



NEXT Biometrics

Q2 Presentation
August 17, 2022



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Agenda

Q2 Report and summary

Outlook

Q&A session



Q2 2022

Q2 - Performance Indicators:

1. Design wins

- A. Above normal traction in Q2 – 5 new design wins and ended the first half on targeted 6 design wins, 3 out of these 5 design-wins were not announced due to initial revenue size and confidentiality of the project
- B. Accumulated 30 design wins end of Q2 – a mix of small, medium, large, and exceptional volume potential

2. Revenue

11.7m NOK due to delays in India, customers' lack of MCUs and unfulfilled order backlog of 8 m NOK (NEXT lacking MCUs)

3. Gross Margin

At 36%; In target range planning for further long-term improvement on this key metric

4. OPEX

Remains low and flat below 15m NOK

Revenue will be generated by existing and new Design-wins
Aiming to achieve average design win rate in Q3 (one per month)

Key Figures Q2-2022

Profit and loss

NOK million	Q2 2021	Q2 2022
Revenue	10.5	11.7
COGS	(8.3)	(7.4)
Gross margin	2.2	4.3
Gross margin %	21%	36%
OPEX ex. Options ¹⁾	(5.8)	(14.2)
OPEX ex. Options and CLR ²⁾	(13.6)	(14.2)
Adjusted EBITDA ¹⁾	(3.6)	(9.9)

Revenues of NOK 11.7 m vs. NOK 10.5 m in Q2 2021

- Revenues continued to be impacted by semiconductor shortage; revenues of NOK 19.7 m if components had been available

Gross margin of 36% vs. 21% in Q2 2021

- Improved product mix in Q2 2022

OPEX ex. options and COVID loan relief²⁾ of NOK 14.2 m vs. NOK 13.6 m in Q2 2021

Adjusted EBITDA¹⁾ lower than to Q2 2021, but improved by NOK 1.5 m when adjusting for COVID loan relief booked in Q2 2021

Cash position of NOK 82.5 m end of Q2 2022 versus NOK 94.7 m at end of Q1 2022





- Q2 cash position affected by inventory build-up to prepare for increased volumes

Gross Margin trending higher; long-term positive trend
Continued low Quarterly OPEX

1) OPEX and EBITDA excluding share based remuneration and options social security costs of net negative NOK 0.6 m in Q2 2022 and net positive NOK 1.9 m in Q2 2021

2) OPEX excluding share based remuneration, options social security costs and COVID-19 Loan Relief (CLR)

Q2 Key takeaways

Operating costs	In line with earlier communicated target levels of NOK 15 m / quarter	
Cash flow	Cash burn of NOK 12.0 m reflecting build-up in inventory to prepare for future increased module shipment volumes	
Design wins	5 new Design Wins in Q2; Accumulated 30 end Q2	
Gross Margin	Gross margin trending higher; 36% in Q2	

Operating costs, operational cash flow, design wins and gross margin continue to trend in the right direction



Outlook

Q3 - India based OEM order - secured

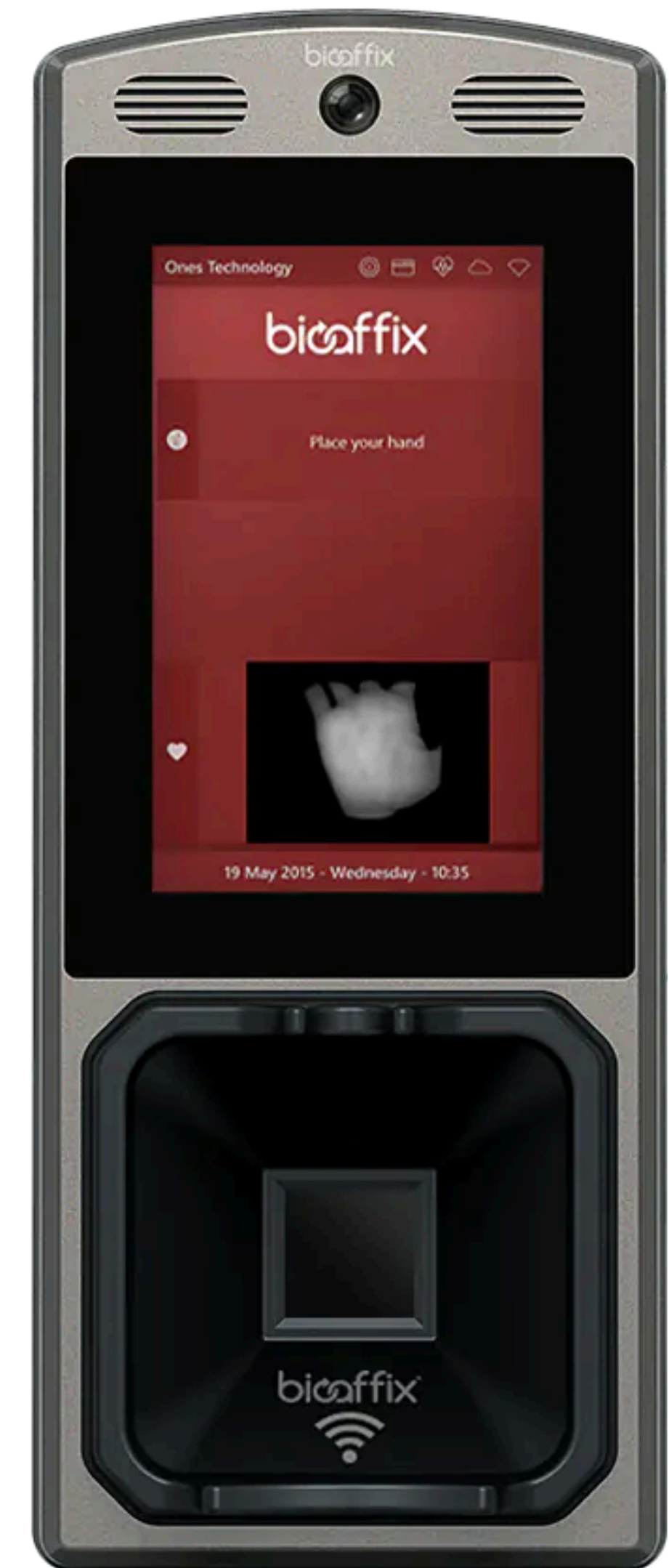
USD 2.2 million total order from India-based OEM secured

- Successfully passed the single milestone established in the agreement for the FAP20 product
- NEXT is together with India OEM focused on establishing a strong position in the market and winning market share
- India-based OEM has a few additional steps to complete before passing its government program certification in India
- Partner believes India market will launch by end of Q4 2022
- Large market with 3-6m units annual historic demand, # of existing products to be replaced, amounting to approx. 15-20m units

A great milestone for NEXT FAP20 sensors as well as NEXT updated Go-To-Market strategy for India

Q3 - New design-win secured

- Received initial order from OnesTechnology in Turkey
- High-security biometric physical access e.g. Gates with wall-mounted biometrics for indoor and outdoor usage
- For companies where safety is important, this product integrates a biometric sensor and a smart card reader
- Initial order received for Enhanced (extended temp range) NB2023 NEXT Module
- Additional recurring orders are expected in the next 12 months



Note! Prototype

Q3 – Chinese distributor & Purchase Order

NEXT distributor engagements with focus in growing biometric markets

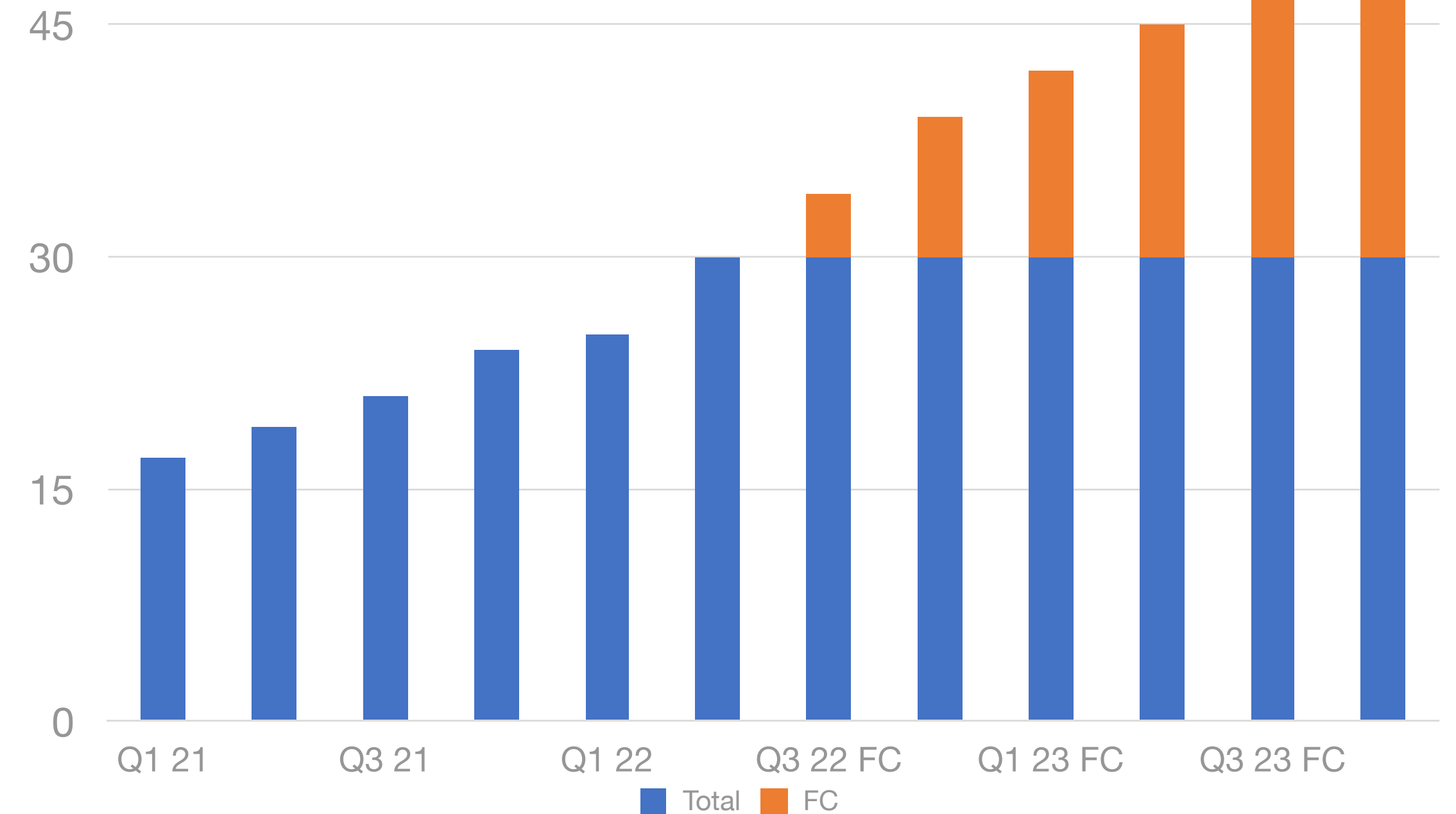
- Expecting new design-win before year-end from already added distributors in Latin America and Vietnam
- Recently added distributor XM Holder in China incl initial order NOK 2.4m
 - Intensifying collaboration with Chinese distributor as China remains "the Worlds factory" and has growing business potential with Chinese OEMs selling their products globally
- NEXT sensors will be used for new customers in Asia including OEMs in China, India, Indonesia among others
- Good business potential in high-security segment Payment & Fintech

Scaling up sales and market reach by adding distributors
in selected large biometrics markets

Outlook

1. 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
 - (I) Market launch of L1, partners believe end Q4 2022
4. Initial signs that NEXT supply chain challenges easing up towards end of 2022. Potentially reflecting also NEXT customers building more end-products
5. Short-term goal to close large volume customer(s) with predefined recurring demand

Total number of design-wins (accumulated)



Indicative extrapolation of current pace of design wins (3 design wins per quarter). This is an indication, not a guiding from

Current and future design-wins establish the foundation for recurring revenue growth



QnA



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