngoc Minh Dinh entered into a royalty agreement in 2008. In October 2015, NEXT and Ngoc Minh Dinh agreed to terminate the royalty payments.

Royalty payments (amounts in NOK)	2016 YTD-Q2	2015 YTD-Q2	2015
Opening balance	0	7 546 803	7 546 803
Time value	0	96 820	145 230
Additional	0	0	0
Payment	0	0	-7 692 033
Closing balance	0	7 643 623	0

Presented as:	2016 YTD-Q2	2015 YTD-Q2	2015
Current liability	0	400 000	0
Non-current liability	0	7 243 623	0
Closing balance	0	7 643 623	0

After the termination of the royalty agreement NEXT does not have any contingent assets or contingent liabilities. NEXT has not issued any guarantees.

8. Shares and incentive options

Shares	2016 YTD-Q2	2015 YTD-Q2	2015
Opening balance	13 473 515	11 317 665	11 317 665
Share issue(s)	1 278 340	0	2 093 750
Exercised financial options	0	0	62 100
Closing balance	14 751 855	11 317 665	13 473 515

In the first quarter of 2016 38.340 options were exercised and the share capital was increased accordingly.

In May 2016 NEXT completed a successful placement of shares. The placement involved 1,240,000 new shares at a subscription price of NOK 133 corresponding to a total subscription amount of MNOK 164.9. Expenses and commission fee connected with this placement amounted to MNOK 4.9 and net proceeds were MNOK 160.0m.

After the exercise of options and the issue of the new shares the Company's share capital is NOK 14,751,855, divided into 14,751,855 shares with a par value of NOK 1 per share.

Share options

At the Annual General Meeting (AGM) 15 June 2016 the Board of Directors was granted authorization to increase the Company's share capital by up to NOK 1,335,936 for the Company's existing share option program. The remaining amount under the board authorization is NOK 1,335,936.

The Annual General Meeting gave a consultative vote on management remuneration policy as described in the remuneration statement from the Board of Directors, thereby approving the proposed share option scheme for the Company going forward.

The new share option scheme allows the board of directors to issue up to 330,000 share options (equal to approximately 2.2% of the Company's outstanding shares as of the general meeting) which each entitle the holder to subscribe for one new share in the Company. The share options shall vest over a period of four years from allocation. 1/3 of the share options shall vest two years after allotment, and then 1/3 for each additional year. Exercise of the share options shall also be subject to fulfilment of certain achievement based conditions developed for each individual share option holder.

After the exercised options YTD 2016, the total numbers of options outstanding are 1,335,936.

Options	2016	2015	2015
	YTD-Q2	YTD-Q2	
Opening balance	1 374 276	1 299 876	1 299 876
Grant of incentive options	0	136 500	209 500
Exercised incentive options	-38 340	0	-62 100
Forfeited incentive options	0	-53 000	-73 000
Expired incentive options	0	0	0
Closing balance	1 335 936	1 383 376	1 374 276

In order to attract talented, experienced and high value networked human resources the Company has entered and plan to continue to enter into share option agreements. NEXT has granted incentive options to employees, contractors and high value networked individuals and members of the advisory board.

Options	YTD-Q2 2016		2015		2014	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at the beginning of period	1 374 276	31.16	1 299 876	28.65	1 275 332	25.46
Granted	-	-	209 500	55.44	224 544	47.63
Exercised	-38 340	13.87	-62 100	35.16	-130 000	25.00
Cancelled	-	-	-	-	-	-
Forfeited	-	-	-73 000	52.67	-60 000	25.00
Expired	-	-	-	-	-10 000	75.00
Adjusted quantity	-	-	-	-	-	-
Modification / Dividends	-	-	-	-	-	-
Outstanding at the end of period	1 335 936	31.66	1 374 276	31.16	1 299 876	28.65
Vested options	985 760	23.68	1 004 100	22.29	970 210	19.63

Weighted Average Fair Value of Options Granted during the period	-	-	209 500	39.80	251 544	26.26
Intrinsic value outstanding options at the end of the period	1 335 936	112 006 871	1 374 276	105 596 159	857 700	29 369 951
Intrinsic value vested options at the end of the period	985 760	90 509 223	1 004 100	86 064 831	827 710	29 055 056

9. Profit (loss) per share

When the period result is a loss, the loss per diluted number of shares shall not be reduced by the higher diluted number of shares but equals the result per basic number of shares.

The diluted number of shares has been calculated by the treasury stock method. If the exercise price of incentive options exceeds the average per share in the period, the incentive options are not counted as being dilutive.

	2016	2015	2015
	YTD-Q2	YTD-Q2	
Profit (loss) attributable to the shareholders (NOK)	-100 913 040	-44 101 885	-121 533 300
Number of ordinary shares issue at 30 June/31 Dec.	14 751 855	11 317 665	13 473 515
Weighted average basic number of shares	13 473 515	11 317 665	11 639 238
Weighted average diluted number of shares	14 815 981	12 623 953	12 971 504
Profit (loss) per share (NOK)	-7.49	-3.90	-10.44

10. Risk management

A description of risk factors can be found in Note 2 of NEXT Biometrics Group ASA's 2015 annual report.

11. Events occurring after the balance sheet date

In the end of July, the subsequent offering following the offering in May, gave additional gross proceeds of MNOK 26.6.

Between 30 June 2016 and the resolution of these condensed consolidated interim financial statements, there has not been any other event which have had any noticeable impact on NEXT's result in the first half of 2016 or the value of the Company's assets and liabilities at 30 June 2016.

Responsibility statement 30 June 2016 (unaudited)

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2016 has been prepared in accordance with IAS 34 – Interim financial Reporting, and gives a true and fair view of the NEXT’s assets, liabilities, financial position and profit or loss as a whole.

We also confirm, to the best of our knowledge, that the interim management report includes a fair review of the events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties’ transactions.

Oslo, August 24, 2016

Board of directors

NEXT Biometrics Group ASA

Brita Eilertsen
Chairman

Svenn-Tore Larsen
Board member

Inger Berg Ørstavik
Board member

Ketil Fridheim
Board member

Emanuel Lang
Board member

Tore Etholm-Idsøe
CEO