PROSPECTUS

NEXT BIOMETRICS GROUP ASA

(A public limited liability company incorporated under the laws of Norway)

Listing of 25,000,000 new shares to be issued in connection with a private placement

Listing of 2,262,027 new shares to be issued in connection with settlement of the underwriting commission in the private placement

Subsequent offering and listing of up to 10,000,000 new shares, each with a par value of NOK 1.00, at a subscription price of NOK 2.00 per offer share, with subscription rights for eligible shareholders

Subscription period for the subsequent offering: from 09:00 hours (CEST) on 22 June 2020 to 16:30 hours (CEST) on 6 July 2020

This prospectus (the "**Prospectus**") has been prepared in connection with (i) the listing by NEXT Biometrics Group ASA (the "**Company**", and together with its subsidiaries, the "**Group**" or "**NEXT**"), a public limited liability company incorporated under the laws of Norway, on Oslo Børs, a stock exchange operated by Oslo Børs ASA (the "**Oslo Stock Exchange**"), of 25,000,000 new shares in the Company, each with a par value of NOK 1.00 (the "**Private Placement Shares**") to be issued at a subscription price of NOK 2.00 per Private Placement Share ("**Private Placement**"), (ii) the listing of 2,262,027 new shares, each with a par value of NOK 1.00, to be issued at a subscription price of NOK 2.00 per share, in connection with settlement of the underwriting commission in the Private Placement (the "**Underwriting Commission Shares**") and (iii) the subsequent offering (the "**Subsequent Offering**") and listing on the Oslo Stock Exchange of up to 10,000,000 new shares in the Company, each with a par value of NOK 1.00 (the "**Offer Shares**") to be issued at a subscription price of NOK 2.00 per Offer Share (the "**Subscription Price**").

The shareholders of the Company as of 28 May 2020 (being registered as such in the Norwegian Central Securities Depository (the "**VPS**") on 2 June 2020 pursuant to the VPS' standard two days' settlement procedure (the "**Record Date**")), except for shareholders who (i) were allocated shares in the Private Placement, (ii) were included in the pre-sounding phase in the Private Placement, and (iii) are resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filling, registration or similar action (such eligible shareholders jointly the "**Eligible Shareholders**"), will be granted non-transferable subscription rights (the "**Subscription Rights**") that, subject to applicable law, give a right to subscribe for and be allocated Offer Shares in the Subsequent Offering at the Subscription Price. The Subscription Rights will be registered on each Eligible Shareholder's VPS account.

Each Eligible Shareholder will be granted 0.359333 Subscription Right for every existing share registered as held by such Eligible Shareholder as at the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to applicable law, give the right to subscribe for, and be allocated, one (1) Offer Share in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will be permitted.

The subscription period in the Subsequent Offering will commence on 09:00 hours Central European Summer Time ("**CEST**") on 22 June 2020 and expire at 16:30 hours (CEST) on 6 July 2020 (the "**Subscription Period**").

Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.

The Company's existing Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, listed on the Oslo Stock Exchange under the ticker code "NEXT". Except where the context otherwise requires, references in this Prospectus to "**Shares**" will be deemed to include the existing shares in the Company, the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares. All of the existing Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, registered in the VPS in book-entry form. All of the issued Shares rank *pari passu* with one another and each carry one vote.

Investing in the Offer Shares involves a high degree of risk. Prospective investors should read the entire document and, in particular, consider Section 2 "Risk Factors" beginning on page 10 when considering an investment in the Company.

The Subscription Rights and the Offer Shares are being offered only in those jurisdictions in which, and only to those persons to whom, offers and sales of the Offer Shares may lawfully be made and the Subscription Rights may lawfully be exercised and, for jurisdictions other than Norway, would not require any filing, registration or similar action.

The Subscription Rights and the Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or with any securities regulatory authority of any state or other jurisdiction in the United States, and are being offered and sold: (i) in the United States only to "qualified institutional buyers" ("QIBs") as defined in Rule 144A under the U.S. Securities Act ("Rule 144A") in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act; and (ii) outside the United States in "offshore transactions" as defined in, and in compliance with, Regulation S under the U.S. Securities Act ("Regulation S"). The distribution of this Prospectus, the granting of the Subscription Rights and the offer and sale of the Offer Shares in certain jurisdictions may be restricted by law. For more information regarding restrictions in relation to the Subsequent Offering, see Section 15 "Selling and Transfer Restrictions".

The due date for the payment of the Offer Shares is expected to be on or about 10 July 2020. Delivery of the Offer Shares is expected to take place on or about 17 July 2020 through the facilities of the VPS. Trading in the Private Placement Shares and the Underwriting Commission Shares on the Oslo Stock Exchange is expected to commence on or about 24 June 2020, while trading in the Offer Shares on the Oslo Stock Exchange is expected to commence on or about 17 July 2020.

Manager

Pareto Securities AS

The date of this Prospectus is 19 June 2020

IMPORTANT INFORMATION

This Prospectus has been prepared in connection with (i) the Subsequent Offering and (ii) the listing of the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares on the Oslo Stock Exchange.

This Prospectus has been prepared to comply with the Norwegian Securities Trading Act of 29 June 2007 no. 75 (the "**Norwegian Securities Trading Act**") and related secondary legislation, including Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended, and as implemented in Norway in accordance with section 7-1 of the Norwegian Securities Trading Act (the "**EU Prospectus Regulation**"). This Prospectus has been prepared solely in the English language. This Prospectus has been approved by the Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*) (the "**Norwegian FSA**"), as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. The Prospectus has been prepared in accordance with the simplified disclosure regime for secondary issuances.

For definitions and certain other terms used throughout this Prospectus, see Section 17 "Definitions and Glossary".

The Company has engaged Pareto Securities AS ("**Pareto**") as manager in the Subsequent Offering (the "**Manager**").

The information contained herein is current as at the date hereof and is subject to change, completion and amendment without notice. In accordance with Article 23 of the EU Prospectus Regulation, significant new factors, material mistakes or material inaccuracies relating to the information included in this Prospectus, which may affect the assessment of the Offer Shares and which arises or is noted between the time when the Prospectus is approved by the Norwegian FSA and the listing of the Shares on the Oslo Stock Exchange, will be mentioned in a supplement to this Prospectus without undue delay. Neither the publication nor distribution of this Prospectus, nor the sale of any Offer Share, shall under any circumstances imply that there has been no change in the Group's affairs or that the information herein is correct as at any date subsequent to the date of this Prospectus.

No person is authorised to give information or to make any representation concerning the Group or in connection with the Subsequent Offering or the sale of the Offer Shares other than as contained in this Prospectus. If any such information is given or made, it must not be relied upon as having been authorised by the Company or the Manager or by any of the affiliates, representatives or advisors of any of the foregoing.

The distribution of this Prospectus and the offer and sale of the Offer Shares and granting or the use of the Subscription Rights in certain jurisdictions may be restricted by law. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Offer Shares or use of the Subscription Rights to subscribe for Offer Shares in any jurisdiction in which such offer, sale or subscription would be unlawful. Neither this Prospectus nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. In addition, the Offer Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. Any failure to comply with these restrictions may constitute a violation of applicable securities laws. For further information on the sale and transfer restrictions of the Offer Shares, see Section 15 "Selling and Transfer Restrictions".

Any reproduction or distribution of this Prospectus, in whole or in part, and any disclosure of its contents is prohibited.

This Prospectus and the terms and conditions of the Subsequent Offering shall be governed by and construed in accordance with Norwegian law. The courts of Norway, with Oslo as legal venue, shall have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Subsequent Offering or this Prospectus.

In making an investment decision, prospective investors must rely on their own examination, and analysis of, and enquiry into the Group, including the merits and risks involved. None of the Company or the Manager, or any of their respective representatives or advisors, are making any representation to any investor in the Shares regarding the legality of an investment in the Shares by such investor under the laws applicable to such investor. Each reader of this Prospectus should consult with his or her advisors as to the legal, tax, business, financial and related aspects of a purchase of the Shares or the use of the Subscription Rights to subscribe for Offer Shares.

All Sections of the Prospectus should be read in context with the information included in Section 4 "General Information".

Investing in the Shares involves certain risks. See Section 2 "Risk Factors" beginning on page 10.

NOTICE TO INVESTORS IN THE UNITED STATES

Because of the following restrictions, prospective investors are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of the Offer Shares. The Offer Shares and the Subscription Rights have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. All offers and sales in the United States will be made only to QIBs in reliance on Rule 144A or pursuant to another exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act. All offers and sales outside the United States will be made in "offshore transactions" as defined in, and in reliance on, Regulation S. Prospective purchasers are hereby notified that sellers of Offer Shares may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See Section 15.2 "United States".

Any Offer Shares or Subscription Rights offered or sold in the United States will be subject to certain transfer restrictions and each purchaser will be deemed to have made acknowledgements, representations and agreements, as set forth under Section 15.2 "United States".

Neither the Offer Shares nor the Subscription Rights have been recommended by any United States federal or state securities commission or regulatory authority. Further, the foregoing authorities have not passed upon the merits of the Subsequent Offering or confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offense under the laws of the United States.

In the United States, this Prospectus is being furnished on a confidential basis solely for the purposes of enabling a prospective investor to consider purchasing the Offer Shares. The information contained in this Prospectus has been provided by the Company and other sources identified herein. Distribution of this Prospectus to any person other than the offeree specified by the Manager or its representatives, and those persons, if any, retained to advise such offeree with respect thereto, is unauthorised and any disclosure of its contents, without the prior written consent of the Company, is prohibited. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to purchase Offer Shares or subscribe for or otherwise acquire the Offer Shares. Investors confirm their agreement to the foregoing by accepting the delivery of this Prospectus.

To the extent that the Manager intends to effect any offers or sales of Shares in the United States or to U.S. persons, it will do so through its respective U.S. registered broker-dealer affiliates, pursuant to applicable U.S. securities laws.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom (the "**UK**") or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (iii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Subscription Rights and the Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

The Manager has represented, warranted and agreed (i) that it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**")) received by it in connection with the issue or sale of the Offer Shares in circumstances in which section 21(1) of the FSMA does not apply to the Company and (ii) that it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Shares in, from or otherwise involving the UK.

NOTICE TO INVESTORS IN THE EEA

In any member state of the European Economic Area (the "**EEA**") that has implemented the EU Prospectus Regulation, other than Norway (each, a "**Relevant Member State**"), this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the EU Prospectus Regulation. The Prospectus has been prepared on the basis that all offers of Subscription Rights and Offer Shares outside Norway will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus for an offer of securities. Accordingly, any person making or intending to make any offer within the EEA of Offer Shares which is the subject of the Subsequent Offering contemplated in this Prospectus within any EEA member state (other than Norway) should only do so in circumstances in which no obligation arises for the Company or the Manager to publish a prospectus or a supplement to a prospectus under the EU Prospectus Regulation for such offer. Neither the Company nor the Manager have authorised, nor do they authorise, the making of any offer of Shares through any financial intermediary.

Each person in a Relevant Member State other than, in the case of paragraph (a), persons receiving offers contemplated in this Prospectus in Norway, who receives any communication in respect of, or who acquires any Offer Shares under, the offers contemplated in this Prospectus will be deemed to have represented, warranted and agreed to the Manager and the Company that:

a) it is a qualified investor as defined in Article 2(e) of the EU Prospectus Regulation; and

b) in the case of any Offer Shares acquired by it as a financial intermediary, (i) such Offer Shares acquired by it in the Subsequent Offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the EU Prospectus Regulation, or in circumstances in which the prior consent of the Manager has been given to the offer or resale; or (ii) where such Offer Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those Offer Shares to it is not treated under the EU Prospectus Regulation as having been made to such persons.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Offer Shares and in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any securities to be offered so as to enable an investor to decide to purchase any of the Offer Shares, as the same may be varied in that Relevant Member State by any measure implementing the EU Prospectus Regulation in that Relevant Member State, and the expression "EU Prospectus Regulation" means Regulation (EU) 2017/1129.

See Section 15 "Selling and Transfer Restrictions" for certain other notices to investors.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Subsequent Offering has been subject to a product approval process, which has determined that the Offer Shares and the Subscription Rights are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of Offer Shares and the Subscription Rights may decline and investors could lose all or part of their investment; the Offer Shares and the Subscription Rights offer no guaranteed income and no capital protection; and an investment in the Offer Shares and the Subscription Rights is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other advisor) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Subsequent Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares and the Subscription Rights.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and the Subscription Rights and determining appropriate distribution channels.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a public limited company incorporated under the laws of Norway. As a result, the rights of holders of the Shares will be governed by Norwegian law and the Company's articles of association (the "**Articles of Association**"). The rights of shareholders under Norwegian law may differ from the rights of shareholders of companies incorporated in other jurisdictions. None of the members of the Company's board of directors (the "**Board Members**" and the "**Board of Directors**", respectively), nor any member of the Group's senior management (the "**Management**") are residents of the United States. Moreover, a substantial portion of the Company's assets are located outside the United States. As a result, it may be difficult for investors in the United States to effect service of process on the Company or its Board Members and members of Management in the United States or to enforce in the United States judgments obtained in U.S. courts against the Company or those persons, including judgments based on the civil liability provisions of the securities laws of the United States or any State or territory within the United States. Uncertainty exists as to whether courts in Norway will enforce judgments obtained in other jurisdictions, including the United States, against the Company or its Board Members or members of Management under the securities laws of those jurisdictions or entertain actions in Norway against the Company or its Board Members or members of Management under the securities laws of other jurisdictions. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Norway. The United States does not currently have a treaty providing for reciprocal recognition and enforcement of judgements (other than arbitral awards) in civil and commercial matters with Norway.

AVAILABLE INFORMATION

The Company has agreed that, for so long as any of the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act, it will during any period in which it is neither subject to sections 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act, provide to any holder or beneficial owners of Shares, or to any prospective purchaser designated by any such registered holder, upon the request of such holder, beneficial owner or prospective owner, the information required to be delivered pursuant to Rule 144A(d)(4) of the U.S. Securities Act.

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APPENDICES

1 SUMMARY

Warning	This summary should be read as an introduction to the Prospectus. Any decision to invest in the securities should be based on a consideration of the Prospectus as a whole by the investor. An investment in the Company's securities involves inherent risk and the investor could lose all or part of its invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
Securities	The Company has one class of shares in issue. The existing Shares are registered in book-entry form with the VPS and have ISIN NO 001 0629108.
Issuer	The Company's registration number in the Norwegian Register of Business Enterprises (Nw.: *Foretaksregisteret*) is 982 904 420 and its LEI is 5967007LIEEXZXK9R405. The Company's registered office is located at Universitetsgaten 10, N-0164 Oslo, Norway, and the Company's main telephone number at that address is +47 92 04 34 58. The Group's website can be found at www.nextbiometrics.com.
Offeror(s)	The Company, as issuer, is under the Prospectus Regulation considered an offeror of the Offer Shares. See the item above for information about the Company.
Competent authority	The Financial Supervisory Authority of Norway (Nw.: *Finanstilsynet*), with registration number 840 747 972 and registered address at Revierstredet 3, N-0151 Oslo, Norway, and with telephone number +47 22 93 98 00 has reviewed and, on 19 June 2020, approved this Prospectus.

Key information on the issuer

Corporate information ...	NEXT Biometrics Group ASA is a Norwegian public limited company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Liability Companies Act of 13 June 1987 no. 45 (the "**Norwegian Public Limited Companies Act**"). The Company was incorporated in Norway on 1 November 2000, and the Company's registration number in the Norwegian Register of Business Enterprises is 982 904 420 and its LEI is 5967007LIEEXZXK9R405.
Principal activities	The Group is a provider of fingerprint sensors. The business of the Group consists of research & development, commercialisation and manufacturing of fingerprint technology and products for a variety of uses. The Group focuses its resources on the high security market segments that require large size flexible fingerprint sensors. These markets include smart cards, government ID, access control and notebooks. The Company has developed a number of fingerprint sensor modules which may be incorporated into a wide range of products and solutions. The key feature of the fingerprint sensors developed by the Group is that it uses a unique principle of thermal conductivity which allows mass production at a significantly low cost. As of the date of this Prospectus, the Group has 40 employees and has outsourced services equal to approximately seven full time employees.
Major shareholders	Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. As at 17 June 2020, and prior to completion of the Private Placement, no shareholder, other than those set out in the table below held more than 5% of the issued Shares.

#	Shareholder name	No. of Shares	Percentage (%)
1	Greenbridge Investment L.P.............	7,413,614	17.3
2	Avanza Bank AB (nom)....................	2,328,867	5.4

Key managing directors.	The Company's management team consists of four individuals. The names of the members of the Management and their respective positions are presented in the table below.

Name	Position
Peter Heuman	Chief Executive Officer
Eirik Underthun	Chief Financial Officer
Dan Cronin	Chief Operation Officer
Håkan Persson	SVP Sales and Strategy

Statutory auditor	The Company's auditor is PricewaterhouseCoopers AS (PwC), with business registration number 987 009 713 in the Norwegian Register of Business Enterprises and registered address at Dronning Eufemias gate 71, 0194 Oslo, Norway.

What is the key financial information regarding the issuer?

Consolidated statement of profit or loss

In NOK thousands	**Year ended 31 December**		**Three months ended 31 March**	
	2019	**2018**[1]	**2020**	**2019**
	IFRS	IFRS	IAS 34	IAS 34
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Operating revenues	84,436	108,392	20,484	27,498
Operating profit (loss)	(164,582)	(170,894)	(37,798)	(42,852)
Profit (loss) after taxes	(166,447)	(172,901)	(35,298)	(44,028)

1 The Group has, with effect from 1 January 2019, adopted IFRS 16 using the modified retrospective approach. Accordingly, comparable information has not been restated, and the effect is entered in the statement of financial position in the implementation year 2019.

Consolidated statement of financial position

In NOK thousands	**Year ended 31 December**		**Three months ended 31 March**	
	2019	**2018**[1]	**2020**	**2019**
	IFRS	IFRS	IAS 34	IAS 34
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Total assets	172,896	150,046	144,098	295,968
Total equity	134,801	119,289	103,129	257,659

1 The Group has, with effect from 1 January 2019, adopted IFRS 16 using the modified retrospective approach. Accordingly, comparable information has not been restated, and the effect is entered in the statement of financial position in the implementation year 2019.

Consolidated statement of cash flow

In NOK thousands	**Year ended 31 December**		**Three months ended 31 March**	
	2019	**2018**[1]	**2020**	**2019**
	IFRS	IFRS	IAS 34	IAS 34
	(audited)	*(audited)*	*(unaudited)*	*(unaudited)*
Net cash flow from operating activities	(131,394)	(144,416)	(33,454)	(35,230)
Net cash flow from investing activities	(1,199)	(4,138)	-	-
Net cash flow from financing activities	174,519	114,424	(1,102)	177,915

1 The Group has, with effect from 1 January 2019, adopted IFRS 16 using the modified retrospective approach. Accordingly, comparable information has not been restated, and the effect is entered in the statement of financial position in the implementation year 2019.

What are the key risks that are specific to the issuer?

Material risk factors

- The size of the main markets in which the Group operates is hard to assess since the development of several of the applications utilised in these markets are in an early phase and some of them continue to have delays in market entry, in addition new applications will continue to be introduced to the relevant market.
- The Group offers its products and solutions in multiple markets, including the government ID, access control, smart card and notebook markets, all of which are, and are expected to continue to be, highly competitive. The fingerprint technology market is considered to be a market with good long-term growth prospects, but the high number of market players targeting this market has had a negative impact on realised prices and gross margins.
- The Group is an international organisation, and due to it having operations in several markets globally, it is especially vulnerable to risks that are inherent in international business operations, including general economic conditions in multiple and different

countries, overlapping different tax structures in multiple jurisdictions, problems related to managing an organisation spread over various countries, unexpected and abrupt changes in regulatory requirements, compliance with a variety of foreign laws and regulations, and longer accounts receivable payment cycles in certain countries.

- In order for the Group to survive and grow within its current operative markets, it must continue to enhance and improve the functionality of its products, services and technology to address customers' rapidly changing needs. If new industry standards and practices emerge, the Group's existing modules, services and technology may become obsolete.
- NEXT depends on a few major customers. If the Group's customers decide not to issue purchase orders, for example because they have discontinued or changed the relevant product, or to order a lower volume than anticipated, and the Group is unable to compensate by increased or additional volume orders from other customers within a reasonable time period, the Group's revenues and operating income will decline.
- The Group's production is carried out by a handful of suppliers and contract manufacturers, making the Group dependent on these suppliers to deliver its current product offering. If the Group fails to manage the relationship with its current suppliers or contract manufacturers, or if the suppliers or contract manufacturers experience delays, disruptions, capacity constraints or quality problems in their operations, this could adversely affect the Group's ability to meet commitments towards its own customers.
- NEXT has initiated a series of cost reduction measures, including staff reduction, cancelling of supplier contracts and supplier renegotiations. No assurances can be made that the Group will be able to meet customer demands with a smaller organisation and a continued low-cost level.
- To date, the Group's operations have not generated sufficient revenues to achieve profitability. The Group will need to increase its revenues significantly and substantially reduce its costs in order to achieve profitability. No assurances can be made that the measures initiated will result in the Group being able to rely on cash from operations as funding going forward.
- To the extent the Group does not generate sufficient cash from operations going forward, the Group may need to raise additional funds through equity financing to execute the Group's growth strategy and to fund its capital expenditures. The Group's ability to obtain additional capital will depend in part upon prevailing market conditions, as well as on the conditions of its business and its operating results, and those factors may affect its efforts to arrange for additional financing (if at all). To the extent equity financing is unavailable, the Company would need to seek additional debt financing. Given the current capital situation in the Company, it is unlikely that it will be able to secure any additional debt financing in the short or medium term.
- The Group's operations and business strategy are heavily tied to its technology. No assurances can be made that the Group's measures for preserving the secrecy of its trade secrets and confidential information are sufficient to prevent others from obtaining that information, nor that the Group will have adequate remedies to fully compensate for loss occurred if its employees, contractor, partners or other third parties breach their agreements with the Group.

Key information on the securities

What are the main features of the securities?

Type, class and ISIN	All of the Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, ordinary shares in the Company and have been created under the Norwegian Public Limited Companies Act. The Shares are registered in book-entry form with the VPS and have ISIN NO 001 0629108. The Subscription Rights have ISIN NO 001 0886443.
Currency, par value and number of securities	As at the date of this Prospectus, the Company's registered share capital is NOK 42,930,575, divided into 42,930,575 Shares, each with a par value of NOK 1.00.

Rights attached to the securities.....................	The Company has one class of shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company. Each of the Shares carries one vote.
Transfer restrictions......	The Shares are freely transferable. The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Shares. Share transfers are not subject to approval by the Board of Directors.
Dividend and dividend policy	The Company's dividend policy is to provide shareholders with a high return over time through rising value of the Shares. The Board of Directors will not recommend payment of dividend if the Company is not in a sufficient financial position, after having taken into account the financial resources required for future growth and the Company's distributable reserves. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend will be as contemplated by the policy. No dividends were paid for the 2019 financial year.

Where will the securities be traded?

The Company's existing Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, traded on the Oslo Stock Exchange.

What are the key risks that are specific to the securities?

Material risk factors	• The trading price in the Shares has fluctuated significantly in the past. During 2019, the Shares traded in the range from NOK 2.49 to NOK 26.95. A majority of the Company's minority shareholders are considered as retail investors, which is often associated with more frequent trading history and shorter holding period than professional investors. A large part of the traded volume in the Shares since 31 December 2019 has been related to retail investors, explaining some of the share price fluctuations. Further, with a market capitalisation of approximately NOK 112 million, the Company is considered as a small-cap company. There are empirical evidence of small-cap companies having higher volatility than large-cap shares. If the Shares trade below the Subscription Price, such will result in a loss of investment in the Offer Shares for the investor.

Key information on the offer of securities to the public and/or the admission to trading on a regulated market

Under which conditions and timetable can I invest in this security?

Terms and conditions of the offering..................	The Subsequent Offering consists of an offer by the Company to issue up to 10 million Offer Shares, each with a par value of NOK 1.00, at a Subscription Price of NOK 2.00 per Offer Share. The Subscription Price in the Subsequent Offering is equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in the Company raising NOK 20 million in gross proceeds. Shareholders of the Company as of close of trading on 28 May 2020 (as recorded in the VPS on 2 June 2020), who (i) were not allocated shares in the Private Placement, (ii) were not included in the pre-sounding phase in the Private Placement, and (iii) are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filing, registration or similar action (defined herein as "Eligible Shareholders") will be granted non-transferable Subscription Rights that, subject to applicable laws, provide the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will be permitted. Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.359333 Subscription Rights for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each whole Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) Offer Share in the Subsequent Offering. The Subscription Period will commence at 09:00 hours (CEST) on 22 June 2020 and end on 6 July 2020 at 16:30 hours (CEST). The Subscription Period may not be extended or shortened. The Subscription Rights must be used to subscribe for Offer Shares before the expiry of the Subscription Period on 6 July 2020 at 16:30 hours (CEST). Subscription Rights that

	are not exercised before 16:30 hours (CEST) on 6 July 2020 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and the Subscription Form attached hereto, and that the delivery of Subscription Rights at Eligible Shareholders' VPS accounts does not in itself constitute a subscription of Offer Shares. The due date for the payment of the Offer Shares is 10 July 2020. Delivery of the Offer Shares is expected to take place on or about 17 July 2020 through the facilities of the VPS.
Timetable in the offering.	The key dates in the Subsequent Offering are set out below.

Last day of trading in the Shares including Subscription Rights	28 May 2020
First day of trading in the Shares excluding Subscription Rights	29 May 2020
Record Date........	2 June 2020
Subscription Period commences	22 June 2020 at 09:00 (CEST)
Subscription Period ends	6 July 2020 at 16:30 (CEST)
Allocation of the Offer Shares........	Expected on or about 7 July 2020
Distribution of allocation letters	Expected on or about 7 July 2020
Publication of the results of the Subsequent Offering	Expected on or about 7 July 2020
Payment Date	10 July 2020
Registration of the share capital increase pertaining to the Subsequent Offering	Expected on or about 16 July 2020
Delivery of the Offer Shares........	Expected on or about 17 July 2020
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange........	Expected on or about 17 July 2020

Admission to trading	The existing Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, admitted to trading on the Oslo Stock Exchange. The Company currently expects commencement of trading on the Oslo Stock Exchange in the Private Placement Shares and the Underwriting Commission Shares on or about 24 June 2020 and in the Offer Shares on or about 17 July 2020. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.
Distribution plan	Allocation of the Offer Shares will take place on or about 7 July 2020 in accordance with the following criteria: (i) allocation will be made to subscribers in accordance with the Subscription Rights used to subscribe for new shares in the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one (1) Offer Share; (ii) if not all Subscription Rights are used in the Subscription Period, subscribers having used their Subscription Rights and who have over-subscribed will be allocated the remaining Offer Shares on a pro rata basis based on the number of Subscription Rights exercised. In the event that pro rata allocation is not possible due to the number of remaining Offer Shares, the Company will determine the allocation by lot drawing; (iii) any remaining Offer Shares not allocated pursuant to the criteria in items (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be made in the sole discretion of the Board of Directors, where they, *inter alia*, may take into account investor quality and sector knowledge. The Board of Directors may also choose to allocate on pro rata basis on the relevant subscription amounts, however so that allocations may be rounded down to the nearest 100 shares. No fractional Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights unless subscribers are given the right to over-subscribe in accordance with the above allocation criteria. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.
Dilution	The dilutive effect following the Private Placement, issuance of the Underwriting Commission Shares and the Subsequent Offering (assuming issuance of the maximum number of Offer Shares in the Subsequent Offering) is summarised in the table below:

	Prior to the Private Placement, issuance of the Underwriting Commission Shares and the Subsequent Offering	Subsequent to the Private Placement	Subsequent to issuance of the Underwriting Commission Shares	Subsequent to the Private Placement, issuance of the Underwriting Commission Shares and the Subsequent Offering
Number of Shares each with a par value of NOK 1.00	42,930,575	67,930,575	70,192,602	80,192,602
% dilution	-	36.80%	38.84%	46.47%

Total expenses of the issue/offer	The total costs and expenses related to the Private Placement and the Subsequent Offering are estimated to amount to approximately NOK 9 million, which will become due and payable following completion of the Private Placement and the Subsequent Offering, as applicable. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Subsequent Offering.

Who is the offeror and/or the person asking for admission to trading?

Brief description of the offeror(s).....................	The Company is the offeror of the Offer Shares. Reference is made to "Issuer" and "Offeror(s)" under the introduction above for details about the Company.

Why is the Prospectus being produced?

Reasons for the offer/admission to trading	The Group has historically had a focus on research and development. To deliver on its vision and goals going forward when transitioning into a commercialisation phase, the Company has acknowledged the need to initiate a restructuring of the Group's operations, which includes to increase its focus on sales and marketing, reduce costs and establish a more sound capital structure, including through the Private Placement and the Subsequent Offering.
Use of proceeds............	The net proceeds from the Private Placement and the Subsequent Offering will be used by the Company to fund its operations and ensure sufficient liquidity, including for financing of inventory and accounts receivables, as well as to support the transition from the product development phase to the commercialisation phase and for general corporate purposes.
Underwriting	The Private Placement was fully underwritten. The Subsequent Offering will not be underwritten.
Conflicts of interest	The Manager and/or its affiliates have from time to time provided, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. Further, in connection with the Subsequent Offering, the Manager, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Manger will receive fees for facilitating the Private Placement and the Subsequent Offering, and as such, will have an interest in the Private Placement and the Subsequent Offering. In addition, the Underwriters will receive the Underwriting Commission for underwriting the Private Placement, and as such have had an interest in the Private Placement. Except for the above, the Company is not aware of any interest, including conflicting ones, of natural and legal persons involved in the Private Placement or the Subsequent Offering.

2 RISK FACTORS

An investment in the Company and the Shares involves inherent risk. Investors should carefully consider the risk factors and all information contained in this Prospectus, including the Financial Information (as defined in Section 4.3 "Financial information") and related notes appended hereto. The risks and uncertainties described in this Section 2 are the material known risks and uncertainties faced by the Group as of the date hereof, and represents those risk factors that the Company believes to represent the most material risks for investors when making their investment decision in the Shares. An investment in the Company is suitable only for investors who understand the risks associated with this type of investment and who can afford to lose all or part of their investment.

The risk factors included in this Section 2 are presented in a limited number of categories, where each risk factor is placed in the most appropriate category based on the nature of the risk it represents. Within each category, the risk factors deemed most material for the Group, taking into account their potential negative effect for the Company and its subsidiaries and the probability of their occurrence, are set out first. This does not mean that the remaining risk factors are ranked in order of their materiality or comprehensibility, or based on a probability of their occurrence. The absence of negative past experience associated with a given risk factor does not mean that the risks and uncertainties in that risk factor are not genuine and potential threats, and they should therefore be considered prior to making an investment decision. If any of the following risks were to materialise, either individually, cumulatively or together with other circumstances, it could have a material adverse effect on the Group and/or its business, results of operations, cash flows, financial condition and/or prospects, which may cause a decline in the value and trading price of the Shares, resulting in loss of all or part of an investment in the Shares. Additional factors of which the Company is currently unaware, or which it currently deems not to be risks, may also have corresponding negative effects. Investors should be mindful of the uncertainties that follow the COVID-19 situation when investing in the Offer Shares and/or the Subscription Rights. The COVID-19 pandemic may adversely affect the likeliness and/or materiality of the risk factors presented in this Section 2, and could also impose additional risks that have not yet been identified by the Company or considered as material risks at the date of this Prospectus.

2.1 Risks related to the industry in which the Group operates

The market for fingerprint technology is difficult to predict

The Group is operating in a rapidly evolving market within the fingerprint industry. NEXT focuses on serving four key market segments: (i) smart card, (ii) government ID, (iii) access control, and (iv) notebook. The notebook market has historically been the Group's main market, generating large sales volumes. The notebook market represented the highest percentage of the Group's total revenues during 2018 and 2019. In 2020, government ID also represented a substantial portion of revenues. During 2019, the Group shifted its focus from smart card to other product areas with a better short and mid-term potential, including laptop, government ID and FAP20 module applications.

The size of the main markets in which the Group operates is hard to assess since the development of several of the applications utilised in these markets are in an early phase and some of them continue to have delays in market entry, in addition new applications will continue to be introduced to the relevant market. It is difficult for the Group to predict important market trends, including how large the fingerprint market will be or when and what products will be introduced and adopted by customers. NEXT's market share will, *inter alia*, depend on the competitive ability of its hardware and technology, product performance and price competition.

If the market for fingerprint technology does not evolve as the Group anticipates and/or the Group's products prove to be less attractive to the market, this could have a material adverse effect on the Group's business, prospects, financial position and results of operations. For example, the COVID-19 pandemic could negative impact on fingerprint solutions that are targeting multiple users. Hence, other biometrics solutions such as IRIS scanning could become more attractive. Still, fingerprint solutions are considered the most cost-effective in the market and end-users (such as governments) have invested sizeable amounts in fingerprint solutions and infrastructure. Thus, such a potential change would involve large switching costs, which makes it less likely that such a change will materialise.

The fingerprint technology market is rapidly changing and highly competitive

The Group competes in markets that are competitive, fragmented and rapidly changing due to continuous innovations in technology utilised in the Group's products. The competitive environment in the fingerprint industry is characterised by a number of players focusing on the smartphone segment in addition to a few niche players focusing on other parts of the biometrics sphere, such as laptops, government ID, point of sales and access control applications. There are today approximately 15-20 players targeting the global mass market for fingerprint sensors. In addition, it is likely that there are a number of smaller, unknown players that do work on fingerprint sensors. The fingerprint technology market is considered to be a market with good long-term growth prospects, but the high number of market players targeting this market has had a negative impact on realised prices and gross margins.

The Group offers its products and solutions in multiple markets, including the government ID, access control, smart card and notebook markets, all of which are, and are expected to continue to be, highly competitive. The Company expects to experience continued competition from current and potential competitors, as well as new industry players going forward, some of which may be better established and have significantly greater resources than the Company to establish or strengthen their position in the market. The Group's competitors may be able to respond more quickly to new or emerging technologies and changes in customer requirements than the Group is able to. The Group's position in its existing operative markets could be eroded rapidly by product or technology enhancements or the development of new, superior products and technology by competitors. Increased competition could result in price reductions, fewer customer orders, reduced gross margins and lower market price for the Shares.

The Group operates in international markets and is subject to risks inherent in international business operations and is impacted by general economic conditions in other countries

The Group is an international organisation, and due to it having operations in several markets globally, it is especially vulnerable to risks that are inherent in international business operations, including, but not limited to, general economic conditions in multiple and different countries, overlapping different tax structures in multiple jurisdictions, problems related to managing an organisation spread over various countries, unexpected and abrupt changes in regulatory requirements, compliance with a variety of foreign laws and regulations, and longer accounts receivable payment cycles in certain countries. The materialisation of such risks may have a material adverse effect on the Group's business, prospects, financial position and operating results.

Further, during the first quarter of 2020 the COVID-19 pandemic spread to multiple countries where the Group has offices, outsourced production facilities and customers, including China, Taiwan, Norway, the Czech Republic, the United States and India. For example, the production in Asia was negatively impacted for approximately three weeks due to COVID-19. The Group had sufficient inventory to cover customer product demand during this period, but no assurances can be made that the Group will be able to cover the customers' product demand if the situation persists. Also, the Group has experienced slower demand from customers during this period of time, which may influence the Group's results of operations, the degree of such influence is not possible to predict.

The COVID-19 pandemic may have significant negative effects on the Group and the nature and extent of such negative effects are uncertain

The recent outbreak of the COVID-19 pandemic may have significant negative effects on the business of the Group, as the Group's performance is affected by the global economic conditions of the markets in which it operates. Since the outbreak of the COVID-19 pandemic, the global economy has experienced a period of uncertainty. The extraordinary health measures imposed as a result of the pandemic have caused, and are expected to continue to cause, disruptions in the Group's value chain and delays of customer orders and tender processes.

To address the current pandemic, the Group has implemented measures and COVID-19 policies in line with local government regulations in office locations globally. Such measures, and any additional measures required to be taken to address the pandemic, may result in the Group incurring increased operational costs for a period of time.

The situation with regard to COVID-19 is highly uncertain and the Company cannot foresee how and to what extent NEXT will be impacted in the short, medium or long term. Following the outbreak of COVID-19, the Group has experienced increased demand for notebook sensors, which may be related to increased sales of laptop computers as a result of the higher degree of working from home due to the COVID-19 lock-down measures. Simultaneously, the Group has experienced a lower Aadhaar-product demand from India due to postponed tenders and delays in customer orders as a result of the lock-down in India. No assurances can be made that the lock-down in India will not be further extended, affecting the Aadhaar-product demand. The lock-down in India is expected to lead to delayed orders, not reduced orders. Still, it is uncertain how the COVID-19 pandemic will impact the Indian economy in the medium and long term.

As of the date of this Prospectus, it is too early to estimate the full effects that the COVID-19 pandemic may have on the Group's operations, financial results, financial position and prospects.

2.2 Risks related to the business of the Group

The Group's future success will depend on its ability to meet the changing needs of its customers

NEXT's future growth depends on the commercial success of its technology. No assurances can be made that the Group's target customers will choose NEXT's technology for technical, cost, support or commercial reasons. Many of NEXT's target customers may have established successful businesses using other technologies and may find it difficult or unattractive to switch to the Group's technology. If target customers do not adopt and purchase NEXT's technology, the future growth will be limited.

In order for the Group to survive and grow within its current operative market, it must continue to enhance and improve the functionality of its products, services and technology to address the customers' rapidly changing needs. If new industry standards and practices emerge, the Group's existing modules, services and technology may become obsolete.

Developing the Group's products, services and other technologies entails significant technical and business risks and requires substantial costs. The Group may use new technologies developed ineffectively, or it may fail to adapt the Group's products and services to user requirements or emerging industry standards within fingerprint technology. Industry standards may not be established, and if they are established, the Group may not be able to conform to any such new standards in a timely fashion, and may as a result become a less attractive supplier by customers and thereby unable to maintain a competitive position in the market. If the Group faces material delays in introducing new products, services and enhancements to the market, the Group may fail to attract new customers and existing users of its products may forego the use of the Group's products and shift to the Group's competitors' products. Failure to grow or maintain its current customer base will result in lower revenue for the Group, which ultimately could affect its ability to effectively compete in the fingerprint technology market.

Further, introduction of products, including new technologies for secure identification and recognition of humans, could cause the Group's existing products to be less attractive to its customers and thereby reduce the demand for the Group's technology. The Group may not be able to successfully anticipate or adapt to changing technologies or customer requirements on a timely basis. The Group could experience a decrease in demand if it fails to gain acceptance of any new products by existing and new customers.

The Group is dependent on a few major customers

NEXT depends on a few major customers and the Group generally has two types of contracts with these customers: (i) non-binding framework agreements with individual purchase orders and (ii) deliveries that are a result of bidding processes for contracts. The second group of contracts is especially common with some of the Group's potentially large customers in India.

For framework contracts, customers issue purchase orders for specific volumes of products to be delivered up to three months after the issuance of the relevant purchase order. Purchase orders are issued at the discretion of the customer, meaning that there are no purchase commitments for customers under the framework contracts and the Group has a limited order backlog. The majority of the Group's products are fully integrated into the equipment/device manufacturers' own products (such as the Group's notebook products), which is marketed and sold by the Group's customers to end users. As a result, the Group's sales of its products are fully dependent on the customer's capabilities of selling their products to their own customers, being the end users of the products. If the Group's customers decide not to issue purchase orders, for example because they have discontinued or changed the relevant product, or decide to order a lower volume than anticipated and the Group is unable to compensate by increased or additional volume orders from other customers within a reasonable time period, the Group's revenues and operating income will decline. For example, the Group reported revenues of NOK 20.5 million in its Q1 2020 interim report, which was a significant reduction compared to Q1 2019 revenue of NOK 27.5 million. The decrease in revenues was due to reduced notebook volumes to the U.S. tier-1 customer, which was not sufficiently offset by increased revenue from other customers.

The Group's three largest customers generated approximately 95% of the Group's total revenue for 2019, illustrating the Group's single customer dependency. The loss of one or more of the Group's top customers or a substantially lower order volume than anticipated from any of these customers will have a material adverse effect on the Group's revenues going forward, and thereby its results of operations.

The Group relies on suppliers and contract manufacturers to manufacture its products

The Group's production is carried out by a handful of suppliers and contract manufacturers, making the Group to some degree dependent on these suppliers to deliver its current product offering. As such, the Group is reliant on certain of these suppliers and manufacturers to produce its products, including the suppliers Innolux (single-source supplier of

NEXT sensors), FCT (single-source supplier of NEXT modules), Microconn (single-source supplier of Aadhaar readers) and Yosun (single-source supplier of sensor coating). This exposes the Group to variance in the quality and availability of components and services necessary for manufacturing of its products.

If the Group fails to manage the relationship with its current suppliers or contract manufacturers, or if the suppliers or contract manufacturers experience delays, disruptions, capacity constraints or quality problems in their operations, this could adversely affect the Group's ability to meet commitments towards its own customers. If the Group for any reason is required to change supplier or contract manufacturer, it may incur increased costs and production delays when qualifying a new supplier or contract manufacturer and to initiate production. The Company estimates that it would have a lead time of approximately 12 to 18 months in order to get any new supply facility up and running adequately. The Group aims to forward any increase in production costs due to any such supplier changes to its customers by increasing the price of its products. However, no assurances can be made that the Group will be able to do so, and doing so may nevertheless have a negative impact on the Group's competitive position and thereby refrain them from shifting its increased costs to its customers.

The Group's future success will depend on its ability to execute cost reduction measures and increase its revenues

The Group has historically been organised in a manner that has resulted in high fixed costs relative to revenues. It has in the past primarily focused on research and development ("**R&D**") activities, and has in this regard an excessive product portfolio as per the date of the Prospectus, and has had many employees in high-cost countries, as well as presence at multiple office locations and a group structure with many legal entities, thereby facilitating an expensive legal structure and inefficient procurement. Moreover, the Group's product development activities have largely been operated with an engineering focus while its customer focus has been lacking. A consequence of such organisational structure and management focus is that the Group has had high costs and products and solutions that have not been sufficiently tailored to customer needs. Additionally, the Group has not been positioned to have a clear and effective growth plan. The Group has therefore not been able to scale up commercially, which has left it dependent on revenues generated from a few key customers. However, and as further described in Section 9 "Business of the Group", the Group has recently evolved into a phase of greater commercialisation compared to previous years. Going forward, the Group aims to strengthen its focus on sales and marketing activities in order to further diversify its customer base and increase revenues. No assurances can be made that this process will be successful, nor that the Group will be able to increase revenues going forward.

As part of the new strategy, NEXT has initiated a series of cost reduction measures, including staff reduction, cancelling of supplier contracts and supplier renegotiations. NEXT's future profitability is dependent on executing the implemented cost reduction measures successfully, but also to continue product development and modifications requested by key customers in order to increase revenues. No assurances can be made that the Group will be able to meet customer demands timely with a smaller organisation and a continued low-cost level, especially due to the capital requirements of the Group's business. Reference is made to the risk factor *"The Group's business is capital intensive and the Group has not been, and may not become, able to cover its capital requirements with cash generated from its operations"* for more information on capital risks pertaining to the Group.

2.3 Risks related to financing and market risk

The Group's business is capital intensive and the Group has not been, and may not become, able to cover its capital requirements with cash generated from its operations

The Group's operations require substantial amounts of capital due to high costs to develop products, establish manufacturing operations and acquire new customers. Since its incorporation in 2000, the Group has experienced negative cash flows from operations and investments, and there can be no guarantees that the Group will not continue to have negative cash flows in the future. In order to be positioned to generate sufficient cash to fund its operations going forward, the Group is dependent on reducing its operating expenses, as well as increase its sales volumes and contribution margin, as an increase in sales volumes alone will not be sufficient to cover the Group's capital requirements.

To date, the Group's operations have not generated sufficient revenues to achieve profitability. The Group will need to increase its revenues significantly and substantially reduce its costs in order to achieve profitability. The Group initiated a cost reduction programme with the target of reducing operating expenditure ("**OPEX**") by approximately 70% from the peak quarterly levels in 2019, with full impact of such from and including the fourth quarter of 2020. Nevertheless, no assurances can be made that the measures initiated will result in the Group being able to rely on cash from operations as funding going forward. Should the Group achieve profitability in the near future, no assurance can be made that the Group will be able to sustain or increase such profitability on a quarterly or annual basis going forward.

In order to execute its growth strategy, the Group may require additional capital in the future, which may not be available

The Company mainly relies on equity capital funding. The Group targets to have an equity ratio above 80%, measured as total equity divided by total assets. The Group's cash position as at 31 March 2020 was NOK 54.1 million. The Group's equity position is not sufficient to fund its operations in the medium or long term. In order to secure additional funding of the Group's operations and ensure sufficient liquidity going forward, including for funding of inventory and accounts receivables, the Group initiated the Private Placement to raise gross proceeds of NOK 50 million. See Section 10.4 "Working capital statement" for more information on the Group's working capital requirements. The Company's future capital requirements depend on many factors, where the main factors include revenues, gross margin, operating cost and required inventory levels.

To the extent the Group does not generate sufficient cash from operations going forward, the Group may need to raise additional funds through equity financing to execute the Group's growth strategy and to fund its capital expenditures. The Group has over the past years carried out private placements to obtain additional funding. In March 2018, NEXT raised NOK 120 million in gross proceeds in a private placement and in the first quarter of 2019, NEXT raised a total of NOK 188 million in gross proceeds in a private placement and subsequent offering. Adequate sources of equity funding may not be available when needed. The Group's ability to obtain additional capital will depend in part upon prevailing market conditions, as well as on the conditions of its business and its operating results, and those factors may affect its efforts to arrange for additional financing. To the extent equity financing is unavailable, the Company would need to seek additional debt financing. As at 31 March 2020, the Company had no non-current debt and given the current capital situation in the Company, it is unlikely that it will be able to secure any regular debt financing in the short or medium term. Consequently, the Group will be dependent on raising additional equity capital should it need further funding in the future. If the Group raises funds by issuing additional Shares or other equity or equity-linked securities, it may result in a dilution of the holdings of existing shareholders.

As mentioned above, the Group mainly relies on equity capital financing. However, during the first quarter of 2020 the Company's wholly-owned subsidiary NEXT Biometrics Inc. applied for a bank loan amounting to USD 980,000 under the COVID-19 U.S. government sponsored loan programme (the "**U.S. Loan**"). The loan application was approved and paid in April 2020. The purpose of the U.S. Loan is to cover employee salary costs. The Group can apply for partial loan forgiveness as a part of the programme. The U.S. Loan carries an interest rate of 1.00% and has a two-year repayment term, following which the outstanding amount and accrued interest, less any forgiven amount, must be repaid by the Group in full. The Group may incur additional indebtedness in the future. The level of debt could have important consequences to the Group, including that the Group may need to use a substantial portion of its cash from operations to make principal and interest payments on its debt, reducing the funds that would otherwise be available for operations, future business opportunities and dividends to its shareholders. The Group's ability to service its future debt will depend upon, *inter alia*, its future financial and operating performance, which will be affected by prevailing economic conditions as well as financial, business, regulatory and other factors, some of which are beyond its control. If the Group's operating income is not sufficient to service its current or future indebtedness, the Group will be forced to take action such as reducing or delaying its business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing its debt or seeking additional equity capital. The Group may not be able to affect any of these remedies on satisfactory terms, or at all.

If funding is insufficient at any time in the future, the Group may be unable to fund acquisitions, take advantage of business opportunities or respond to competitive pressures, any of which could adversely impact the Group's results of operations, cash flow and financial condition.

Risks associated with exchange rate fluctuation

In addition to Norway, the Group operates in the United States, the Czech Republic, Taiwan, India and China. The Group's sales and production costs are in USD, which leads to particular sensitivity to exchange rates in this currency.

Due to its global presence, the Group is extra vulnerable to disadvantageous changes in exchange rates compared to its peers who operate more locally. The Group has not implemented any hedging arrangements for its exposure to currency fluctuations. If prices for the Group's products are not adjusted in accordance with increased cost due to abrupt and disadvantageous changes in currency exchange rates, the Group will not be able to move any such increased costs on to its customers. Increased prices for the Group's products could nevertheless have a negative impact on the Group's revenues, and thereby weakening the Group's volume growth prospects.

The Group's operating expenses are mainly denominated in NOK and USD, while equity transactions are carried out in NOK. Moreover, the Group prepares its financial statements in NOK. Because the Group reports financial results in NOK, the Group faces a currency financial risk to the extent that the assets, liabilities, revenues and expenses of the Group's subsidiaries are denominated in currencies other than NOK, and especially with regard to USD. In order to prepare the Group's financial statements, the Group translates the values of these assets, liabilities, revenues and expenses into NOK at the applicable exchange rates. Larger variations in the relevant exchange rates could therefore have a noticeable impact on the Group's reported results of operations and financial position.

2.4 Risks related to laws and regulations

The Group is dependent on intellectual property and its methods of protecting its intellectual property may not be adequate

The Group's operations and business strategy are heavily tied to its technology. The Group's technology is protected by a portfolio of trade secrets, *inter alia* relating to approved patents. No assurances can be made that the Group's measures for preserving the secrecy of its trade secrets and confidential information are sufficient to prevent others from obtaining that information, nor that the Group will have adequate remedies to fully compensate for loss occurred if its employees, contractor, partners or other third parties breach their agreements with the Group. Although the Group has entered into employee contracts with customary IPR clauses which should limit the risk regarding ownership to its intellectual property rights, no assurance can be made that the Group will have adequate remedies to fully compensate for loss if its employees breach their agreements with the Group. Further, no assurances can be made that the Group's trade secrets will provide the Group with any competitive advantage or result in increased market shares, as they may become known to or be independently developed by the Group's competitors, regardless of the success of any measures the Group may take to try to preserve their confidentiality.

As at the date of this Prospectus the Group has patents in nine patent families (out of which, eight are active and one expired) and the trademarks NEXT Active Thermal™ Sensing Principle and NEXT Capture. The Group's patents may not give sufficient protection if challenged in a court of law by a third party. The Company has historically relied on applying for patents pursuant to the Patent Convention Treaty ("**PCT**"), however, not all countries have ratified the treaty, and consequently the protection such patent may give if it is challenged or infringed by third parties is considered limited. Illegal copies of the Group's products, misuse of its brand and/or patents and/or other intellectual property, or other kinds of infringements may cause loss of revenue and damage to the Group's brand. The Group's portfolio of intellectual property rights, trade secrets and patents is further described in Section 9.4 "Technology and intellectual property rights".

The Group develops technologies to which it will apply for patent protection. Patent application processes are time consuming and costly, and there can be no assurances that the Group will be financially positioned to apply for patents at all times or that it will be able to obtain patent protection on the key components of its technology if such is applied for by the Group. Moreover, the Group may not be able to maintain its registered patents in key jurisdictions such as the United States, China and the EU. No assurances can be made that the Group will develop new products or technologies that are patentable, that any issued patent will provide NEXT with any competitive advantages or will not be challenged by third parties, or that the patents of others will not impair the Group's ability to do business.

Despite the Group's efforts to protect its proprietary technology and trade secrets, unauthorised parties may attempt to misappropriate, reverse engineer or otherwise obtain and use them. The Group may be unable to determine the extent of any unauthorised use or infringement of their products, technologies or intellectual property rights. Any such unauthorised use or infringement may result in increased competition, reduced market share for the Group's products and services and thereby result in lower margins. Further, legal actions against such unauthorised use may not be successful and could be very costly.

The Group faces risks of claims for intellectual property infringement

The Group's competitors or other persons may already have obtained, or may in the future obtain, patents or other intellectual property relating to one or more aspect of the Group's technology or products. If the Group is sued for patent infringement or infringement of other intellectual property rights, it may be forced to incur substantial costs in defending itself. If litigation were to result in a judgment that the Group infringed a valid and enforceable patent, a court may order the Group to pay substantial damages to the owner of the patent and to stop using any infringing technology or products, which may lead to a shutdown of production of certain products. This could cause a significant disruption in the Group's business and force the Group to incur substantial costs to develop and implement alternative, non-infringing technology or products, or to obtain a license from the patent owner. This could also lead the Group's licences and clients to bring warranty claims against the Group. The Group cannot give assurance that it would be able to develop non-infringing alternatives at a reasonable cost that would be commercially acceptable, or that it would be able to obtain a license from any patent owner on commercially acceptable terms, if at all.

2.5 Risks related to the Shares

The trading price in the Shares has fluctuated significantly in the past, and there cannot be any guarantees that participation in the Subsequent Offering by Eligible Shareholders will not result in loss of investment

A subscription for Offer Shares in the Subsequent Offering is binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager, or in the case of subscriptions through the VPS online subscription system, upon registration of the subscription. The trading volume in the Shares has fluctuated significantly in the past, and there has generally been a decline in trading price the past 12 months.

As of close of trading on 17 June 2020, the Company had 2,738 shareholders. Only the 29 largest shareholders, holding approximately 62% of the issued outstanding Shares, have an ownership exceeding 0.5% of the total share capital. Hence, 38% of the issued Shares are held by shareholders with an ownership percentage of less than 0.5% each. Still, these shareholders constitute more than 98% of the Company's total number of shareholders and a majority of them are considered as retail investors, which is often associated with more frequent trading history and shorter holding period than professional investors. A large part of the traded volume in the Shares since 31 December 2019 has been related to retail investors, explaining some of the share price fluctuations. Further, with a market capitalisation of approximately NOK 112 million, the Company is considered as a small-cap company. There are empirical evidence of small-cap companies having higher volatility than large-cap shares. Large-cap companies are typically a safer investment, especially during a downturn in the business cycle, as they are more likely to weather changes without significant harm. This is supported by the Company's recent share price development with large fluctuations in connection with relevant news releases and company announcements. See Section 12.2 "Regulatory disclosures" for a summary of the Company's stock exchange announcements during the past 12 months. As a consequence of such volatility, the Shares have during 2019 traded in the range from NOK 2.49 to NOK 26.95. The Offer Shares will not be delivered to the investor immediately following subscription, meaning that there is a risk that the Shares in the period from the investor's subscription of Offer Shares until delivery of the Offer Shares may trade below the Subscription Price. If the Shares trade below the Subscription Price, such will result in a loss of investment in the Offer Shares for the investor.

3 RESPONSIBILITY FOR THE PROSPECTUS

This Prospectus has been prepared in connection with the Subsequent Offering described herein and the listing of the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares on the Oslo Stock Exchange.

The Board of Directors of NEXT Biometrics Group ASA accepts responsibility for the information contained in this Prospectus. The members of the Board of Directors confirm, after having taken all reasonable care to ensure that such is the case, that to the best of their knowledge, the information contained in this Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

19 June 2020

The Board of Directors of NEXT Biometrics Group ASA

Petter Jan Fjellstad
Chairman

Odd Harald Hauge	Emine Regina Lundkvist	Live Haukvik
Board member	*Board member*	*Board member*

4 GENERAL INFORMATION

4.1 The approval of this Prospectus by the Norwegian Financial Supervisory Authority

The Norwegian FSA has reviewed and approved this Prospectus, as competent authority under the EU Prospectus Regulation. The Norwegian FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the EU Prospectus Regulation, and such approval should not be considered as an endorsement of the issuer or the quality of the securities that are the subject of this Prospectus. This Prospectus was approved by the Norwegian FSA on 19 June 2020. The Prospectus has been drawn up as a simplified prospectus in accordance with Article 14 of Regulation (EU) 2017/1129 (the EU Prospectus Regulation). Investors should make their own assessment as to the suitability of investing in the securities.

4.2 Other important investor information

The Company has furnished the information in this Prospectus. No representation or warranty, express or implied is made by the Manager as to the accuracy, completeness or verification of the information set forth herein, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Manager assumes no responsibility for the accuracy or completeness or the verification of this Prospectus and accordingly disclaims, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which it might otherwise be found to have in respect of this Prospectus or any such statement.

Neither the Company nor the Manager, or any of their respective affiliates, representatives, advisors or selling agents, is making any representation to any offeree or purchaser of the Offer Shares regarding the legality of an investment in the Offer Shares. Each investors should make their own assessment as to the suitability of investing in the Offer Shares and should consult with his or her own advisors as to the legal, tax, business, financial and related aspects of a use of the Subscription Rights to subscribe for and purchase Offer Shares.

Investing in the Shares involves a high degree of risk. See Section 2 "Risk Factors" beginning on page 10.

4.3 Financial information

4.3.1 Historical financial information

The Company has published audited financial statements for the year ended 31 December 2019 (the "**Financial Statements**") and unaudited financial statements for the three months' period ended 31 March 2020 (the "**Interim Financial Statements**" and together with the Financial Statements, the "**Financial Information**"). The Financial Information is incorporated into this Prospectus by reference, see Section 16.3 "Incorporated by reference".

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as adopted by the EU, while the Interim Financial Statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("**IAS 34**") as adopted by the EU.

The Financial Statements as of, and for the year ended, 31 December 2019 have been audited by PricewaterhouseCoopers AS ("**PwC**"), as set forth in their report thereon included therein. The Interim Financial Statements have not been audited.

4.3.2 Profit forecast

4.3.2.1 Introduction

The Company has historically had its primary focus on technology and product development. In Q4 2019, the Company began a turnaround of the Group's operations. Since then, a comprehensive cost reduction programme has been implemented, and the Group's business has been reshaped to focus more on commercialising the Group's technology and less on product development and R&D activities. In connection with the Private Placement (as defined in Section 6 "The Private Placement"), the Company presented, in a stock exchange announcement dated 28 May 2020, the Group's targets for key financial figures, such as annual revenue run rate, Gross Margin and annual operating expenses ("**OPEX**") run rate in this new commercialisation phase. The Company is targeting annual revenues at a run rate of NOK 150 million by late 2021 and Gross Margin in the range between 35-40% by late 2021. Additionally, the targeted annual OPEX run rate is NOK 60 million by year-end 2020. The presentation of these targets constitutes profit forecasts under the EU Prospectus Regulation.

In this Prospectus, the Company has presented the above mentioned profit forecasts in Section 9.7.2 "Significant changes in the Group's financial performance since 31 March 2020 and known significant trends, etc." and in the summary of stock exchange notices published during the past 12 months, as set out in Section 12.2 "Regulatory disclosures".

4.3.2.2 Comparability and consistency with historical financial information

The table below sets out an overview of the Group's targeted annual revenue run rate, Gross Margin, and annual OPEX (excluding depreciation and amortisation ("**D&A**")) run rate for the period until late 2021, compared with historical performance on an annual and interim basis. The Company is of the opinion that the profit forecasts included in this Prospectus, which are set out in the table below, have been compiled and prepared on a basis which is comparable with historical financial information and consistent with the Company's accounting policies.

Run rate EBITDA break-even target by late 2021

In NOK million

	Year ended 31 December		**Three months ended 31 March**		**Break-even target**
	2018	**2019**	**2019**	**2020**	**Late 2021**
Revenue	108	84	27	20	150
Gross Margin	28%	24%	34%	17%	35-40%
OPEX (excl. D&A)	192	168	48	37	60[1]
EBITDA	**(161)**	**(148)**	**(39)**	**(34)**	**>0**

1 Targeted annual OPEX run rate by year-end 2020, where the cost reduction programme implemented by the Company during Q4 2019 is approximately 60% completed as at the date of this Prospectus.

4.3.2.3 Assumptions

As set out in the table in Section 4.3.2.2 "Comparability and consistency with historical financial information" above, the Group has in this Prospectus presented profit forecasts for the Group's targeted annual revenue run rate, Gross Margin and annual OPEX (excl. D&A) run rate for 2020 and 2021, as applicable. The combined effect of the forecasted increase in revenues, and executed and planned turn-around measures and improvements related to Gross Margin and cost reduction is expected to bring the Group closer to an EBITDA break-even position by late 2021. Moreover, the Company has a long-term strategy to move up the value chain by providing biometric software solutions and components and introducing additional biometric modalities to enable multi-modal authentication solutions. The Company further plans to be an active participant in future industry restructuring and consolidation opportunities. Such consolidation opportunities are subject to uncertainty, and Management is not able to control whether such opportunities will arise and/or whether these will materialise for the Group.

Below is an overview of the assumptions made by the Company when preparing the above mentioned forecasts.

Assumptions for the targeted annual revenue run rate

Management targets an annual revenue run rate of NOK 150 million by late 2021, indicating an increase in annual revenue run rate of approximately 78.6%, from NOK 84 million in 2019. The ongoing transformation process, from being a development company to a more commercially-focused technology company, is expected to contribute to higher revenues in the long term, and result in a targeted quarterly revenue of approximately NOK 38 million by late 2021 which translates to a targeted annual revenue run rate of NOK 150 million.

A measure taken by the Group in this regard has been to improve its sales funnel, especially within the notebook segment. Relative to Q4 2019 and early 2020, the Company has experienced an increase in monthly shipping volumes of notebook related products to date 2020, and expects that such volumes will continue to increase further in 2021. Notwithstanding the foregoing, continued increase in monthly shipping volumes is highly dependent on the target market's consumer electronic spending, which is closely related to the global real economy and macro-economic factors. The Group has already received purchase orders for a substantial part of the forecasted 2020 notebook sensor module volumes, while purchase volumes for 2021 are only estimates made by Management given that purchase orders normally are issued between two and six months in advanced of the planned shipping date. From Q4 2019 to Q1 2020, the Group experienced an increase in revenues, which the Company believes was a result of its changed sales focus and sales productivity improvement during this period.

In January 2020, the Group was awarded a large contract for 90,000 readers from a Government Authority in India (the India Aadhaar programme). The Group's devices utilised in the India Aadhaar programme have achieved certification as Level-0 registered devices. In spite of being one out of a limited number of Level-0-certified suppliers of biometric identification solutions globally, the timeline and volume of shipped products are dependent on certain factors outside the Company's control, such as the Unique Identification Authority of India's (UIDAI) and related partnerships' decision making.

Further, the Company is in negotiations with a global digital and identity solutions provider regarding a potential partnership for the Group's FAP20 product, however, no firm commitments have been made and the Company cannot guarantee the outcome of such negotiations.

The Company's long-term revenue forecast is based on projections for current client orders, new client orders and expectations related to the market adoption of the Company's products. Such forecasts are subject to uncertainty, and the actual outcome may be different than forecasted. Customers' decisions relating to product design and order volumes are outside Management's control. No guarantees can be made that its improved sales funnel and increased focus on commercialising the Group's technology will result in higher purchase volumes from existing and new customers, and thereby an annual revenue run rate of NOK 150 million by late 2021. In addition, the prevailing currency exchange rates can also affect the Group's revenue and thereby influence the annual revenue run rate.

Assumptions for the targeted Gross Margin

As set out in the table in Section 4.3.2.2 "Comparability and consistency with historical financial information" above, the Group is targeting a quarterly Gross Margin in the range between 35-40% by late 2021. This target shows a significant improvement in Gross Margin relative to the 2019 and Q1 2020 Gross Margin of 24% and 17%, respectively.

The Group has in the past priced its product with a mark-up on costs, where some of the Group's products have had low Gross Margins thereby affecting the Group's average Gross Margin. As a result of low production during the last three quarters (since Q3 2019), the Group has not been in a position to utilise benefits arising from a significant scale of production. The Group has certain fixed production costs that are booked as part of cost of sales, whereas lower production volumes therefore result in higher production costs per product. As mentioned under "*Assumption for the targeted annual revenue run rate*" above, the Group expects to increase its sales and production volumes, enabling the Group to share its fixed production costs on a larger volume. This will contribute to a relatively lower production cost per product and corresponding a higher Gross Margin.

Further, the Company is currently in the process of implementing a value-based product pricing strategy. Such strategy involves the phasing out of low and negative margin products, in combination with an increased focus on high margin products and sales opportunities for more profitable products. In this regard, the new FAP20 related products are expected to have higher Gross Margin relative to competing products, both as a result of competing products having higher unit costs and because the product is considered attractive in the market. FAP20 was introduced to the market in late 2019, and the revenues generated from FAP20 during Q1 2020 were therefore low. To estimate the Group's sales volume of FAP20 products, the Company has established a probability-weighted go/win list of potential customers, which is continuously updated. Management expects that FAP20 follows a typical S-curve market adoption, with strong sales growth following a successful market introduction period. Although Management believes that the FAP20 products have significant volume and sales potential, there is uncertainty related to how long it will take before the Group will reach a significant sales volume for the FAP20 product range. Such sales volumes cannot be influenced by Management or other employees of the Group, other than by continuing to focus on the Group's sales funnel and further commercialisation of the Group's technology.

The actual average Gross Margin is a result of the Group's product mix, which is expected to be optimised through an increased focus on higher margin products going forward. The selling price, manufacturing costs and thereby Gross Margin for received purchase orders are assumed to be factors that the Company can influence, however so that the win/go list, and thereby the future shipped volumes and actual achieved Gross Margins, are influenced by factors that to some extent are beyond the Company's control, such as the average win rate and associated product mix. Another factor influencing the achieved average Gross Margin is foreign exchange rate fluctuations.

Assumptions for the targeted annual OPEX run rate

As set out in the table in Section 4.3.2.2 "Comparability and consistency with historical financial information" above, the Group is aiming to reduce its quarterly OPEX run rate to NOK 15 million by year-end 2020, which translates to an annual OPEX run rate of NOK 60 million per year. This target shows a significant reduction in OPEX, with a decline of approximately 64% compared to OPEX in 2019.

As at the date of this Prospectus, the Group's cost reduction programme is already 60% implemented. The programme is based on a reduction of employees, increased level of outsourcing, lowering indirect costs and increasing the share of the Group's resources from high- to low-cost countries. The Group has reduced its number of employees by 38% (from 65 employees in December 2019 to 40 employees as of the date of this Prospectus). Further, the Group has reduced the number of employees in high-cost countries by 54% (from 48 in December 2019 to 22 as at the date of this Prospectus). The Company is expecting to have less than 35 employees by the end of the second half of 2020.

Moreover, the Group has reduced indirect office related costs, business services costs as well as research and development cost, such as a reduction of non-payroll operating costs by 67% in the Group's Nordic and U.S. office locations from December 2019 to the date of this Prospectus. The Group's cost reduction can be explained by cancellation, reduction of scope/volume and improved pricing of external research and development, business services, software, subscriptions, insurances, consultants, travel and marketing costs. Additionally, the Group has decided to outsource its IT development, which is expected to reduce costs even further. The Company is expecting additional OPEX reductions during the second half of 2020. While the cost reduction efforts are largely controlled by Management, the main uncertain factor is related to whether the Group is sufficiently able to support its new customers and sales efforts on lower costs, and thereby reach the Group's revenue targets.

4.3.3 Alternative performance measures (APMs)

The Group uses alternative performance measures (each an "**APMs**") as defined by the European Securities and Markets Authority ("**ESMA**") in the ESMA Guidelines on Alternative Performance Measures published on 5 October 2015 to measure operating performance at the Group and segment level. An APM is defined as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS. It is the Group's view that the APMs provide investors relevant and specific operating figures which may enhance their understanding of the Group's performance.

APMs are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures which could not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not present APMs in a uniform way and, therefore, the APMs presented in this Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these APMs may not be indicative of the Group's historical results of operations and are not meant to be predictive of potential future results. The APMs presented in this Prospectus are unaudited, unless otherwise stated. Accordingly, undue reliance should not be placed on the APMs presented in this Prospectus.

The Company uses the following APMs:

- **EBITDA ex option:** Earnings before interest, taxes, depreciation and amortisation (EBITDA). EBITDA ex option is equal to "Profit (loss) before tax, depreciation and amortisation" excluding "share based remuneration", (salary part, employer's part and operating part).
- **Gross Margin:** Revenues less cost of goods sold. Gross margin as a percentage of revenues.
- **Cost of goods sold:** Cost of materials and production service expenses.

4.3.4 Remarks from the auditor for the year ended 31 December 2019

The Financial Statements for the year ended 31 December 2019 have been audited by PwC. The auditor's report is attached to the Financial Statements incorporated into this Prospectus by reference, see Section 16.3 "Incorporated by reference".

The auditor's report contains the following qualification:

"Material Uncertainty Relating to Going Concern

We draw attention to note 2 to these financial statements and the Board of Directors' report, which states that the Group historically has operated at a loss due to substantial investments in research and development and sales and marketing. Revenues were reduced in 2019 due to loss of a key customer and a company turnaround replacing lost revenues is taking time. Based on management's current projections the Group's cash position and working capital cover less than 6 months operations from the date of signing the financial statements for 2019. Management's cash flow projections indicates that the Company will be in need of cash contributions during 2020. This, along with other matters as described in note 2 and the Board of Directors' report indicates the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter."

In addition, the Company has received a numbered letter from PwC dated 25 February 2020 in connection with the audit of the Financial Statements. The auditor remarked that the audit had provided grounds to presume that the Company's equity and projected cash position for the year 2020 is less than adequate and that the Board of Directors' obligation to act has been triggered. See Section 10.4 "Working capital statement" regarding the Company's efforts to ensure satisfactory financing and liquidity for at least the 12 months following the date of this Prospectus.

Further, the Company has received a numbered letter from its previous auditor RSM Norge AS dated 29 April 2019 in connection with the audit of the financial statements for the year ended 31 December 2018. The auditor remarked that there was uncertainty as to whether the functional currency of its wholly-owned subsidiary NEXT Biometrics AS under IFRS is NOK. The Group companies have applied the local currency of the country in which they are domiciled as functional currency in their financial statements. When an entity considers the functional currency, it needs to consider different factors where the most important is which currency that mainly influences sales prices for goods and services (this will often be the currency in which sales prices for its goods and services are denominated and settled). An assessment of relevant factors might result in a change in the functional currency of NEXT Biometrics AS.

4.4 Presentation of other information

4.4.1 Industry and market data

This Prospectus contains statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data pertaining to the Group's future business and the industries and markets in which it may operate in the future. Unless otherwise indicated, such information reflects the Company's estimates based on analysis of multiple sources, including data compiled by professional organisations, consultants and analysts and information otherwise obtained from other third party sources, such as annual financial statements and other presentations published by listed companies operating within the same industry as the Company may do in the future. Unless otherwise indicated in the Prospectus, the basis for any statements regarding the Company's competitive position in the future is based on the Company's own assessment and knowledge of the potential market in which it may operate.

The Company confirms that where information has been sourced from a third party, such information has been accurately reproduced and that as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading. Where information sourced from third parties has been presented, the source of such information has been identified. The Company does not intend, and does not assume any obligations to update industry or market data set forth in this Prospectus.

Industry publications or reports generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified and cannot give any assurances as to the accuracy of market data contained in this Prospectus that was extracted from these industry publications or reports and reproduced herein. Market data and statistics are inherently predictive and subject to uncertainty and not necessarily reflective of actual market conditions. Such statistics are based on market research, which itself is based on sampling and subjective judgments by both the researchers and the respondents, including judgments about what types of products and transactions should be included in the relevant market.

As a result, prospective investors should be aware that statistics, data, statements and other information relating to markets, market sizes, market shares, market positions and other industry data in this Prospectus (and projections, assumptions and estimates based on such information) may not be reliable indicators of the Company's future performance and the future performance of the industry in which it operates. Such indicators are necessarily subject to a high degree of uncertainty and risk due to the limitations described above and to a variety of other factors, including those described in Section 2 "Risk Factors" and elsewhere in this Prospectus.

4.4.2 Other information

In this Prospectus, all references to "**NOK**" are to the lawful currency of Norway, all references to "**EUR**" are to the lawful common currency of the EU member states (the "**Member States**") who have adopted the Euro as their sole national currency, all references to "**USD**" are to the lawful currency of the United States. No representation is made that the NOK, EUR or USD amounts referred to herein could have been or could be converted into NOK, EUR or USD, as the case may be, at any particular rate, or at all. The Financial Information is published in NOK.

4.4.3 Rounding

Certain figures included in this Prospectus have been subject to rounding adjustments (by rounding to the nearest whole number or decimal or fraction, as the case may be). Accordingly, figures shown for the same category presented in different tables may vary slightly. As a result of rounding adjustments, the figures presented may not add up to the total amount presented.

4.5 Cautionary note regarding forward-looking statements

This Prospectus includes forward-looking statements that reflect the Company's current views with respect to future events and financial and operational performance. These forward-looking statements may be identified by the use of forward-looking terminology, such as the terms "anticipates", "assumes", "believes", "can", "could", "estimates", "expects", "forecasts", "intends", "may", "might", "plans", "should", "projects", "will", "would" or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements as a general matter are all statements other than statements as to historic facts or present facts and circumstances. They appear in Section 9 "Business of the Group" of the Prospectus, and include statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, financial strength and position of the Group, operating results, liquidity, prospects, growth, the implementation of strategic initiatives, as well as other statements relating to the Group's future business development and financial performance, and the industry in which the Group operates.

Prospective investors in the Shares are cautioned that forward-looking statements are not guarantees of future performance and that the Group's actual financial position, operating results and liquidity, and the development of the industry and potential market in which the Group may operate in the future, may differ materially from those made in, or suggested by, the forward-looking statements contained in this Prospectus. The Company cannot guarantee that the intentions, beliefs or current expectations upon which its forward-looking statements are based will occur.

By their nature, forward-looking statements involve, and are subject to, known and unknown risks, uncertainties and assumptions as they relate to events and depend on circumstances that may or may not occur in the future. Because of these known and unknown risks, uncertainties and assumptions, the outcome may differ materially from those set out in the forward-looking statements. Factors that could cause the Company's actual results, performance or achievements to materially differ from those in the forward-looking statements include but are not limited to, the competitive nature of the markets in which the Group operates, technological developments, government regulations, changes in economic conditions or political events.

The risks that are currently known to the Company and which could affect the Group's future results and could cause results to differ materially from those expressed in the forward-looking statements are discussed in Section 2 "Risk Factors".

The information contained in this Prospectus, including the information set out under Section 2 "Risk Factors", identifies additional factors that could affect the Company's financial position, operating results, liquidity and performance. Prospective investors in the Shares are urged to read all Sections of this Prospectus and, in particular, Section 2 "Risk Factors" for a more complete discussion of the factors that could affect the Group's future performance and the industry in which the Group operates when considering an investment in the Company.

These forward-looking statements speak only as at the date on which they are made. The Company undertakes no obligation to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on the Company's behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

5 USE OF PROCEEDS FROM THE PRIVATE PLACEMENT AND THE SUBSEQUENT OFFERING

The net proceeds from the Private Placement and the Subsequent Offering will be used by the Company to fund the Company's operations and ensure sufficient liquidity, including for financing of inventory and accounts receivables, as well as to support the transition from the product development phase to the commercialisation phase and for general corporate purposes. The Company expects that approximately 40% of the net proceeds will be used for working capital purposes and 10% on sales and marketing. The remaining net proceeds will be used for general operations purposes.

6 THE PRIVATE PLACEMENT

This Section 6 "The Private Placement" provides information regarding the Private Placement (including the Underwriting Commission) approved by the General Meeting on 19 June 2020. As at the date of this Prospectus, the Private Placement Shares and the Underwriting Commission Shares have not been issued and are not listed and tradeable on the Oslo Stock Exchange.

6.1 Overview

On 28 May 2020, the Company announced that it had completed a fully underwritten conditional private placement of 25 million new Shares in the Company (the "**Private Placement Shares**"), each with a par value of NOK 1.00, at a fixed subscription price of NOK 2.00 per Private Placement Share (the "**Private Placement**").

The Private Placement was directed towards a limited number of selected investors, comprising existing shareholders of the Company (including Board Members) and new investors (the "**Private Placement Investors**"), subject to applicable exemptions from relevant prospectus requirements: (i) outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and (ii) in the U.S. to "qualified institutional buyers" (QIBs) as defined in Rule 144A under the U.S. Securities Act.

The Private Placement Shares were placed by the Manager to the Private Placement Investors during the application period. The subscription price in the Private Placement was determined by the Board of Directors following a pre-sounding process and based on a recommendation by the Manager. The Private Placement was made conditional upon the general meeting of the Company (the "**General Meeting**") resolving to (i) approve the Private Placement (including the Underwriting Commission (as defined below)) and thereby the issue of the Private Placement Shares to the Private Placement Investors, and (ii) approve the Subsequent Offering. Completion of the Private Placement is conditional upon the Company having received full payment for the Private Placement Shares and the share capital increase pertaining to the Private Placement having been registered with the Norwegian Register of Business Enterprises *(Nw.: Foretaksregisteret)*.

The Private Placement entailed a deviation from the shareholders' pre-emption right to subscribe for and be allocated the new Shares, cf. section 10-5 cf. section 10-4 of the Norwegian Public Limited Companies Act. The Board of Directors' grounds for such deviation were *inter alia* that (i) a rights issue would have to be carried out at an even higher discount in order to be fully underwritten and would therefore disproportionately dilute the shareholders who could not participate, and it would not be possible for the Company to procure that subscription rights would trade at a price that protected against dilution, (ii) the subscription price in the Private Placement was determined after a pre-sounding process and therefore expressed the market price for the relevant amount of new Shares in the Company, and (iii) the Company would carry out the Subsequent Offering directed towards shareholders that were not allocated shares in the Private Placement or included in the pre-sounding phase in the Private Placement, subject to certain additional requirements being met. Further, debt financing was not considered a feasible alternative for the Company and through the Private Placement the number of institutional and professional investors in the Company will be increased and the Company will thus achieve a strengthened shareholder base. On this basis, the Board of Directors concluded that the Private Placement would be in the common interest of the Company and its shareholders.

An extraordinary General Meeting was held on 19 June 2020, where the Company's shareholders resolved to, *inter alia*, approve the Private Placement and thereby issue the Private Placement Shares to the Private Placement Investors. See Section 6.2 "Resolutions regarding the Private Placement" for more information on the share issue resolution.

The Private Placement Shares will be issued in accordance with the Norwegian Public Limited Companies Act. The Private Placement Shares will rank in all respects *pari passu* with the existing Shares and carry full shareholder rights, including the right to dividends, from the day the share capital increase pertaining to the Private Placement Shares is registered with the Norwegian Register of Business Enterprises. The share capital increases pertaining to the issuance of the Private Placement Shares and the Underwriting Commission Shares are expected to be registered with the Norwegian Register of Business Enterprises on or about 24 June 2020.

Following completion of the Private Placement and the settlement of the Underwriting Commission, the Company will have a share capital of NOK 70,192,602, divided into 70,192,602 Shares, each with a par value of NOK 1.00.

See Section 5 "Use of proceeds from the Private Placement and the Subsequent Offering" for information on the Group's utilisation of the proceeds raised in the Private Placement.

In connection with the Private Placement, the Company entered into an underwriting agreement (the "**Underwriting Agreement**") with certain of the Private Placement Investors (the "**Underwriters**") on 27 May 2020, which was approved by the General Meeting on 19 June 2020. Pursuant to the terms of the Underwriting Agreement, the Underwriters committed to fully underwrite the Private Placement, meaning that the total commitment under the Underwriting Agreement amounted to NOK 50 million. The Private Placement was, however, over-subscribed, thereby securing the Company gross proceeds in the total amount of NOK 50 million. As consideration for the underwriting commitment, the Company has agreed to pay each Underwriter an underwriting commission of 10% of the respective Underwriter's underwriting commitment in excess of the respective Underwriter's pro rata portion of the Private Placement, based on its respective shareholding in the Company and the total number of issued Shares (the "**Underwriting Commission**"). The Underwriting Commission was settled immediately following subscription of the Private Placement Shares, by the issuance of 2,262,027 new Shares in the Company to the Underwriters (the "**Underwriting Commission Shares**") in accordance with the Underwriting Agreement and pursuant to an authorisation granted to the Board of Directors at the annual General Meeting held on 12 May 2020 (see Section 12.6 "Board authorisations"). As such, the settlement of the Underwriting Commission was carried out by way of set-off against the share contribution in a share capital increase. The subscription price in the share capital increase is equal to the subscription price in the Private Placement, being NOK 2.00. The share capital increase pertaining to the issue of the Underwriting Commission Shares is expected to be registered with the Norwegian Register of Business Enterprises on or about 24 June 2020, in connection with the registration of the share capital increase pertaining to the Private Placement, and subsequently delivered to the Underwriters and listed on the Oslo Stock Exchange. See Section 6.2 "Resolutions regarding the Private Placement and the issuance of the Underwriting Commission Shares" below for the Board of Directors' resolution in this regard.

6.2 Resolutions regarding the Private Placement and the issuance of the Underwriting Commission Shares

6.2.1 The General Meeting's resolution regarding the Private Placement

On 19 June 2020, the extraordinary General Meeting of the Company passed the following resolution to increase the Company's share capital by NOK 25 million in connection with the Private Placement (translated from Norwegian):

(i) *The share capital shall be increased by NOK 25,000,000 by the issuance of 25,000,000 new shares, each with a nominal value of NOK 1.00.*

(ii) *The subscription price per share is NOK 2.00.*

(iii) *The shares shall be subscribed for by and allocated to the investors set out in Appendix 3. The shareholders' preferential right is thus deviated from, cf. section 10-5, cf. section 10-4 of the Norwegian Public Limited Companies Act.*

(iv) *The shares shall be subscribed for in the general meeting minutes or on a separate subscription document on the date of the general meeting.*

(v) *Payment shall be made to the Company's share issuance bank account no later than on at 23:59 hours (CEST) on 22 June 2020.*

(vi) *The new shares carry rights to dividends and other rights in the Company from the time of registration of the share capital increase in the Norwegian Register of Business Enterprises.*

(vii) *The Company's expenses in relation to the share capital increase are estimated to approximately NOK 8 million.*

(viii) *The underwriters in the share issue are pursuant to the underwriting agreement entered into in connection with the private placement (the "**Underwriting Agreement**") entitled to an underwriting commission of 10% of the respective underwriter's underwriting commitment in excess of the respective underwriter's pro rata portion of the private placement. The underwriting commission shall be settled by the issuance of new shares to the underwriters at a subscription price of NOK 2.00 per share. The Underwriting Agreement is otherwise entered into on market conditions. The total committed amount under the underwriting pursuant to the Underwriting Agreement is NOK 50,000,000.*

(ix) *Section 4 of the articles of association shall be amended to state the total share capital and the number of shares following the share capital increase.*

6.2.2 The Board of Directors' resolution regarding issuance of the Underwriting Commission Shares

On 19 June 2020, in accordance with the authorisation granted by the annual General Meeting on 12 May 2020, the Board of Directors passed the following resolution to increase the Company's share capital by NOK 2,262,027 in connection with the settlement of the Underwriting Commission (translated from Norwegian):

(i) *The share capital shall be increased by NOK 2,262,027 by the issuance of 2,262,027 new shares, each with a nominal value of NOK 1.00.*

(ii) *The subscription price per share is NOK 2.00.*

(iii) *The shares shall be subscribed for by the investors set out in Appendix 1, with the allocation set out therein.*

(iv) *The shares shall be subscribed for in the minutes.*

(v) *The share contribution shall be settled by way of set-off of receivables in the total amount of NOK 4,524,054 that the subscribers have against the Company pursuant to the underwriting agreement dated 27 May 2020. Set-off is deemed completed at the time of subscription of the new shares. For further details about the share contribution, reference is made to the auditor's statement attached hereto as Appendix 2.*

(vi) *The new shares carry rights to dividends and other rights in the Company from the time of registration of the share capital increase in the Norwegian Register of Business Enterprises.*

(vii) *The Company's expenses in relation to the share capital increase are estimated to approximately NOK 100,000.*

(viii) *Section 4 of the articles of association shall be amended to reflect the total share capital and the total number of shares following the share capital increase.*

6.3 Participation of major shareholders and members of the Company's Management, supervisory and administrative bodies

The following member of the Company's Management subscribed for Private Placement Shares and/or Underwriting Commission Shares, as applicable:

(i) Aponia AS (a company controlled by the chairman of the Board of Directors, Petter Jan Fjellstad) subscribed for 750,000 Private Placement Shares and 72,779 Underwriting Commission Shares. Following completion of the Private Placement and the issuance of the Underwriting Commission Shares, Aponia AS will hold 832,779 Shares in the Company.

(ii) Odd Harald Hauge (Board Member) subscribed for 500,000 Private Placement Shares and 48,907 Underwriting Commission Shares. Following completion of the Private Placement and the issuance of the Underwriting Commission Shares, Odd Harald Hauge will hold 548,907 Shares in the Company.

(iii) Spurv Invest AS (a company controlled by Board Member Live Haukvik) subscribed for 100,000 Private Placement Shares. Following completion of the Private Placement, Spurv Invest AS will hold 100,000 Shares in the Company.

(iv) Emine Lundkvist (Board Member) subscribed for 50,000 Private Placement Shares. Following completion of the Private Placement, Emine Lundkvist will hold 79,738 Shares in the Company.

In addition, Torstein Tvenge who, together with his related parties, held 2,031,719 Shares (4.7%) as at 17 June 2020, was allocated 1,416,076 Private Placement Shares. Following completion of the Private Placement, Torstein Tvenge and his related parties will hold 3,447,795 Shares in the Company (5.08%).

Other than as stated above, no major shareholders, members of the Company's Management, supervisory and administrative bodies subscribed for Private Placement Shares in the Private Placement.

6.4 Conditions for the completion of the Private Placement

The Private Placement Shares will be delivered to the Private Placement Investors, and listed and tradable on the Oslo Stock Exchange as soon as practicable possible after (i) payment has been received for the Private Placement Shares, and (ii) the share capital increase pertaining to the Private Placement has been registered with the Norwegian Register of Business Enterprises. The listing of the Private Placement Shares on the Oslo Stock Exchange is expected to take place on or about 24 June 2020.

6.5 Dilution

The immediate dilution for the existing shareholders not participating in the Private Placement is approximately 36.80% (38.84% when including the Shares issued in connection with settlement of the Underwriting Commission).

The aggregate dilution for existing shareholders not participating in either the Private Placement or the Subsequent Offering is approximately 46.47% (including the Underwriting Commission Shares and based on full subscription in the Subsequent Offering).

6.6 Lock-up undertaking

6.6.1 Lock-up undertaking entered into by the Company

In connection with the Private Placement, the Company entered into lock-up undertakings for a period of 10 months from the completion of the Private Placement. The Company has undertaken that it will not, directly or indirectly, without the prior written consent of the Manager, during the lock-up period (i) issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other equity interest in the capital of the Company or any securities convertible into or exercisable for such Shares or other equity interests, or (ii) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or other equity interests, whether any such transaction described in (i) or (ii) above is to be settled by delivery of the Shares or other securities or interests, in cash or otherwise, or (iii) publicly announce or indicate an intention to effect any transaction specified in (i) or (ii). The foregoing shall not apply to: (a) the issue of the of Shares in the Private Placement or any subsequent repair offering, (b) the granting of options or other rights to Shares, or the honouring of options or such other rights to Shares, by the Company pursuant to any board member, management or employee share incentive or investment schemes or agreements or (c) the issuance of new Shares as consideration shares in connection with mergers with or acquisitions of other companies, businesses, assets or rights.

6.6.2 Lock-up undertaking entered into by Greenbridge Investment L.P.

The Company's largest shareholder, Greenbridge Investment L.P., has in connection with the Private Placement entered into a lock-up undertaking, pursuant to which Greenbridge Investment L.P. has undertaken that it will not, directly or indirectly, without the prior written consent of the Manager, during a period of six months from 6 May 2020, (i) sell, offer to sell, contract or agree to sell, hypothecate, pledge, grant any option to purchase or otherwise dispose of or agree to dispose of, directly or indirectly any Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any securities convertible into or exercisable or exchangeable for Shares, or warrants or other rights to purchase Shares, whether any such transaction is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (iii) publicly announce an intention to effect any transaction specified in clause (i) or (ii), provided, however, that the foregoing shall not apply to the pre-acceptance or acceptance by Greenbridge Investment L.P. of a takeover offer for all Shares made in accordance with chapter 6 of the Norwegian Securities Trading Act.

6.7 Net proceeds and expenses related to the Private Placement

The gross proceeds to the Company from the Private Placement will amount to NOK 50 million. The Company's costs, fees and expenses payable to the Manager and the Company's other advisors relating to the Private Placement, are expected to amount to approximately NOK 8 million (including the Underwriting Commission).

For a description of the Company's use of the net proceeds, see Section 5 "Use of proceeds from the Private Placement and the Subsequent Offering".

No expenses or taxes were charged by the Company or the Manager to the subscribers in the Private Placement.

6.8 Interest of natural and legal persons involved in the Private Placement

The Manager and/or its affiliates have from time to time provided, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so. The Manager will receive a fee in connection to the completion of the Private Placement, and as such, has had an interest in the Private Placement. For further information about the fee to the Manager, see Section 7.1.20 "Interests of natural and legal persons involved in the Subsequent Offering". In addition, the Underwriters will receive the Underwriting Commission for underwriting the Private Placement, and as such, have had an interest in the Private Placement.

Except as set out above, the Company is not aware of any interest, including conflicting ones, of any natural or legal persons involved in the Private Placement.

7 THE SUBSEQUENT OFFERING

7.1 The terms of the Subsequent Offering

7.1.1 Overview

The Subsequent Offering consists of an offer by the Company to issue up to 10 million Offer Shares, each with a par value of NOK 1.00, at a Subscription Price of NOK 2.00 per Offer Share. The Subscription Price in the Subsequent Offering is equal to the subscription price in the Private Placement. Subject to all Offer Shares being issued, the Subsequent Offering will result in the Company raising NOK 20 million in gross proceeds.

The purpose of the Subsequent Offering is to enable the Eligible Shareholders (as defined in Section 7.1.6 "Eligible Shareholders" below) the possibility to subscribe for new Shares in the Company at the same subscription price as in the Private Placement, thus limiting the dilution of their shareholding resulting from the Private Placement. The net proceeds from the Subsequent Offering will be used for the same purposes as the net proceeds from the Private Placement, as further elaborated in Section 5 "Use of proceeds from the Private Placement and the Subsequent Offering".

Eligible Shareholders will be granted non-transferable Subscription Rights that, subject to applicable laws, provide the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Over-subscription and subscription without Subscription Rights will be permitted.

This Prospectus does not constitute an offer of, or an invitation to purchase, the Offer Shares in any jurisdiction in which such offer or sale would be unlawful. For further details, see "Important Notice" and Section 15 "Selling and Transfer Restrictions".

7.1.2 Resolution relating to the Subsequent Offering and the issue of the Offer Shares

On 19 June 2020, the extraordinary General Meeting of the Company passed the following resolution to increase the Company's share capital in connection with the Subsequent Offering (translated from Norwegian):

(i) *The share capital shall be increased by minimum NOK 1.00 and maximum NOK 10,000,000, by issuance of minimum 1 and maximum 10,000,000 new shares, each with a nominal value of NOK 1.00.*

(ii) *The subscription price per share is NOK 2.00.*

(iii) *The Company's existing shareholders as of 28 May 2020 (as registered in the Norwegian Central Securities Depository (VPS) on 2 June 2020) (i) who were not allocated shares in the private placement resolved by the board of directors on 28 May 2020 (the "**Private Placement**"), (ii) who were not included in the pre-sounding phase in the Private Placement and (iii) who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action of a registration document or prospectus (the "**Eligible Shareholders**") shall have the right to subscribe for the new shares. The shareholders of the Company shall accordingly not have a pre-emptive right to subscribe for or be allocated the new shares (cf. section 10-4 of the Norwegian Public Limited Companies Act). Eligible Shareholders shall receive non-transferable subscription rights for shares held in the Company as of 28 May 2020, as registered in the Company's shareholder register in the VPS as of 2 June 2020. The number of subscription rights to be issued to each Eligible Shareholder will be rounded down to the nearest whole subscription right. Each subscription right will entitle the holder to subscribe for one new share. Over-subscription and subscription without subscription rights will be allowed.*

(iv) *The shares are subscribed for on a separate subscription form.*

(v) *The subscription period shall commence on 22 June 2020 and end on 6 July 2020 at 16:30 hours (CEST). The commencement of the subscription period is conditional upon the publication of a prospectus related to the share capital increase, which has been approved by the Norwegian Financial Supervisory Authority. The prospectus will be published prior to the subscription period and will form the basis for subscription in the Subsequent Offering. In the event that the prospectus is not approved in time to uphold the mentioned subscription period, the subscription period will commence on the third trading day on the Oslo Stock Exchange following the approval and expire at 16:30 hours (CEST) two weeks thereafter. Other relevant dates are postponed correspondingly. The prospectus will not be approved by any other prospectus authority or published in any jurisdictions other than Norway.*

(vi) *The due date for payment for the new shares is 10 July 2020. When subscribing for shares, each subscriber with a Norwegian bank account must grant a one-time power of attorney to debit a stated bank account for the subscription amount corresponding to the number of allocated shares. Upon allocation, the allocated amount will be debited the subscriber's account. The debit will take place on or about the due date for payment. Payment of the subscription amount by subscribers without a Norwegian bank account shall be made pursuant to the instructions in the subscription form.*

(vii) *The following allocation criteria shall apply for the new shares:*

a) *Allocation will be made to subscribers in accordance with the subscription rights used to subscribe for new shares in the subscription period. Each subscription right will give the right to subscribe for and be allocated one new share.*

b) *If not all subscription rights are used in the subscription period, subscribers having used their subscription rights and who have over-subscribed will be allocated the remaining new shares on a pro rata basis based on the number of subscription rights exercised. In the event that pro rata allocation is not possible due to the number of remaining new shares, the Company will determine the allocation by lot drawing.*

c) *Any remaining new shares not allocated pursuant to the criteria in items a) and b) above will be allocated to subscribers not holding subscription rights. Allocation will be made on the sole discretion of the board of directors, where they, inter alia, may take into account investor quality and sector knowledge. The board of directors may also choose to allocate on pro rata basis on the relevant subscription amounts, however so that allocations may be rounded down to the nearest 100 shares.*

(viii) *The new shares carry rights to dividends and other rights in the Company from the time of the registration of the share capital increase with the Norwegian Register of Business Enterprises.*

(ix) *The Company's expenses in relation to the share capital increase are estimated to approximately NOK 1,000,000.*

(x) *Section 4 of the articles of association shall be amended to state the total share capital and the number of shares following the share capital increase.*

7.1.3 Timetable for the Subsequent Offering

The timetable set out below provides certain indicative key dates for the Subsequent Offering:

Last day of trading in the Shares including Subscription Rights	28 May 2020
First day of trading in the Shares excluding Subscription Rights	29 May 2020
Record Date	2 June 2020
Subscription Period commences	22 June 2020 at 09:00 (CEST)
Subscription Period ends	6 July 2020 at 16:30 (CEST)
Allocation of the Offer Shares	Expected on or about 7 July 2020
Distribution of allocation letters	Expected on or about 7 July 2020
Publication of the results of the Subsequent Offering	Expected on or about 7 July 2020
Payment Date	10 July 2020
Registration of the share capital increase pertaining to the Subsequent Offering	Expected on or about 16 July 2020
Delivery of the Offer Shares	Expected on or about 17 July 2020
Listing and commencement of trading in the Offer Shares on the Oslo Stock Exchange	Expected on or about 17 July 2020

7.1.4 Subscription Price

The Subscription Price in the Subsequent Offering is NOK 2.00 per Offer Share, being the same as the subscription price in the Private Placement. No expenses or taxes are charged to the subscribers in the Subsequent Offering by the Company or the Manager.

7.1.5 Subscription Period

The Subscription Period will commence on 22 June 2020 at 09:00 hours (CEST) and end on 6 July 2020 at 16:30 hours (CEST). The Subscription Period may not be revoked, extended or shortened prior to the end of the Subscription Period, unless otherwise is required by applicable laws and regulations.

7.1.6 Eligible Shareholders

Shareholders of the Company as of 28 May 2020, as registered in the Company's shareholder register in the VPS on 2 June 2020 (the Record Date), and who (i) were not allocated shares in the Private Placement, (ii) were not included in the pre-sounding phase in the Private Placement, and (ii) are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filling, registration or similar action (Eligible Shareholders), will be granted non-transferable Subscription Rights that, subject to applicable law, provide the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering at the Subscription Price.

Provided that the delivery of traded Shares is made with ordinary T+2 settlement in the VPS, Shares that were acquired on or before 28 May 2020 will give the Eligible Shareholder the right to receive Subscription Rights, whereas Shares that were acquired from and including 29 May 2020 will not give the relevant shareholder the right to receive any Subscription Rights.

7.1.7 Subscription Rights

Eligible Shareholders will be granted non-transferable Subscription Rights giving a the right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering. Each Eligible Shareholder will, subject to applicable securities laws, be granted 0.359333 Subscription Rights for each Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each whole Subscription Right will, subject to applicable securities laws, give the right to subscribe for and be allocated one (1) Offer Share in the Subsequent Offering.

The Subscription Rights will be credited to and registered on each Eligible Shareholder's VPS account on or about 22 June 2020. The Subscription Rights will be distributed free of charge to Eligible Shareholders. The Subscription Rights are non-transferable and will accordingly not be listed on any regulated market place.

Subscription Rights that are not exercised before 16:30 hours (CEST) on 6 July 2020 will have no value and will lapse without compensation to the holder. Holders of Subscription Rights should note that subscriptions for Offer Shares must be made in accordance with the procedures set out in this Prospectus and that receipt credit of Subscription Rights by Eligible Shareholders does not in itself constitute a subscription for Offer Shares. The Subscription Rights are non-transferable.

Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation, regulations or other laws that, according to the Company's assessment, prohibit or otherwise restrict subscription for Offer Shares (the "**Ineligible Shareholders**") will initially be credited to such Ineligible Shareholders' VPS accounts. Such credit specifically does not constitute an offer to Ineligible Shareholders to subscribe for Offer Shares. The Company will instruct the Manager to, as far as possible, withdraw the Subscription Rights from such Ineligible Shareholders' VPS accounts. See Section 7.1.10 "Financial intermediaries" below for a description of the procedures applicable to Subscription Rights held by Ineligible Shareholders through financial intermediaries.

7.1.8 Subscription procedures

Subscriptions for Offer Shares must be made by submitting a correctly completed subscription form, attached hereto as Appendix B (the "**Subscription Form**") to the Manager during the Subscription Period, or may, for subscribers who are residents of Norway with a Norwegian national identity number, be made online as further described below.

Correctly completed Subscription Forms must be received by the Manager no later than 16:30 hours (CEST) on 6 July 2020 at the following postal or e-mail address:

Pareto Securities AS
Dronning Mauds gate 3
P.O. Box 1411 Vika
N-0115 Oslo
Norway
Tel: + 47 22 87 87 00
E-mail: subscription@paretosec.com
www.paretosec.com/transactions

Subscribers who are residents of Norway with a Norwegian national identity number are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.paretosec.com/transactions, which will redirect the subscriber to the VPS online subscription system). All online subscribers must verify that they are Norwegian residents by entering their national identity number (*Nw.: personnummer*). In addition, the VPS online subscription system is only available for individual persons and is not available for legal entities. Legal entities must thus submit a Subscription Form in order to subscribe for Offer Shares. Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period.

None of the Company or the Manager may be held responsible for postal delays, unavailable internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Manager. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Manager without notice to the subscriber.

Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager, or in the case of subscriptions through the VPS online subscription system, upon registration of the subscription. The subscriber is responsible for the correctness of the information filled into the Subscription Form or, in case of applications through the VPS online subscription system, the online subscription form. By signing and submitting a Subscription Form, or by subscribing via the VPS online subscription system, the subscribers confirm and warrant that they have read this Prospectus and are eligible to subscribe for Offer Shares under the terms set forth herein.

There is no minimum subscription amount for which subscriptions in the Subsequent Offering must be made. Over-subscription (i.e. subscription for more Offer Shares than the number of Subscription Rights held by the subscriber entitles the subscriber to be allocated) and subscription without Subscription Rights will be permitted.

Multiple subscriptions (i.e., subscriptions on more than one Subscription Form) are allowed. Please note, however, that two separate Subscription Forms submitted by the same subscriber with the same number of Offer Shares subscribed for on both Subscription Forms will only be counted once unless otherwise explicitly stated in one of the Subscription Forms. In the case of multiple subscriptions through the VPS online subscription system or subscriptions made both on a Subscription Form and through the VPS online subscription system, all subscriptions will be counted.

7.1.9 Mandatory anti-money laundering procedures

The Subsequent Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 no. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 no. 1324 (collectively, the "**Anti-Money Laundering Legislation**").

Subscribers who are not registered as existing customers of the Manager must verify their identity to the Manager in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares.

Furthermore, participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated in the Subscription Form. VPS accounts can be established with authorised VPS registrars, who can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the European Economic Area (the "**EEA**"). However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Norwegian FSA. Establishment of a VPS account requires verification of identification to the VPS registrar in accordance with the Anti-Money Laundering Legislation.

7.1.10 Financial intermediaries

General

All persons or entities holding Shares or Subscription Rights through financial intermediaries (e.g., brokers, custodians and nominees) should read this Section 7.1.10 "Financial intermediaries". All questions concerning the timeliness, validity and form of instructions to a financial intermediary in relation to the exercise of Subscription Rights should be determined by the financial intermediary in accordance with its usual customer relations procedure or as it otherwise notifies each beneficial shareholder.

The Company is not liable for any action or failure to act by a financial intermediary through which Shares are held.

Subscription Rights

If an Eligible Shareholder holds Shares registered through a financial intermediary on the Record Date, the financial intermediary will, subject to the terms of the agreement between the Eligible Shareholder and the financial intermediaries customarily give the Eligible Shareholder details of the aggregate number of Subscription Rights to which it will be entitled and the relevant financial intermediary will customarily supply each Eligible Shareholder with this information in accordance with its usual customer relations procedures. Eligible Shareholders holding Shares through a financial intermediary should contact the financial intermediary if they have received no information with respect to the Subsequent Offering.

Eligible Shareholders who hold their Shares through a financial intermediary and who are Ineligible Shareholders will initially be credited Subscription Rights. Such credit specifically does not constitute an offer to Ineligible Shareholders. The Company will instruct the Manager to, as far as possible, withdraw the Subscription Rights from such financial intermediary's VPS accounts with no compensation to the holder, and in any event will Ineligible Shareholders not be entitled to exercise any received Subscription Rights.

Subscription Period

The time by which notification of exercise instructions for subscription of Offer Shares must validly be given to a financial intermediary may be earlier than the expiry of the Subscription Period. Such deadline will depend on the financial intermediary. Eligible Shareholders who hold their Shares through a financial intermediary should contact their financial intermediary if they are in any doubt with respect to deadlines.

Subscription

Any Eligible Shareholder who is not an Ineligible Shareholder and who holds its Subscription Rights through a financial intermediary and wishes to exercise its Subscription Rights, should instruct its financial intermediary in accordance with the instructions received from such financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from the Eligible Shareholders and for informing the Manager of their exercise instructions.

Please refer to Section 15 "Selling and Transfer Restrictions" for a description of certain restrictions and prohibitions applicable to the exercise of Subscription Rights in certain jurisdictions outside Norway.

Method of payment

Any Eligible Shareholder who holds its Subscription Rights through a financial intermediary should pay the Subscription Price for the Offer Shares that are allocated to it in accordance with the instructions received from the financial intermediary. The financial intermediary must pay the Subscription Price in accordance with the instructions in the Prospectus. Payment by the financial intermediary for the Offer Shares must be made to the Manager no later than the Payment Date (as defined below). Accordingly, financial intermediaries may require payment to be provided to them prior to the Payment Date.

7.1.11 Allocation of Offer Shares

Allocation of the Offer Shares will take place on or about 7 July 2020 in accordance with the following criteria:

(i) Allocation will be made to subscribers in accordance with the Subscription Rights used to subscribe for Offer Shares in the Subscription Period. Each Subscription Right will give the right to subscribe for and be allocated one Offer Share.

(ii) If not all Subscription Rights are used in the Subscription Period, subscribers having used their Subscription Rights and who have over-subscribed will be allocated the remaining Offer Shares on a pro rata basis based on the number of Subscription Rights exercised. In the event that pro rata allocation is not possible due to the number of remaining Offer Shares, the Company will determine the allocation by lot drawing.

(iii) Any remaining Offer Shares not allocated pursuant to the criteria in items (i) and (ii) above will be allocated to subscribers not holding Subscription Rights. Allocation will be made on the sole discretion of the Board of Directors, where they, *inter alia*, may take into account investor quality and sector knowledge. The Board of Directors may also choose to allocate on pro rata basis on the relevant subscription amounts, however so that allocations may be rounded down to the nearest 100 Shares.

No fractional Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights unless subscribers are given the right to over-subscribe in accordance with the above allocation criteria. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated.

The result of the Subsequent Offering is expected to be published on or about 7 July 2020 in the form of a stock exchange notification from the Company through the Oslo Stock Exchange's information system. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed on or about 7 July 2020. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 10:00 hours (CEST) on 7 July 2020. Subscribers who do not have access to investor services through their VPS account manager may contact the Manager on telephone number +47 22 87 87 00 from 10:00 hours (CEST) on 7 July 2020 to obtain information about the number of Offer Shares allocated to them.

7.1.12 Payment for the Offer Shares

Payment due date

The payment for Offer Shares allocated to a subscriber falls due on 10 July 2020 (the "**Payment Date**"). Payment must be made in accordance with the requirements set out below in this Section 7.1.12 "Payment for the Offer Shares".

Subscribers who have a Norwegian bank account

Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form or by the online subscription registration for subscriptions through the VPS online subscription system, provide the Manager, acting as the settlement agent in the Subsequent Offering (the "**Settlement Agent**"), with a one-time irrevocable authorisation to debit a specified bank account with a Norwegian bank for the amount payable for the Offer Shares which are allocated to the subscriber.

The specified bank account is expected to be debited on or after the Payment Date. The Settlement Agent is only authorised to debit such account once, but reserve the right to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date.

The subscriber furthermore authorises the Settlement Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment.

If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue.

Payment by direct debiting is a service that banks in Norway provide in cooperation. In the relationship between the subscriber and the subscriber's bank, the standard "Terms and Conditions for Payment by Direct Debiting – Securities Trading", which are set out on page 2 of the Subscription Form, will apply, provided, however, that subscribers who subscribe for an amount exceeding NOK 5 million will be contacted by the Manager and asked to pay the subscription amount manually.

Subscribers who do not have a Norwegian bank account

Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date.

Prior to any such payment being made, the subscriber must contact the Settlement Agent for further details and instructions.

Overdue payments

Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 no. 100, currently 9.50% per annum as of the date of this Prospectus. If a subscriber fails to comply with the terms of payment, the Offer Shares will, subject to the restrictions in the Norwegian Public Limited Companies Act and at the discretion of the Manager, not be delivered to the subscriber. The Manager, on behalf of the Company, reserves the right, at the risk and cost of the subscriber to, at any time, to cancel the subscription and to re-allocate or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Manager may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Manager, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

The Company and the Manager further reserves the right (but have no obligation) to have the Settlement Agent advance the subscription amount on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Settlement Agent.

7.1.13 The rights conferred by the Offer Shares

The Offer Shares to be issued in the Subsequent Offering will be ordinary Shares in the Company with a par value of NOK 1.00 each, and will be issued electronically in registered form in accordance with the Norwegian Public Limited Companies Act.

The Offer Shares will rank *pari passu* in all respects with the existing Shares in the Company (including the Private Placement Shares and the Underwriting Commission Shares) and will carry full shareholder rights from the time of registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises. The Offer Shares will be eligible for any dividends which the Company may declare after such registration. All Shares, including the Offer Shares, will have voting rights and other rights and obligations which are standard under the Norwegian Public Limited Companies Act, and are governed by Norwegian law. See Section 12 "Corporate Information and Description of Share Capital" below for a more detailed description of the Shares.

7.1.14 Delivery of the Offer Shares

Subject to timely payment of the entire subscription amount in the Subsequent Offering, the Company expects that the share capital increase pertaining to the Subsequent Offering will be registered with the Norwegian Register of Business Enterprises on or about 16 July 2020 and that the Offer Shares will be delivered to the VPS accounts of the subscribers to whom they are allocated on or about the same day. The final deadline for registration of the share capital increase pertaining to the Subsequent Offering with the Norwegian Register of Business Enterprises, and, hence, for the delivery of the Offer Shares, is, pursuant to the Norwegian Public Limited Companies Act, three months from the expiry of the Subscription Period (i.e. three months from 6 July 2020).

7.1.15 Listing of the Offer Shares

The Shares are listed on the Oslo Stock Exchange under ISIN NO 001 0629108 and ticker code "NEXT". The Offer Shares will be listed on the Oslo Stock Exchange as soon as the share capital increase pertaining to the Subsequent Offering has been registered with the Norwegian Register of Business Enterprises and the Offer Shares have been registered in the VPS. Listing is expected to take place on or about 17 July 2020.

The Offer Shares may not be transferred or traded before they are fully paid and said registrations in the Norwegian Register of Business Enterprises and the VPS have taken place.

For information regarding the listing of the Private Placement Shares and the Underwriting Commission Shares on the Oslo Stock Exchange, see Section 6.1 "Overview".

7.1.16 LEI number

Legal Entity Identifier ("**LEI**") is a mandatory number for all companies investing in the financial market from January 2018. A LEI is a 20-character identifier that identifies distinct legal entities that engage in financial transactions. The Global Legal Identifier Foundation ("**GLEIF**") is not directly issuing LEIs, but instead it delegates this responsibility to Local Operating Units ("**LOUs**").

Norwegian companies can apply for a LEI number through the website https://no.nordlei.org/. The application can be submitted through an online form and signed electronically with BankID. It normally takes one to two working days to process the application.

Non-Norwegian companies can find a complete list of LOUs on the website https://www.gleif.org/en/about-lei/get-an-lei-find-lei-issuing-organisations.

7.1.17 VPS registration

The Subscription Rights will be registered in the VPS under ISIN NO 001 0886443. The Offer Shares will, following issuance, be registered in the VPS with the same International Securities Identification Number as the Shares, being ISIN NO 001 0629108.

The Company's registrar with the VPS is DNB Bank ASA (being the VPS Registrar).

7.1.18 Timeliness, validity, form and eligibility of subscriptions

All questions concerning the timeliness, validity, form and eligibility of any subscription for Offer Shares will be determined by the Board of Directors, whose determination will be final and binding. The Board of Directors, or the Manager upon being authorised by the Board of Directors, may in its or their sole discretion waive any defect or irregularity in the Subscription Forms, permit such defect or irregularity to be corrected within such time as the Board of Directors or the Manager may determine, or reject the purported subscription of any Offer Shares. It cannot be expected that Subscription Forms will be deemed to have been received or accepted until all irregularities have been cured or waived within such time as the Board of Directors or the Manager shall determine. Neither the Board of Directors, the Company or the Manager will be under any duty to give notification of any defect or irregularity in connection with the submission of a Subscription Form or assume any liability for failure to give such notification. Further, neither the Board of Directors, the Company or the Manager are liable for any action or failure to act by a financial intermediary through whom any Eligible Shareholder holds his Shares or by the Manager in connection with any subscriptions or purported subscriptions.

7.1.19 Net proceeds and expenses related to the Subsequent Offering

The Company will bear the fees and expenses related to the Subsequent Offering, which are estimated to amount to approximately NOK 1 million. No expenses or taxes will be charged by the Company or the Manager to the subscribers in the Subsequent Offering.

The total net proceeds from the Subsequent Offering are estimated to be approximately NOK 19 million, assuming that all the Offer Shares are subscribed for and issued. For a description of the use of such proceeds, see Section 5 "Use of proceeds from the Private Placement and the Subsequent Offering". Please also see Section 6.7 "Net proceeds and expenses related to the Private Placement" for more information about fees accrued in connection with the Private Placement.

7.1.20 Interests of natural and legal persons involved in the Subsequent Offering

The Manager or its affiliates have from time to time provided, and may provide in the future, investment and commercial banking services to the Company and its affiliates in the ordinary course of business, for which they may have received and may continue to receive customary fees and commissions. The Manager, its employees and any affiliate may currently own Shares in the Company. Further, in connection with the Subsequent Offering, the Manager, its employees and any affiliate acting as an investor for its own account may receive Subscription Rights (if they are Eligible Shareholders) and may exercise its right to take up such Subscription Rights and acquire Offer Shares, and, in that capacity, may retain, purchase or sell Offer Shares and any other securities of the Company or other investments for its own account and may offer or sell such securities (or other investments) otherwise than in connection with the Subsequent Offering. The Manager does not intend to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Manager will receive a fee in connection with the completion of the Subsequent Offering, and as such, has an interest in the Subsequent Offering. The fee to the Manager comprises a fixed fee of NOK 300,000 for their work up until the signing of the mandate agreement (the "**Fixed Fee**"), in addition to NOK 150,000 for each month that the mandate agreement remains in effect, being from 1 June 2020. Additionally, the Manager shall receive a broker fee equal to 4% of the gross proceeds from existing shareholders and 6% of the gross proceeds from new investors participating in the Private Placement or the Subsequent Offering, as applicable (the "**Broker Fee**"). The Broker Fee shall in no event be less than NOK 2,250,000. The Fixed Fee shall be deductible from the Broker Fee.

Beyond the abovementioned, the Company is not aware of any interest, including conflicting ones, of natural and legal persons involved in the Subsequent Offering.

7.1.21 Participation of major existing shareholders and members of the Company's Management, supervisory and administrative bodies in the Subsequent Offering

The Company is not aware of whether any other major shareholders of the Company or members of the Company's Management, supervisory or administrative bodies intend to subscribe for Offer Shares in the Subsequent Offering, or whether any person intends to subscribe for more than 5% of the Subsequent Offering.

7.1.22 Publication of information relating to the Subsequent Offering

In addition to press releases which will be posted on the Company's website (www.nextbiometrics.com), the Company will use the Oslo Stock Exchange's information system to publish information relating to the Subsequent Offering.

7.1.23 Advisors in the Subsequent Offering

In the Subsequent Offering, the Company has engaged Pareto Securities AS (Dronning Mauds gate 3, N-0115 Oslo, Norway) to act as manager and Advokatfirmaet Thommessen AS (Haakon VIIs gate 10, N-0161 Oslo, Norway) to act as Norwegian legal advisor.

7.2 Dilution

The dilutive effect following the Private Placement and the Subsequent Offering (assuming subscription of the maximum number of Offer Shares in the Subsequent Offering) is summarised in the table below:

	Prior to the Private Placement, issuance of the Underwriting Commission Shares and the Subsequent Offering	**Subsequent to the Private Placement**	**Subsequent to issuance of the Underwriting Commission Shares**	**Subsequent to the Private Placement and the Subsequent Offering**
Number of Shares each with a par value of NOK 1.00.............	42,930,575	67,930,575	70,192,602	80,192,602
% dilution	-	36.80%	38.84%	46.47%

The net asset value per existing Share as at 31 March 2020 was NOK 2.40. The Offer Price per Offer Share is NOK 2.00.

7.3 Jurisdiction and choice of law

This Prospectus and the terms and conditions of the Subsequent Offering and the Subscription Form shall be governed by, and construed in accordance with, Norwegian law, and the Offer Shares will be issued pursuant to, the Norwegian Public Limited Companies Act. Any dispute arising out of, or in connection with, this Prospectus and the Subsequent Offering shall be subject to the exclusive jurisdiction of the courts of Norway, with Oslo district court as legal venue.

8 DIVIDENDS AND DIVIDEND POLICY

8.1 Dividend policy

The Company's dividend policy is to provide shareholders with a high return over time by increasing the value of the Company's Shares. The Board of Directors will not recommend payment of dividends if the Company does not have sufficient equity and liquidity, after having taken into account the financial resources required for future growth and the Company's distributable reserves. There can be no assurance that in any given year a dividend will be proposed or declared, or if proposed or declared, that the dividend payment will be as contemplated by the policy.

When proposing a dividend, the Board of Directors will take into account legal restrictions in the Norwegian Public Limited Companies Act, see Section 8.2 "Legal constraints on the distribution of dividends" below, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions, the maintaining of appropriate financial flexibility and any restrictions that contractual arrangements may place on its ability to pay dividends.

The Company did not pay any dividends for the year ended 31 December 2019.

8.2 Legal constraints on the distribution of dividends

Dividends may be paid in cash, or in some instances, in kind. The Norwegian Public Limited Companies Act provides the following constraints on the distribution of dividends applicable to the Company:

- Section 8-1 of the Norwegian Public Limited Companies Act provides that the Company may distribute dividends to the extent that the Company's net assets, following the distribution covers (i) the share capital, (ii) the reserve for valuation variances and (iii) the reserve for unrealised gains. The amount of any receivable held by the Company which is secured by a pledge over Shares in the Company, as well as the aggregate amount of credit and security which, pursuant to sections 8-7 to 8-10 of the Norwegian Public Limited Companies Act fall within the limits of distributable equity, shall be deducted from the distributable amount.

  The calculation of the distributable equity shall be made on the basis of the balance sheet included in the approved annual accounts for the last financial year, provided, however, that the registered share capital as of the date of the resolution to distribute dividends shall be applied. Following the approval of the annual accounts for the last financial year, the General Meeting may also authorise the Board of Directors to declare dividends on the basis of the Company's audited annual accounts. Dividends may also be resolved by the General Meeting based on an interim balance sheet which has been prepared and audited in accordance with the provisions applying to the annual accounts and with a balance sheet date no earlier than six months before the date of the General Meeting's resolution.

- Dividends can only be distributed to the extent that the Company's equity and liquidity following the distribution is considered sound by the Board of Directors, acting prudently.

In deciding whether to propose a dividend and in determining the dividend amount, the Board of Directors will take into account legal restrictions, as set out in the Norwegian Public Limited Companies Act, the Company's capital requirements, including capital expenditure requirements, its financial condition, general business conditions and any restrictions that its contractual arrangements in place at the time of the dividend may place on its ability to pay dividends, and the maintaining of appropriate financial flexibility. Except in certain specific and limited circumstances set out in the Norwegian Public Limited Companies Act, the amount of dividends paid may not exceed the amount recommended by the Board of Directors.

The Norwegian Public Limited Companies Act does not provide for any time limit after which entitlement to dividends lapses. Subject to various exceptions, Norwegian law provides a limitation period of three years from the date on which an obligation is due. There are no dividend restrictions or specific procedures for non-Norwegian resident shareholders to claim dividends. For a description of withholding tax on dividends applicable to non-Norwegian residents, see Section 14 "Taxation".

In addition, U.S. federal securities laws may restrict the Company's ability to offer distributions in kind in the form of securities to certain shareholders.

Most of the Group's current operations are conducted through the Company's subsidiaries and almost all sales are conducted through the subsidiary NEXT Biometrics AS. As such, the cash that the Group obtains from NEXT Biometrics

AS is the principal source of funds and such funds are necessary to meet its obligations. Contractual provisions or laws, including laws or regulations related to the repatriation of foreign earnings, as well as the Group's subsidiaries' financial condition and operating requirements, may limit the Group's ability to obtain cash from subsidiaries that it requires to pay its expenses or meet its current or future debt service obligations or to pay dividends to its shareholders.

The inability to transfer cash from the Group's subsidiaries may mean that, even though the Group may have sufficient resources on a consolidated basis to meet its obligations or to pay dividends to its shareholders, the Group may not be permitted to make the necessary transfers from its subsidiaries to meet such obligations or to pay dividends to its shareholders. Likewise, the Group may not be able to make necessary transfers from its subsidiaries in order to provide funds for the payment of its liabilities or obligations, for which the Group is or may become responsible under the terms of any loan agreements. A payment default by the Group, or any of the Group's subsidiaries, on any debt instrument may have a material adverse effect on the Group's business, results of operations, cash flow and financial condition.

8.3 Manner of dividend payment

The Company's equity capital is denominated in NOK and all dividends on the Shares will therefore be declared in NOK. As such, investors whose reference currency is a currency other than NOK may be affected by currency fluctuations in the value of NOK relative to such investor's reference currency in connection with a dividend distribution by the Company. Any future payments of dividends on the Shares will be made in the currency of the bank account of the relevant shareholder, and will be paid to the shareholders through the VPS. Shareholders registered in the VPS who have not supplied the VPS with details of their bank account, will not receive payment of dividends unless they register their bank account details with DNB Bank ASA (Registrars Department) (the "**VPS Registrar**"). The exchange rate(s) that is applied when denominating any future payments of dividends to the relevant shareholder's currency will be the VPS Registrar's exchange rate on the payment date. Dividends will be credited automatically to the VPS registered shareholders' accounts, or *in lieu* of such registered account, at the time when the shareholder has provided the VPS Registrar with their bank account details, without the need for shareholders to present documentation proving their ownership of the Shares. Shareholders' right to payment of dividends will lapse three years following the resolved payment date for those shareholders who have not registered their bank account details with the VPS Registrar within such date. Following the expiry of such date, the remaining, not distributed dividend will be returned from the VPS Registrar to the Company.

9 BUSINESS OF THE GROUP

9.1 Introduction

The Company is a biometrics company which was established in the early 2000s. NEXT provides advanced and secure easy-to-use fingerprint sensor technology for authentication in the smart card, government ID, access control and notebook markets. The fingerprint sensors developed by the Group are unique, using active thermal conductivity to read the fingerprint, as opposed to capacitive or optical sensing that other industry players use.[1] The Group's patented NEXT Active Thermal™ principle allows the development of large, high quality fingerprint sensors in both rigid and flexible formats. This enables lower production costs for the Group's fingerprint sensors. The Group has developed and markets a portfolio of fingerprint sensor modules, readers and flexible biometric subassemblies, which may be incorporated into a wide range of products and solutions. See Section 9.2 "Products, product development and operative markets" below for more information.

Since its establishment, the Group has primarily focused on developing its technology and products and establishing its business. The Group has recently evolved into a phase of greater commercialisation than previous years, as further elaborated below. As such, and going forward, the Group aims to strengthen its focus on sales and marketing activities.

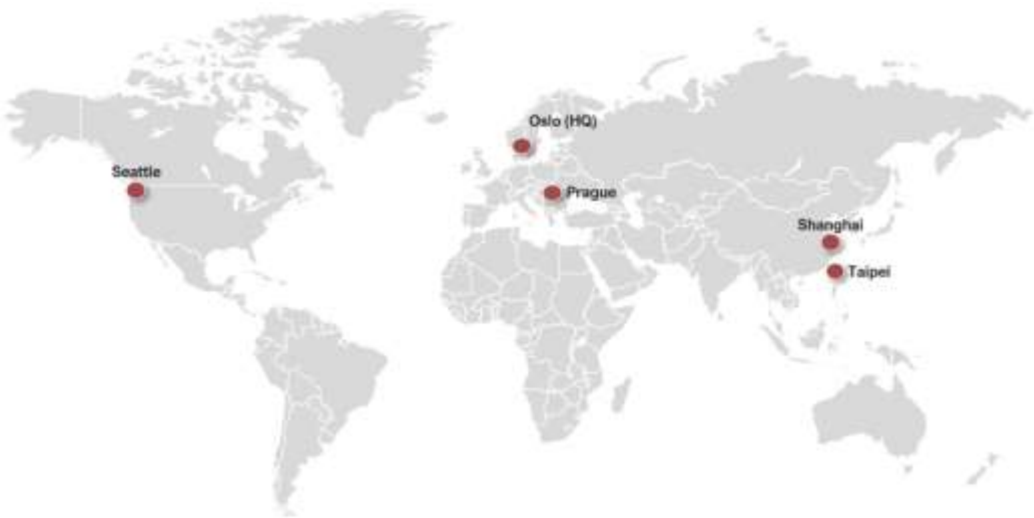
- **Technology development:** In the period from 2000 to 2017, the Group focused on developing a thermal, large-sized, PIV certified fingerprint sensor technology. It has eight patents issued and 11 patent applications pending as of the date of this Prospectus. In this phase, the Group has spent substantial amounts on its R&D activities.

- **End-product development:** In the period from 2017 to 2020, the Group focused on the development of sellable products and its value chain. During 2019, it has especially focused on the FAP20, certified Aadhaar (Level-0/Level-1) products, as well as further developing its established notebook products.

- **Commercial phase:** From the beginning of 2020 and onwards, the Group has evolved into a more commercial phase compared to previous years. Its main focus going forward is on near-term business opportunities, especially (i) the FAP20 which was introduced during Q1 2020, (ii) the Aadhaar government ID project in India and (iii) the notebook market. The Group's main commercial drivers are to develop strong sales pipelines with tangible prospects, as well as significantly reduce its cost base in order to reach profitability going forward (the Group aims for an annual operating cost reduction so that it can reach its target annual operating costs of NOK 60 million). On the product development side, the Group will primarily focus on its high-margin products and deemphasize low margin products during 2020. This means that products such as FAP20, Aadhaar related products and notebook products will be prioritised by the Group going forward. As at the date of this Prospectus, a significant part of the Group's revenues are generated by, and the largest sales volumes relate to, three large customers. Several of the Group's remaining 20 customers, which have ordered smaller volumes in the past, have significant potential to increase product volumes going forward. In addition to increasing sales volumes related to the these smaller customers, the Group targets to identify and attract additional high-volume customers/partners and customers with high-volume potential, with the aim to be designed into their products and solutions.

[1] Source: Company information.

The Group has global presence, with offices in Europe, the United States and Asia. The headquarter is located in Oslo, Norway. In total, the Group has 40 employees as of the date of this Prospectus. Set out below is an overview of the Group's geographic presence.



9.2 Products, product development and operative markets

9.2.1 Introduction

Historically, the Group has had a strong focus on research and development ("**R&D**") and has progressed along its product and technology development roadmap in recent years. The Group has developed products for the notebook, government ID (a global market, but for the Group's operations in India this is referred to as the Aadhaar programme), point of sales (POS) terminals and smart card markets. Going forward, the Group will reduce its R&D spending and focus on improving already developed solutions, accelerate design-in projects and proactively support with customer activities.

Information about the Group's main products and product categories, as well as its principal markets, is presented in Section 9.2.2 "Products and main markets" below. See Section 9.4 "New products and services" for more information about the Group's technology and intellectual property rights.

9.2.2 Products and main markets

Fingerprint modules and fingerprint readers

Fingerprint recognition is a widely used biometric modality, facilitating low cost and highly scalable manufacturing. It is convenient and secure (hard to spoof), and is therefore a globally accepted standard for security and usability. The Group's fingerprint sensor modules are developed specifically to create secure, easy to use and convenient biometric authentication solutions. The fingerprint sensor modules are incorporated into time and attendance terminals, access control readers, notebooks and mobile devices, point of sale (POS) terminals and other applications which require reliable, fast and convenient identification and authentication.

The Group has developed a variety of commercial fingerprint sensor modules and readers serving the needs of its different market segments. Its main focus going forward is the notebook, government-ID and the FAP20 module, which are further described below. The Group has developed a number of fingerprint modules and readers that are similar in form and function, however with different features that meet various customer demands. A selection of these products is described below. As the Group is assessing its product portfolio as part of its efforts to reduce costs and complexity in its business going forward, it is envisioned that some of its modules and readers may be phased out during 2020 and 2021.

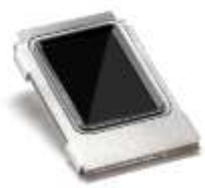
The FAP20 module

The FAP20 sensor is a thermal, large-sized, secure PIV-certified sensor with attractive form factor and price point. It is categorised by the Group as a high-margin product and can be used for a variety of high security applications, including government ID and point of sales terminals. The Group's FAP20 module series has been specifically designed to meet the highest security standards and are especially suitable for (i) physical access control, (ii) network & device security, (iii) healthcare, (iv) E-Governance and (v) IoT Applications. The Group completed its development of FAP20 during late

2019, when it obtained PIV certification for this sensor.[2] The first commercial order for the Group's FAP20 sensor was placed in the first quarter of 2020, but the Group believes that it will experience higher direct sales volumes of the FAP20 sensor through 2020 and in 2021. Further, it has the potential for additional sales through partners and/or third parties (the latter by way of module applications). The Group believes that it has an especially strong market potential among Chinese and other point of sale (POS) vendors, government ID projects globally and notebook high security applications.

NB-2034-S2

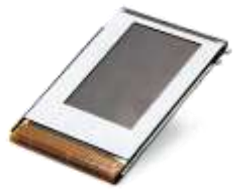
The NB-2034-S2 is a high-quality fingerprint area sensor module designed for integration into custom application products including notebooks, tablets, time and attendance terminals and card readers. It relies on the NEXT sensor chipset mounted on a small printed circuit board for seamless hardware integration. The module connects to the host system via a SPI interface using a flex cable.



NB-2034-S2

NB-2023-S2

The NB-2023-S2 is a high quality, bezel-less SPI fingerprint area sensor module designed for integration into a wide range of products such as notebooks, tablets, tokens, time and attendance terminals, and access control products such as door locks and safes. It relies on the NEXT sensor chipset mounted on a small printed circuit board for seamless hardware integration. The module connects to the host system via a SPI interface using a flex cable.



NB-2023-S2

NB-2023-U2

The NB-2023-U2 product is a high quality, bezel-less USB fingerprint area sensor module designed for integration into custom application products such as notebooks, tablets, USB peripherals, POS and access control terminals. It relies on the NEXT sensor chipset mounted on a small printed circuit board for seamless hardware integration. The module connects to a USB hub or embedded USB host.

NB-2023-U2

[2] PIV certification means Personal Identity Certification for logical access, and is a United States Federal governmentwide credential. It is one of the highest levels of government certifications. Source: https://piv.idmanagement.gov/#what-is-piv

NB-3023-U2

The NB-3023-U2 "Scallop" is an ergonomic USB fingerprint peripheral designed for desktop use. It relies on the market-proven NEXT NB-2023-U2 fingerprint sensor module, the same technology that has been integrated into millions of electronic devices.

NB-3023-U2

Government ID and Aadhaar

Biometrics have been used in the government sector for many years, with fingerprint recognition being the first practical adoption of the technology. Fingerprint biometrics are also used for access to security-restricted buildings and are an accurate digital identification solution for various government applications such as border control, national identification cards, voter registration and passports. Government ID use and adoption varies per country, but countries in Asia, Middle East and Africa are early movers. Aadhaar is a national ID registration programme initiated in India in 2010. The Company believes that this is the largest biometric fingerprint programme globally, with over 1 billion people registered as users.[3] Within the global government ID market, the Group has established itself as an important player in India by providing Aadhaar certified biometric devices. New markets that are of particular interest for NEXT includes biometric national ID programmes in countries such as China, Nigeria and other African countries, and Indonesia.

The Group's Aadhaar biometric reader is used for most governmental services – payments, time and attendance, etc. The Group's Aadhaar products comprise:

- **NB-3023-U-UID reader:** It features a high-quality fingerprint area sensor with USB interface. It comes in an ergonomic desktop peripheral form factor, where the sensor relies on the NEXT NB-0510-S sensor chipset combined with a USB 2.0 controller for seamless system integration. The USB sensor works with the patented NEXT Active Thermal™ technology, and is developed to be tolerant against dirt, grease and varying environmental conditions. It has a large active area, facilitating stable imaging, intuitive user operation and is therefore especially suitable for mass market applications in need of security and convenience. Its key integration categories are (i) e-KYC, (ii) Aadhaar authentication, (iii) Jeevan Pramaan, (iv) beneficiary programmes and (v) point of sales (POS).

- **NB-2023-UID modules:** It features a large-area fingerprint sensor module designed for integration into products such as notebooks, tablets, mobile phones, MicroATMs and e-KYC applications. The module works with the patented NEXT Active Thermal™ principle_and is developed to be tolerant against dirt, grease and varying environmental conditions. It has a large active area, facilitating stable imaging, intuitive user operation and is therefore especially suitable for mass market applications in need of security and convenience. The Group's technology makes this sensor available to price sensitive applications. Its key integration categories are (i) point of service (POS) terminals, (ii) MicroATM terminals, (iii) e-KYC, (iv) notebooks, (v) tablets and (vi) mobile phones.

- **One touch ID L0-150 UART/SPI:** This module allows device makers to quickly and securely integrate NEXT's solutions to virtually any platform with a USB interface, and thereby enables easy integration into their preferred Registered Device service (i.e. biometric devices that are registered with the Aadhaar[4]). The module works with the patented NEXT Active Thermal™ principle_and is developed to be tolerant against dirt, grease and varying environmental conditions. It has a large active area, facilitating stable imaging, intuitive user operation and is therefore especially suitable for mass market applications in need of security and convenience. Its key integration categories are (i) point of contact (POS) terminals, (ii) MicroATM terminals, (iii) e-KYC and (iv) embedded applications.

[3] Source: Company information

[4] Source: https://uidai.gov.in/ecosystem/authentication-devices-documents/biometric-devices.html

The Group's technology used in the Aadhaar devices, as presented above, is STQC certified[5] and Level-0 certified[6]. Its Level-1 certification is currently pending. The Group shipped its first large order of Aadhaar certified fingerprint biometric readers to India in Q1 2020. The order was valued at USD 1.1 million.

Notebooks

The Group provides fingerprint sensors for design-centric consumer notebook computers (medium sized capture area) and business grade notebook computers (large capture area). Historically, the notebook segment has represented the largest revenue generating activities for the Group. The Group's focus going forward is to maintain a strong relationship with existing customers, further market penetration with its existing product portfolio and leverage the new FAP20 solution going forward. The Group believes that several manufactures are working on government notebook solutions where larger qualified sensors, such as the FAP20 format, is necessary. Within the notebook segment, the Group has ongoing and established supplier relationships with several notebook providers (original equipment manufacturers (OEMs)), including DELL and Fujitsu, which are the Group's main partners within the notebook computer market.

Partnership with DELL

The agreement with DELL was signed in November 2014. The Group delivered modules to 11 DELL platforms in the period from 2016 to 2020. DELL has been the Group's main customer for sensor shipments during this period and represented more than 90% of the Group's revenues in 2018 and approximately 80% in 2019. The Company expects that DELL will represent a smaller percentage of the Group's revenues going forward, since the number of DELL platforms using NEXT sensors has declined (in Q4 2019 DELL represented 33% of the Group's revenues). Some of the reduced volume has been replaced by shipments to Fujitsu Client Computing Limited ("**Fujitsu**"). Overall notebook revenues reached a low point in Q4 2019 and is expected to grow in 2020, but the overall 2020 notebook revenues will likely be lower compared to 2019 notebook revenues.

Partnership with Fujitsu

In November 2017, the Company announced that it had been chosen by Fujitsu as its future supplier of consumer and commercial notebook fingerprint sensors. The Group has delivered increasing volumes from 2018 to 2020. Shipments to Fujitsu are expected to increase during 2020.

9.3 New products and services

The Group's FAP20 module was certified and introduced to the market in January 2020. It is a fingerprint module that can be used for a variety of high security applications, including within government ID and point of sales (POS) terminals. The Group is currently working with certain partners to introduce the fingerprint sensor for a variety of applications and solutions. Other than the FAP20 module, the Group has not introduced any other significant new products or services, and no other new products have been publicly disclosed.

9.4 Technology and intellectual property rights

9.4.1 Introduction

The Group develops and manufactures sensors for fingerprint recognition which refers to the automated method of verifying a match between human fingerprints. Biometrics is the study of how humans differ from each other based on biological factors, for example how each person's fingerprints form differently. Fingerprinting is one of many forms of biometrics used to identify individuals and to verify their identity (others being face, iris, voice and hand geometry). Fingerprint sensors are devices used to capture an image of an individual's unique fingerprint pattern. The captured image is called a live scan. The live scan is digitally processed to create a biometric template which is stored and used for matching. There are several commonly used fingerprint technologies, including optical scanning, pressure-sensing, capacitance scanning (based on transfer and measurements of electrical currents) and thermal sensing. The Group uses a thermal sensing principle (i.e. the NEXT Active Thermal™ technology) to scan fingerprints, as further elaborated out in Section 9.4.2 "NEXT Active Thermal™ technology" below.

9.4.2 NEXT Active Thermal™ technology

The NEXT Active Thermal™ sensing technology produces clear, high-contrast images which facilitates low biometric error rates. Accurate fingerprint images are recorded consistently under a variety of environmental conditions, including high

[5] Standardisation Testing and Quality Certification Directorate is an attached office of the Department of Electronics and Information Technology, Government of India, which provides quality assurance services in the area of Electronics and IT. Among others, it provides testing and certification of biometric devices and algorithms. Source: https://www.innovatrics.com/awards/stoc-certification/

[6] Level-0 certification means that the product is approved for use in India in compliance with requirements for Aadhaar devices. Level-0 was the first round of certifications that was issued and a new round of certifications (Level-1) is expected to be issued during 2020.

humidity and rain. The technology works by measuring heat conductivity. A low power heat pulse is applied to each sensor pixel over a short period of time and a response is measured. This response is different for pixels in proximity to a finger's ridge or valley – to more effectively record fingerprint data. NEXT Active Thermal™ sensors are manufactured using LTPS technology – the same technology used to make thin film transistor (TFT) screens for mobile phones and TVs. The manufacturing process for LTPS is economical even for very large area sensors. If desired, the sensing structure can be deposited on a flexible substrate, allowing the manufacture of flexible sensors — the ideal solution for smart cards.

9.4.3 Other intellectual property rights

The Group's intellectual property strategy includes active development and protection of both patents and trade secrets. All key sensor patents filed are the property of the Group. A patent protects the inventor's right to exclusively manufacture, use and sell the invention. A patent generally lasts for 20 years, thereby effectively protecting the inventor from competition for the lifetime of the relevant patent. In order to maintain a patent, an annual fee must be paid per patent and per country.

The Company's portfolio of intellectual property rights, trade secrets and patents give a competitive advantage and provide higher barriers for entry for competitors. Furthermore, the Group's sensors may only be manufactured in a few selected high quality LTPS factories. Such factories can only be found in Asia and they are all owned by major Japanese, Korean or Taiwanese display manufacturers. This supply industry structure decreases the probability of unauthorised manufacturing and distribution of the Company's technology.

In addition to the below described patents, the Company has a number of trade secrets relating to ASIC design and sensor coating.

As at the date of this Prospectus, the Group has patents in nine patent families (out of which, eight are active and one expired) and the trademarks NEXT Active Thermal™ Sensing Principle and NEXT Capture. The Group has two pending patent applications and one pending trademark application. Patents have historically first been filed in the United States and later in other key countries.

The Group is not dependent on any license income related to the existing patents.

The following two patents protect the core technology of the Group:

Title	Earliest Filing date	Granted date (the U.S.)	Granted in Country	Still pending in	Expiry date (the U.S.)
Patent family: "Resistor Pixel"	17.05.2002	18.05.2010	The U.S., Germany, France, UK, Spain and Italy	N/A	January 2025
Patent family: The "Diode-Resistor" Pixel Patent family	22.09.2004	22.03.2011	The U.S., China, Australia, Canada, South Korea and Europe	N/A	November 2026

(i) "Resistor Pixel" patent: The patent protects an invention relating to a fingerprint recognition module, including thin heating elements and thin film resistive, temperature elements integrated with a switching circuit on a common substrate.

PCT abstract: The invention relates to a fingerprint recognition module comprising a substrate consisting of a material that is electrically insulating at least on its upper side and at least partially thermally. Said substrate receives a composite of structured thin films on its surface, which directly forms a measuring field on the surface of the substrate for measuring a fingerprint. The composite consists of an array of resistive, temperature-dependent elements and strip conductors, which connect the resistive, temperature-dependent elements to at least one connection field located on the substrate, outside the measuring field, and form part of the composite of structured thin films. The substrate contains at least one microelectronic switching circuit which is electrically connected to at least one connection field and contains the switching circuits by which means the thin film structures are controlled in order to heat the resistive, temperature-sensitive elements. The resistive, temperature-sensitive elements are read out, and the data is retransmitted.

(ii) The "Diode-Resistor" Pixel patent.

PCT abstract: Apparatus for measuring a pattern in a surface of an object, comprising a plurality of pixel or sensor elements being responsive to a physical parameter of the object surface, and means for establishing an overall, segmented picture related to said pattern, and also comprising at least one diode functionally associated with each sensor element for contributing to one or both of the following functions: (i) selectively addressing said sensor element and activating the sensor element, and (ii) sensing of said physical parameter.

The costs of patents, depending upon the nationality of the patent application, are usually comprised of a one-time application fee and an annual fee.

In April 2016, the Company's patented active thermal sensing principle expired. However, it is the Company's view that the expiration of this patent is not likely to have an impact on the Company's competitive position and security for its technology. As described above, NEXT has a range of additional key patents, trademarks and know-how, and has been the only manufacturer of fingerprint sensors that has utilised the production method for the fingerprint technology. In addition, the end products delivered to the market are dependent on other input factors, several of which are protected by the Group's trade secrets.

9.5 Security

Traditionally, pass codes, passwords or key cards have been used to access phones, office buildings and computers. These are vulnerable to theft and loss and therefore pose a security risk. It is significantly more difficult to copy, share or distribute a unique biometric pattern. Biometrics cannot be forgotten, as many passwords can, and it requires the person to be present at the time of recognition. Further, biometrics is difficult for attackers to fake and for users to discard. The main advantage of a biometric system is that it gives users greater convenience (they no longer have to remember multiple, long and complex, frequently changing passwords) while maintaining higher levels of security and also ensuring that the user is present at the time of recognition.

The key factor for determining the security level of fingerprints is the sensing area.[7] The Company manufactures sensors of at least 169mm^2 in size, thereby capturing a large portion of the fingerprint. This gives the sensor a high probability to capture enough features for the algorithm to be able to securely determine the authenticity of a finger presented to the sensor system.

The Madrid Report (a comprehensive study from the Carlos III University of Madrid)[8] confirms that size is the key factor when determining the quality of any fingerprint sensor system. As sensor size is reduced, false rejection rates increase exponentially, and the system is no longer user-friendly for a large portion of a given population.

There are two main security threats to fingerprint systems, and these are the following:

- **Hacked fingerprint systems:** Trojan horse attacks against biometrics systems modules and replay attacks against its communication channels are similar to those against password based personal recognition systems. The users of biometric sensors are able to secure biometric systems against attacks using the building blocks of standard cryptographic techniques.

- **Fake fingers:** 3D fake fingers may be created with a mould typically from gelatine, silicone or rubber. Given the right skills and equipment, producing a good 3D fake finger can fool all known market fingerprint sensors. In commercial applications, adding more credentials (such as passwords) may be undesirable because doing so reintroduces the problems associated with knowledge and possession based systems. In these applications, fake biometric attacks remain a concern. However, the Company suggests mitigating such threats in two ways:

    - by building a vitality detection mechanism in the biometric recognition system's hardware and software (which checks that the person is alive) and for high security concerned applications; and

[7] Source: "Handbook of Fingerprint recognition", Davide Maltoni, Dario Maio, Anil Kain and Salil Prabhakar, (2009) page 82.
[8] Source: https://www.nextbiometrics.com/wp-content/uploads/2017/06/The_Madrid_Report_Final_Full_Report.pdf (accessed 31 May 2020).

- by designing multimodal biometric systems that incorporate several different biometric characteristics (for example, finger, face and hand geometry).[9]

The Group is continuously working with leading universities and scientific institutes to research hardware and software methods that reliably detect security threats to the system.

9.6 Production and distribution – the key aspects of the Group's value chain

9.6.1 Introduction

The Group's value chain primarily comprise the three main categories set out below, and as further elaborated in Section 9.6.2 to Section 9.6.4.

- Unique, patented sensor technology developed and maintained in-house by NEXT.
- Sensor production outsourcing of the Group's sensor manufacturing, coating, module assembly and reader assembly.
- Network of business partners facilitates focus on core capabilities (sensor technology, software, integration) and lean organisational structure.

9.6.2 R&D and production design

The Group's technology and product design are developed in-house, by the Group's employees, who also carry out maintenance work. Please see Section 9.4 "Technology and intellectual property rights" above for more information.

9.6.3 Manufacturing, assembly and fingerprint algorithm software

Contrary to the Group's R&D activities, the production of the Group' products is outsourced and carried out by a handful of contract manufacturers. The contract manufactures are leading and highly recognised players within their respective segments.

The production of sensor units may be divided into four main production steps:

(i) **<u>Sensor sheet production:</u>** The first step of the production process is to produce the sensors on large sheets. Each sensor sheet consists of 840 sensors which are cut into individual sensors after the sheet has been coated (see production step (ii)). The production process is called LTPS (Low Temperature Poly Silicon). The Group has entered into a supply contract with Taiwan based INNOLUX Corporation ("**INNOLUX**"). INNOLUX is one of the world's leading manufacturers of high-end LTPS displays (which are mostly chosen for smartphone displays) and has the ability to grant the Company the opportunity to quickly scale its production.

(ii) **<u>Sensor sheet coating:</u>** Today, the Company coats its sensor sheets at facilities nearby INNOLUX in Taiwan using the Company's own coating machine. Coating entails adding an extremely hard and durable protective layer to the sensors.

In order to scale up production and also to bring down coating costs, the Company invested in two custom-made coating machines which were installed in 2015 and 2017.

(iii) **<u>ASIC production:</u>** An ASIC is a custom made, mandatory companion chip for every sensor unit. The ASIC's main purpose is to digitise the analogue signals from the sensor and to forward the digitised signal to third party controllers or processors. The Group has entered into agreements with partners for customised development and production of ASICs. These are able to quickly scale its production of ASICs, thus not limiting the overall production of the Group's products. Furthermore, the Company has developed a second generation ASIC that enabled reduction of production costs.

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[9] Source: "Biometric Recognition: Security and Privacy Concerns", Salil Prabhakar, Sharath Pankanti and Anil K. Jain, (2003) Security & Privacy, IEEE, Publication March-April 2003, page 33 – 42. ISSN: 1540-7993.

(iv) **Module and Assembly:** Assembly of the sensor and ASIC, with components, on a PCB (a board containing conductive and isolated elements to mount and connect electronic components) or flexible printed cable ("**FPC**") is done at module makers. The modules, which are delivered in formats requested by application level customers, comes with serial peripheral interface ("**SPI**") or USB interfaces and may to some extent be customised for high volume customers.

The Company does not define itself as dependent on INNOLUX, X-FAB/TSMC or any other supplier, as there are other manufacturers which can produce the same products at the same price and quantity. In the event the Company was to shift production to another supplier, the Company estimates a lead time of approximately 12 to 18 months to get the facility up and running.

The key factor in deciding the Group's capacity to deliver sensors to the market will be its coating capacity. The Group currently has a coating capacity of up to one million units per month depending on the thickness of the coating, which is consequently the number of unassembled sensors the Group is capable of delivering to the market. The coating capacity can be scaled with a lead time of six to nine months. The Company considers that it has sufficient capacity to meet current demands.

NEXT sources algorithm software from external parties. The software is used for extraction and verification of fingerprints to enhance the security of the fingerprint module or solution system.

9.6.4 Sales and distribution

The Group has sales organisations based in EMEA (Europe, Middle East and Africa), the United States, India (sales consultants), China and Taiwan.

NEXT has strengthened its sales team and is currently addressing customer projects in all segments in order to increase sales and improve revenues in accordance with the Company's strategy and plans. The most critical segments near term for increased sales are notebook, FAP20 solutions and government ID.

NEXT sells its products directly to OEMs, to distributors and to some degree directly to solutions providers.

9.7 Trend information

9.7.1 Significant recent trends since the end of the last financial year

The market activity in India has improved after the Supreme Court ruling on the Aadhaar programme in late 2018 was resolved prior to the election in 2019. India has registered fingerprints of 1.2 billion citizens under the Aadhaar programme and is a global leader in recognising the benefits of using fingerprint ID for both existing and new applications. Larger tenders for fingerprint solutions have been issued from late 2019 onwards. The Group observes a trend of the Aadhaar programme in India raising interest in other developing countries, such as Morocco, Indonesia and the Philippines, enabling ease of use of fingerprint based biometric devices and its infrastructure.

The COVID-19 pandemic had an impact on the Group's Q1 operations, delaying production and new purchase orders to some extent. However, Management has taken steps to ensure that customers are serviced and that inquiries are being attended to in a professional manner. There is uncertainty related to the impact on future financial performance, particularly related to the demand for consumer electronics and fingerprint readers.

The COVID-19 pandemic could have a negative impact on fingerprint solutions that are targeting multiple users. Hence, other biometrics solutions such as IRIS scanning could become more attractive. Still, fingerprint solutions are considered the most cost-effective in the market and end-users (such as governments) have invested sizeable amounts in fingerprint solutions and infrastructure. Hence, such a potential change would involve large switching costs, which makes it less likely to materialise.

On 12 May 2020, the Group announced its Q1 2020 report with revenues of NOK 20.5 million, which is 122% higher than the low point reached in Q4 2019. Further, the Group has announced further cost reduction measures during Q1 and Q2. The Q1 cost level and figures do not yet fully reflect the recent cost reductions. Please see 9.7.2 "Significant changes in the Group's financial performance since 31 March 2020 and known significant trends, etc." for further details.

9.7.2 *Significant changes in the Group's financial performance since 31 March 2020 and known significant trends, etc.*

During the second quarter of 2020, the Group implemented a cost reduction programme as part of its strategy to transition from an R&D phase to a commercialisation phase. The programme included a decision to outsource parts of the Group's operations to lower cost countries in Asia. In addition, R&D spending has been reduced and the Group's headcount is 40 as at the date of this Prospectus compared to 65 at year-end 2019, which is a 38% reduction. With the recent PIV certification of the FAP20 sensor, the Group is set to optimise the product mix by increasing the relative share and volume of high-margin products while gradually phasing out low-margin products during the year. The Group plans to reach an OPEX run rate of approximately NOK 5 million per month during Q4 2020, compared to NOK 16 million in Q4 2019, thereby targeting an annual OPEX run rate of approximately NOK 60 million going forward. Key elements initiated and under implementation are:

- Outsource parts of the operation to lower cost countries;
- Reduce headcount further;
- Streamline and lower vendor costs further;
- Simplify legal structure including lower administration costs; and
- Simplify product offering.

Further, during the first quarter of 2020, the Board of Directors decided to implement a plan of restructuring the Group's operations designed to safeguard the Group's intellectual property and key individuals, maintain existing and new customer relationships, carry out deliveries and conserve cash. With such restructuring, it will shift from being a more engineer driven business to become more customer-focused. Such shift in strategy is believed to result in higher revenue over time. Moreover, the Group's introduction of *inter alia* new high-margin products to the market and reduction of the number of products offered, as well as a more value based pricing of the Group's products, is also believed to result in higher gross margins compared to current levels. The Group targets to achieve an annual revenue run rate of NOK 150 million and a gross margin in the range between 35-40% by late 2021.

Fingerprint solutions are being used for public and governmental applications and private sector applications. There are obvious benefits for end-user and administrators to use the Aadhaar programme solutions compared to legacy paper-based systems. In January 2020, NEXT was awarded a large contract win for 90,000 readers from a Government Authority in India. Such tenders are expected to increase in numbers and, as at the date of this Prospectus, there are multiple tenders in the preparation stage to be issued.

Moreover, one of the Group's Indian business partners will start testing the Group's PIV-certified FAP20 sensors for integration in other fingerprint-enabled payment terminals aiming at international markets.

In April 2020, the Group's U.S. subsidiary was granted a government loan of approximately USD 1 million with 1.00% fixed interest rate and maturity date in April 2022 (the U.S. Loan).

9.8 Regulation and compliance

As a result of the COVID-19 situation, national authorities in multiple jurisdictions have adopted several laws and regulations with immediate effect. If utilised, such laws and regulations may have a material impact on the Group's operations. Measures implemented in other jurisdictions than where the Group operates may also impact the Group, such as in relation to logistics and transportation of products, which could ultimately affect the Group's ability to service its customers. The COVID-19 situation is continuously changing, and new laws and regulations that affect the Group's operations may enter into force.

Other than the above regulations, which affects a wide range of businesses and industries, the Company is not aware of any material changes in the Group's regulatory environment in the period between 31 December 2019 and the date of this Prospectus.

9.9 Material contracts outside the ordinary course of business

Neither the Company nor any of its subsidiaries have entered into any material contract outside the ordinary course of business for the two years prior to the date of this Prospectus. Further, no company in the Group has entered into any other contract outside the ordinary course of business which contains any provision under which any member of the

Group has any obligation or entitlement which is considered material to the Group as of the date of this Prospectus.

9.10 Dependency on contracts, patents, licenses etc.

The Company is of the opinion that its Aadhaar government ID project and customer contracts with DELL and Fujitsu as further described in Sections 9.2.2 "Products and main markets", as well as its relationship with Innolux described in Section 9.6.3 "Manufacturing, assembly and fingerprint algorithm software" are material for its existing business and profitability. In this regard, a significant portion of the Group's revenues for the year ended 31 December 2019 were generated from sales to the aforementioned customers.

The Group's core technology is protected by the patent families "Resistor Pixel" and "Diode-Resistor" Pixel. Please see Section 9.4.3 "Other intellectual property rights" for more information about these patents.

Other than the above, it is the Company's opinion that the Group's existing business or profitability is not dependent on any contracts or access to any third party technology through any patents or licenses, industrial, commercial or financial contracts.

9.11 Legal proceedings

From time to time, the Group is involved in litigation, disputes and other legal proceedings arising in the normal course of business. The Group is not, nor has it been during the course of the preceding 12 months, involved in any legal, governmental or arbitration proceedings which may have, or has had in the recent past, significant effects on the Group's and/or the Group's financial position or profitability. The Group is not aware of any such aforementioned proceedings which are pending or threatened.

9.12 Investments

The Company has not made any material investments since 31 March 2020, which are in progress and/or for which firm commitments have already been made.

9.13 Related party transactions

The Company has not entered into any related party transactions in the period between 31 March 2020 and to the date of this Prospectus.

9.14 Significant change in the Group's financial position since the end of the last financial period

Other than the U.S. Loan in the amount of USD 980,000 granted to NEXT Biometrics Inc. under the COVID-19 U.S. government sponsored loan programme, approved and paid in April 2020, there have been no significant changes in the financial position of the Group in the period between 31 March 2020 and the date of this Prospectus. Please see Section 10.2 "Capitalisation" and Section 10.3 "Indebtedness" for information on the effect of the aforementioned loan and the Private Placement.

10 CAPITALISATION AND INDEBTEDNESS

The information presented below should be read in together with the Financial Information.

10.1 Introduction

This Section provides information about the Group's unaudited capitalisation and net financial indebtedness on an actual basis as at 31 March 2020 and, in the "As adjusted" columns, the Group's unaudited capitalisation and net financial indebtedness as at the date of this Prospectus on an adjusted basis to give effect to the U.S. Loan and the Private Placement. Other than the U.S. Loan and the Private Placement, there has been no material changes to the Group's unaudited capitalisation and net financial indebtedness since 31 March 2020. For further details regarding the Private Placement, see Section 6 "The Private Placement".

10.2 Capitalisation

The table below sets out information about the Group's unaudited consolidated capitalisation as at 31 March 2020, and as adjusted for the U.S. Loan and the Private Placement.

In NOK million	**As of 31 March 2020** *(unaudited)*	**Adjustments for the U.S. Loan**	**Adjustments for the Private Placement[4]**	**As adjusted** *(unaudited)*
Indebtedness				
Total current debt:				
Guaranteed	0	0	0	0
Secured[1]	4	0	0	4
Unguaranteed/unsecured[2]	34	0	0	34
Total non-current debt:				
Guaranteed	0	0	0	0
Secured[1]	3	0	0	3
Unguaranteed/unsecured	0	10	0	10
Total indebtedness	**41**	**10**	**0**	**51**
Shareholders' equity				
Share capital	43	0	27	70
Paid-in capital (/share premium)	53	0	24	77
Other reserves[3]	7	0	0	7
Total shareholders' equity	**103**	**0**	**51**	**154**
Total capitalisation	**144**	**10**	**51**	**205**

1 Consist of IFRS 16 lease lability.

2 Consist of accounts payables, income tax payables and other current liabilities.

3 Other reserves include accumulated losses.

4 Net of estimated expenses related to the Private Placement of approximately NOK 8 million, however such that the Underwriting Commission (as defined in Section 6.1 "Overview") in the amount of approximately NOK 4.5 million has been added because the Underwriting Commission shall be settled by issuance of 2,262,027 new shares at a subscription price of NOK 2.00 per share.

10.3 Indebtedness

The table below sets out information about the Group's unaudited net financial indebtedness as at 31 March 2020, and as adjusted for the U.S. Loan and the Private Placement.

In NOK million	**As of 31 March 2020** *(audited)*	**Adjustments for the U.S. Loan**	**Adjustment for the Private Placement[1]**	**As adjusted** *(unaudited)*
Net indebtedness				
(A) Cash	54	10	47	111
(B) Cash equivalents	0	0	0	0
(C) Interest bearing receivables	0	0	0	0
(D) Liquidity (A)+(B)+(C)	**54**	**10**	**47**	**111**
(E) Current financial receivables	**27**	**0**	**0**	**27**
(F) Current bank debt	0	0	0	0

In NOK million	**As of 31 March 2020** *(audited)*	**Adjustments for the U.S. Loan**	**Adjustment for the Private Placement[1]**	**As adjusted** *(unaudited)*
(G) Current portion of non-current debt1	0	0	0	0
(H) Other current financial debt ..	38	0	0	38
(I) Current financial debt (F)+(G)+(H)	**38**	**0**	**0**	**38**
(J) Net current financial indebtedness (I)-(E)-(D)	**(43)**	**(10)**	**(47)**	**(100)**
(K) Non-current bank loans	0	10	0	10
(L) Bonds issued	0	0	0	0
(M) Other non-current loans	3	0	0	3
(N) Non-current financial indebtedness (K)+(L)+(M)	**3**	**10**	**0**	**13**
(O) Net financial indebtedness (J)+(N)	**(40)**	**0**	**(47)**	**(87)**

1 Net of estimated expenses related to the Private Placement of approximately NOK 8 million, however such that the Underwriting Commission (as defined in Section 6.1 "Overview") in the amount of approximately NOK 4.5 million has been added because the Underwriting Commission shall be settled by issuance of 2,262,027 new shares at a subscription price of NOK 2.00 per share.

10.4 Working capital statement

The Company is of the opinion that the current working capital available is not sufficient for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus.

The Company is of the opinion that it is necessary to obtain additional long term financing to secure a more robust capital structure and ensure the Group's continued operations from Q3 2020 and onwards. For NEXT's current scale of operations, the Company expects that it will need approximately NOK 35 million in order to have sufficient working capital for the period covering 12 months from the date of this Prospectus. If the Company is unable to obtain this amount the Group will run out of working capital in September 2020.

The Company has raised gross proceeds of NOK 50 million (net cash proceeds of approximately NOK 46.5 million, as the Underwriting Commission of approximately NOK 4.5 million shall be settled by issuance of new Shares and is therefore not deductible) through the Private Placement, and additional gross proceeds of up to NOK 20 million are expected to be raised through the Subsequent Offering. It is expected that the Private Placement alone will secure the Group satisfactory financing and liquidity for at least the 12 months following the date of this Prospectus. The payment date in the Private Placement is on 22 June 2020, meaning that the proceeds raised in the Private Placement have not been received by the Company as of the date of this Prospectus. The Company is nevertheless confident that it will receive the proceeds from the Private Placement on or around the payment date and the proceeds will be available to the Company following registration of the share capital increase pertaining to the Private Placement with the Norwegian Register of Business Enterprises, and that the Company following receipt of such payment will have sufficient working capital for the Group's present requirements for the period covering at least 12 months from the date of this Prospectus. Should the Company not receive the proceeds from the Private Placement, the Company may not be able to realise its strategy and targets within the planned time frame and, in the worst case scenario, the Company could as a consequence be unable to cover its current costs and therefore enter into liquidation proceedings.

10.5 Contingent and indirect indebtedness

As at 31 December 2019 and as at the date of the Prospectus, the Group did not have any contingent or indirect indebtedness.

11 BOARD OF DIRECTORS AND MANAGEMENT

11.1 Introduction

The General Meeting is the highest authority of the Company. All shareholders in the Company are entitled to attend and vote at General Meetings of the Company and to table draft resolutions for items to be included on the agenda for a General Meeting.

The overall management of the Company is carried out by the Company's Board of Directors and the Company's Management. In accordance with Norwegian law, the Board of Directors is responsible for, *inter alia*, supervising the general and day-to-day management of the Company's business ensuring proper organisation, preparing plans and budgets for its activities ensuring that the Company's activities, accounts and asset management are subject to adequate controls and undertaking investigations necessary to perform its duties.

The Board of Directors has established an audit committee in accordance with the recommendations of the Corporate Governance Code. In addition, the Company's Articles of Association provide for a nomination committee.

The Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's chief executive officer, is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner. In addition, the CEO must according to Norwegian law, brief the Board of Directors about the Company's activities, financial position and operating results at a minimum of one time per month.

In connection with the Group altering its main focus towards commercialisation, as further described in Section 9 "Business of the Group" above, a new management team has been established. The members of Management are presented in Section 11.3 "Management" below.

11.2 The Board of Directors

11.2.1 Overview of the Board of Directors

The Company's Articles of Association provide that the Board of Directors shall consist of three to nine Board Members. The current Board of Directors consists of four Board Members, as listed in the table below.

Pursuant to the Norwegian Code of Practice for Corporate Governance dated 17 October 2018 (the "**Norwegian Corporate Governance Code**") (i) the majority of the shareholder-elected members of the Board of Directors should be independent of the Company's executive management and material business contacts, (ii) at least two of the shareholder-elected members of the Board of Directors should be independent of the Company's main shareholders (shareholders holding more than 10% of the Shares in the Company), and (iii) no members of the Company's executive management should be on the Board of Directors.

All members of the Board of Directors are independent of the Company's significant business relations and large shareholders (shareholders holding more than 10% of the Shares in the Company) and of the Management.

The Company's registered office address at Universitetsgaten 10, N-0164 Oslo, Norway serves as c/o address for the members of the Board of Directors in relation to their directorships of the Company.

11.2.2 The Board of Directors

The names and positions of the Board Members are set out in the table below.

Name	Position	Served since	Term expires	Shares
Petter Jan Fjellstad	Chairman	2019	2021	10,000[1]
Emine Regina Lundkvist	Board member	2017	2021	29,738[2]
Odd Harald Hauge........	Board member	2020	2021	0[3]
Live Haukvik...............	Board member	2020	2021	0[4]

1 750,000 Shares were allocated to Petter Jan Fjellstad in the Private Placement and 72,779 Shares in connection with the settlement of the Underwriting Commission, in total 822,779 Shares, which will be directly owned by his wholly-owned company Aponia AS. The Shares allocated are not issued as at the date of this Prospectus, see Section 6 "The Private Placement" for further information about the Private Placement and the Underwriting Commission. Following completion of the Private Placement and settlement of the Underwriting Commission, Petter Jan Fjellstad will hold 832,779 Shares through Aponia AS.

2 50,000 Shares were allocated to Emine Regina Lundkvist in the Private Placement. The Shares allocated in the Private Placement are not issued as at the date of this Prospectus, see Section 6 "The Private Placement" for further information about the Private Placement. Following completion of the Private Placement, Emine Regina Lundkvist will hold 79,738 Shares.

Name	Position	Served since	Term expires	Shares

3 Odd Harald Hauge was allocated 500,000 Shares in the Private Placement and 48,907 Shares in connection with the settlement of the Underwriting Commission. The 548,907 Shares are not issued as at the date of this Prospectus, see Section 6 "The Private Placement" for further information about the Private Placement and the Underwriting Commission.

4 100,000 Shares were allocated to Live Haukvik in the Private Placement, which will be directly owned by her wholly-owned company Spurv Invest AS. The Shares allocated are not issued as at the date of this Prospectus, see Section 6 "The Private Placement" for further information about the Private Placement.

11.2.3 Brief biographies of the Board Members

Set out below are brief biographies of the Board Members, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company.

Petter Fjellstad, Chairman

Petter Fjellstad worked with McKinsey & Co. from 1985 to 1990 serving a variety of industrial and financial clients before becoming President of Dyvi A/S, an Investment company and Ship-owner from 1990 to 1997. In the mid-eighties he founded and provided the initial funding for Computer Resources AS that eventually went public on the Oslo Exchange. He did the same with Vision Park which he took public on the Stockholm Exchange. He also acquired a small medical distribution company, turned it around, and later sold it to a competitor. In 2010 he sold the company Dropzone ASA which he had both founded and funded, to a competitor. In 2007 he founded Grand Haven Capital AG, a hedge fund based in Switzerland. Mr. Fjellstad also served as an officer in the Norwegian Coastal artillery. Throughout his career he has held a number of board positions in both listed and unlisted companies. Petter Fjellstad was educated at Yale University (BA 1983) (Cum Laude, Distinction in the Major) and Harvard Business School (MBA 1985). Mr. Fjellstad resides in Oslo, Norway.

Current directorships and senior management positions.............	*Aponia AS (chairman and CEO), Storevarden AS (chairman), Medix AS (board member and CEO), Duozink AS (board member), Duozink Selbak AS (board member), Investiv AS (board member), Molde zink AS (board member) and Fjellstad holding (board member and CEO).*
Previous directorships and senior management positions last five years..	*Stepper AS (chairman) and Helseth AS (board member).*

Emine Regina Lundkvist, Board member

Emine Lundkvist is founder and partner of ERLEGAL, a Swedish law firm. Her principal fields of practice are tax legislation for mergers and acquisitions, restructuring, establishment abroad and other taxation matters. Mrs. Lundkvist holds an LL.M. from Stockholm University. She resides in Stockholm, Sweden.

Current directorships and senior management positions.............	*Advokat Emine Lundkvist AB (owner/board member).*
Previous directorships and senior management positions last five years..	*None.*

Odd Harald Hauge, Board member

Odd Harald Hauge is owner of Barske Gleder AS and the founder and editor of the company Mediehuset Nettavisen AS. Mr. Hauge has worked as director in ABG Sundal Collier from 1990-1993 and has experience from the position as an economic director in the Norwegian newspaper Aftenposten and the Norwegian magazine Kapital. Also, Mr. Hauge has experience from his positions as chairman and board member of various companies. Mr. Hauge holds a master's degree in business administration from the Norwegian School of Economics (NHH). Mr. Hauge resides in Oslo, Norway.

Current directorships and senior management positions.............	*Hoodifood Norge AS (chairman), Ionmarine AS (board member), Montenor AS (board member), Green Development AS (chairman), Welcome to the Machine AS (chairman and CEO), Barske Gleder AS (chairman), Nanopower AS (chairman), Sameiet Kaibygning II (board member), Instabank ASA (board member), Smart Retur AS (board member), Core Communication AS (board member) and Bluefield AS (deputy board member).*
Previous directorships and senior management positions last five years..	*Safi Energy AS (chairman), Singita (chairman), Sargas (board member), Abel Capital Management AS (chairman), Core Communication AS (chairman), Capsol-Eop AS (board member), Lifestages AS (board member), Co2 Capsol AS (board member), Dinamo Norge AS (board member) and Tenk Digitalt AS (board member).*

Live Haukvik, Board member

Live Haukvik works as an independent consultant in Haukvik Konsult AS. She was CFO/COO in Komplett Group from 2011 to 2020. Haukvik was partner in Considium Consulting from 2007 to 2011. She has served as CEO and CFO for listed industry companies and started her career by working for KPMG in Norway and the Czech Republic. Mrs. Haukvik has experience from positions as chairman and board member in several listed and unlisted companies. Mrs. Haukvik holds a master's degree (Liz.rer.pol) from Universite de Fribourg in Switzerland and master's degree in Management from BI Business school. Mrs. Haukvik resides in Tønsberg, Norway.

Current directorships and senior management positions.............	*Mylna Gruppen AS (board member), Komplett Bank ASA (board member), Navico Group AS (board member), Fjordkraft Holding ASA (board member), Haukvik Konsult AS (chairman and CEO) and Spurv Invest AS (chairman and CEO).*
Previous directorships and senior management positions last five years...	*Komplett Bank ASA (chairman), Agasti ASA (board member), Sameiet Dockside 1 (chairman), Mpx.no AS (board member), Komplett Finans AS (chairman and board member), Webhallen Norge AS (board member), Marked Gruppen AS (board member), Komplett.no AS (board member and CEO), Komplett Mobil AS (board member), Komplett Distribusjon AS (board member), Blush Drift AS (board member), Farmasiet AS (board member), Blush AS (board member), Nordic Pharma Logistics AS (board member), Norsk Bilsenter AS (board member), Canica Ecom 2 AS (board member), Komplett Services AS (board member) and Considium Consulting Group AS (deputy board member).*

11.3 Management

11.3.1 Overview

The Company's management team consists of four individuals as of the date of this Prospectus. The names of the members of Management as of the date of this Prospectus, and their respective positions, are presented in the table below:

Name	Current position within the Company	Employed with the Company since	Shares
Peter Heuman	Chief Executive Officer	2019	0
Eirik Underthun..................	Chief Financial Officer	2020	0
Dan Cronin........................	Chief Operating Officer	2017	53,643
Håkan Persson....................	SVP Sales and Strategy	2020	0

The Company's registered business address, Universitetsgaten 10, N-0164 Oslo, serves as the c/o address for the members of the Management in relation to their employment with the Company.

11.3.2 Brief biographies of the members of Management

Set out below are brief biographies of the members of Management, including their relevant management expertise and experience, an indication of any significant principal activities performed by them outside the Company and names of companies and partnerships of which a member of Management is or has been a member of the administrative, management or supervisory bodies or partner the previous five years.

Peter Heuman, Chief Executive Officer

Peter Heuman is a proven industry leader with 15 years of international management executive experience. He started his carrier in the Benelux area as Sales & Marketing head for Tele2, which became one of EUs fastest growing Telecom companies. He later held the position as CEO of Swedish publicly listed media tech company Done Management & Systems AB and gained strong experience in the payment industry as Managing Director Mobile Financial Services at Ericsson, where he also held the role as VP Deputy Head of Business Unit Support Solutions. He has also for four years served on the board of directors of iConectiv, a U.S. based IT and operations technology company. Prior to joining NEXT, he acted as Senior Advisor for several tech companies and European private equity firms. Peter Heuman holds a Master of Science degree in Information Technology & Industrial Management from Chalmers University of Technology Gothenburg, Sweden, and has completed Executive Leadership education at Stanford University, the United States. He is a former professional cross-country skier and member of the Swedish National Ski team. Mr. Heuman resides in Oslo, Norway.

Current directorships and senior management positions.............	*None.*
Previous directorships and senior management positions last five years..	*iConectiv (board member) and Done Management and Systems AB (CEO).*

Eirik Underthun, Chief Financial Officer

Prior to becoming Chief Financial Officer of NEXT in February 2020, Mr. Underthun's career included 16 years' experience in finance and business controlling roles with SeaBird Exploration, Tele2 and Telenor. He also spent six years as a strategy consultant and information technology business developer with Arkwright, Icon Medialab and Braathe Gruppen. Eirik Underthun has extensive financial management and business controlling experience from the IT/Telecom industry including international assignments. Additionally, he has turnaround management, financial restructuring and cost management experience. Mr. Underthun holds a Master of Business Administration from Cornell University and a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Technology and Science. Mr. Underthun resides in Oslo, Norway.

Current directorships and senior management positions.............	*None.*
Previous directorships and senior management positions last five years..	*Ununtrium Industries AS (chairman).*

Dan Cronin, Chief Operating Officer

Dan Cronin is an accomplished R&D executive with extensive experience in all aspects of engineering and development. He is highly-regarded for his expertise in end-to-end product development. Prior to joining NEXT, Mr. Cronin held senior management and technical positions with Motorola, Freescale, NXP and IBM. Mr. Cronin received his bachelor's degree in Electrical Engineering from Clemson University and his master's degree in Electrical Engineering from the Georgia Institute of Technology. He resides in Austin, Texas, the United States.

Current directorships and senior management positions.............	*None.*
Previous directorships and senior management positions last five years..	*NXP (Vice President) and Freescale Semiconductor (Vice President).*

Håkan Persson, SVP Sales and Strategy

Håkan Persson is a business-driven leader whose key strength is to build and drive organisations in fast growing environments towards a shared vision and objective. He is used to work in industries where the need for change and growth is constant and has successfully driven international expansion and organisational re-structuring projects. Håkan Persson has broad management experience from the Information and Communications Technology industry and has a strong commercial background and experience from both start-ups and established operations. He has held positions as CEO, Vice President, Sales Director and Business development Executive at international companies such as Neonode Inc, Precise Biometrics AB, Scalado, IBM, Telelogic, AU-System/Teleca, Aspiro and Telia. Mr. Persson holds a bachelor's degree in Business Administration from Lund University, Sweden. He resides in Oslo, Norway.

Current directorships and senior management positions.............	*None.*
Previous directorships and senior management positions last five years..	*Precise Biometrics AB (CEO) and Neonode Inc (CEO).*

11.4 Share option programmes for Board of Directors, Management, employees and others

11.4.1 Overview of the Company's share option programmes

As at the date of this Prospectus the Company has issued 7,079,880 share options, equal to 16.5% of the outstanding shares in the Company, of which 647,844 have vested. Each option gives the holder the right to acquire one share from the Company at a strike price defined in the individual share option agreement.

The Company has one share option programme:

From 2016, NEXT has allotted conditional long-term share options to employees. For share based options to senior executives, see note 4 to the Financial Statements as of and for the twelve month period ended 31 December 2019, incorporated into this Prospectus by reference.

As at 31 March 2020 an accumulated 1,591,485 (3.7% of the Company) conditional long-term share options where outstanding. The conditional options vest 1/3 after 1 year, additionally 1/3 after 2 years, additionally 1/3 after 3 years. The options expire after six years. These options have been awarded with a strike price equal to the assumed market value of the Company's shares at the time of allotment of the share options with the addition of 10%.

The option agreements include a clause on accelerated vesting meaning that if (i) 67% of the shares in the Company are sold to an acquirer, (ii) if a shareholder alone or with a group of shareholders either through a tender offer or other market transaction should gain control over the ownership of 33.33% or more of the outstanding share capital, (iii) the Company is merged with another company where the Company is the going forward, (iv) the Company decides to sell all or substantial parts of its assets, (v) a demerger occurs and the option holder is not granted options on similar conditions as those set out in the agreement, and (vi) if during any 15 month period from any grant individuals who at the beginning of such period constituted the Board of Directors cease for any reason to constitute at least a majority of the Board of Directors, all outstanding options are vested.

On 19 June 2020, the General Meeting approved to issue 1 million options to the chairman of the Board of Directors and 200,000 options to each Board Member in accordance with the proposal by the Nomination Committee, and in addition to the remuneration resolved by the annual General Meeting held on 12 May 2020. The Nomination Committee considered it to be in the interest of the shareholders that the Company offers Board Members to participate in the Company's option programme, as this would strengthen the Company's ability to motivate the Board Members in the phase that the Company is in. Such participation constitutes a deviation from the Norwegian Code of Practice for Corporate Governance (last updated 17 October 2018), which was considered justified by the extraordinary situation that the Company is in, and thereby the importance of motivating also Board Members in relation to the further development of the Company. The Board Members' participation in the share option programme is not considered to interfere with their independence.

11.4.2 Share options to the members of the Board of Directors

As at the date of this Prospectus the Company has granted the following members of the Board of Directors share options:

	Accumulated Quantity options Opening Balance for 2020	**Granted options**	**Reduced options**	**Exercised options**	**Average exercise price – A[1]**	**Total options per 19 June 2020**	**Average exercise price – B[2]**
Petter Jan Fjellstad	30,000	1,000,000	0	0	-	1,030,000	2.66
Emine Regina Lundkvist	30,000	200,000	0	0	-	230,000	3.27
Odd Harald Hauge	0	200,000	0	0	-	200,000	2.49
Live Haukvik	0	200,000	0	0	-	200,000	2.49
Magnus Mandersson[3]	50,000	0	-50,000	0	-	0	-
Brita Eilertsen[4]	30,000	0	-30,000	0	-	0	-
Emanuel Lang[5]	30,000	0	-30,000	0	-	0	-
Total	**170,000**	**1,600,000**	**-110,000**	**0**	**-**	**1,660,000**	**-**

1 A – Average exercise price for options exercised during the period (amounts in NOK).
2 B – Average exercise price for quantity of options at the date of the Prospectus (amounts in NOK).
3 Magnus Mandersson resigned from his position as chairman of the board of directors on 12 May 2020.
4 Brita Eilertsen resigned from her position as board member on 12 May 2020.
5 Emanuel Lang resigned from his position as board member on 12 May 2020.

Please see Section 11.4.1 "Overview of the Company's share option programmes" for more information about the option programmes.

11.4.3 Share options to the members of Management

The Company has granted the following members of the Management long-term share options as at the date of this Prospectus:

	Accumulated Quantity options Opening Balance for 2020	**Granted options**	**Reduced options**	**Exercised options**	**Average exercise price – A[1]**	**Total options per 19 June 2020**	**Average exercise price – B[2]**
Peter Heuman	220,000	2,500,000	0	0	-	2,720,000	2.61
Eirik Underthun	0	1,000,000	0	0	-	1,000,000	2.49
Håkan Persson	0	300,000	0	0	-	300,000	2.49
Dan Cronin	281,500	0	0	0	-	281,500	24.18
Total	**501,500**	**3,800,000**	**0**	**0**	**-**	**4,301,500**	**-**

1 A – Average exercise price for options exercised during the period (amounts in NOK).
2 B – Average exercise price for quantity of options at the date of this Prospectus (amounts in NOK).

See Section 11.4.1 "Overview of the Company's share option programmes" for more information regarding the option programmes.

Other than the share incentive programme described above, there are no other share purchase arrangements in place for any employee of the Group.

11.5 Conflicts of interests etc.

During the last five years preceding the date of this Prospectus, none of the Board Members, members of the nomination committee or members of Management have, or have had, as applicable:

- any convictions in relation to fraudulent offences;
- received any official public incrimination and/or sanctions by any statutory or regulatory authorities (including designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company; or
- been involved in any bankruptcies, receiverships, liquidations or companies put into administration where he/she has acted as a member of the administrative, management or supervisory body of a company, nor as partner, founder or senior manager of a company.

No major shareholders, customers, suppliers or others are selected as a member of the administrative, management or supervisory bodies or member of senior management of Company's major shareholders, customers, suppliers or others.

There are no actual or potential conflicts of interest between the Company and the private interests or other duties of any of the Board Members and the members of the Management, including any family relationships between such persons, as at the date of this Prospectus.

12 CORPORATE INFORMATION AND DESCRIPTION OF SHARE CAPITAL

The following is a summary of certain corporate information and material information relating to the Shares and share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

12.1 Company corporate information

The Company's legal and commercial name is NEXT Biometrics Group ASA, commonly known as NEXT Biometrics. The Company is a public limited company organised and existing under the laws of Norway pursuant to the Norwegian Public Limited Companies Act. The Company's registered office and domicile is in the municipality of Oslo, Norway. The Company was incorporated in Norway on 1 November 2000. The Company's organisation number in the Norwegian Register of Business Enterprises is 982 904 420 and its LEI is 5967007LIEEXZXK9R405. The Shares are registered in book-entry form with the VPS under ISIN NO 001 0629108. The Company's register of shareholders in the VPS is administrated by DNB Bank ASA, Registrars Department, N-0021 Oslo, Norway. The Company's registered office is located at Universitetsgaten 10, N-0164 Oslo, Norway and the Company's main telephone number at that address is +47 92 04 34 58. The Company's website can be found at www.nextbiometrics.com. Neither the content of www.nextbiometrics.com nor any of the Group's other websites, is incorporated by reference into or otherwise forms part of this Prospectus.

12.2 Regulatory disclosures

The table below set outs a short summary of information the Company is required to disclose pursuant to Regulation (EU) No 596/2014[10] and the Norwegian Securities Trading Act. The table below only summarises information the Company has disclosed in this regard during the 12 months' period prior to the date of this Prospectus, any defined terms used in this summary shall have the meaning ascribed to such terms in this Prospectus.

Date disclosed	Category	Summary of the information given
29 May 2020	Mandatory notification of trade primary insiders	NEXT Biometrics Group ASA – Allocation of shares to primary insiders The Company announced that the following primary insiders in the Company had been allocated Shares in the Private Placement: • Aponia AS (a company controlled by the chairman of the Board of Directors, Petter Jan Fjellstad) was allocated 750,000 Shares at a subscription price of NOK 2.00 per Share. Following completion of the Private Placement, Aponia AS will hold 760,000 Shares in the Company; • Odd Harald Hauge (Board Member) was allocated 500,000 Shares at a subscription price of NOK 2.00 per Share. Following completion of the Private Placement, Odd Harald Hauge will hold 500,000 Shares in the Company; • Spurv Invest AS (a company controlled by Board Member Live Haukvik) was allocated 100,000 Shares at a subscription price of NOK 2.00 per Share. Following completion of the Private Placement, Spurv Invest AS will hold 100,000 Shares in the Company; and • Emine Lundkvist (Board Member) was allocated 50,000 Shares at a subscription price of NOK 2.00. Following completion of the Private Placement, Emine Lundkvist will hold 79,738 Shares in the Company.
29 May 2020	Non-regulatory press releases	NEXT Biometrics Group ASA – Notice of extraordinary General Meeting The Company published the notice of extraordinary General Meeting for, *inter alia*, the consideration of the proposal by the Board of Directors to (i) issue 25 million new Shares in connection with the Private Placement and (ii) issue up to 10 million new Shares in connection with the Subsequent Offering
29 May 2020	Ex date	Ex Subsequent Offering today The Company announced that the Shares would be traded ex Subscription Rights in the Subsequent Offering as from, and including, 29 May 2020.
28 May 2020	Changes in the rights attaching to the classes of shares or securities	NEXT Biometrics Group ASA – Key information related to the Subsequent Offering The Company announced key information related to the Subsequent Offering, including the ex date on 29 May 2020, the record date on 2 June 2020, the maximum

[10] Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC.

Date disclosed	Category	Summary of the information given
		number of Shares to be issued, being 10 million, and the Subscription Price of NOK 2.00.
28 May 2020	Non-regulatory press releases	NEXT Biometrics Group ASA – Successfully completed Private Placement The Company announced that the Private Placement was over-subscribed and had been successfully completed, raising gross proceeds of NOK 50 million through the issuance of 25 million new Shares at a subscription price of NOK 2.00 per Share.
28 May 2020	Non-regulatory press releases	NEXT Biometrics Group ASA – Contemplated Private Placement and trading update The Company announced that it contemplated a fully underwritten private placement of 25 million new Shares in the Company at a subscription price of NOK 2.00 per Share, raising gross proceeds of NOK 50 million. The Company also announced a trading update, including information on the cost reduction programme and the executed and planned turn-around measures and improvements.
13 May 2020	Non-regulatory press releases	NEXT Biometrics receives initial purchase order from new US partner The Company announced that it had received an initial purchase order for its FAP20 sensor from Credence ID, a U.S. based leader in global mobile biometrics and credential reading devices. Credence ID chose NEXT technology as it expands its existing high-end Android product line to include a set of lower cost devices for markets that require FAP20 sized sensors. The initial purchase order was for Credence ID market development activities in Africa, Latin America and South East Asia.
12 May 2020	Non-regulatory press releases	NEXT Biometrics Group ASA: Minutes from Annual General Meeting 2020 The Company published the minutes of annual General Meeting. The General Meeting discussed and resolved all matters to be dealt with by the annual General Meeting according to applicable law and the Articles of Association. The General Meeting also, *inter alia*, resolved to grant the Board of Directors authorisations to increase the share capital.
12 May 2020	Half yearly financial reports and audit reports / limited reviews	Next Biometrics Group ASA – Interim report as at 31 March 2020 The Company published the Q1 2020 report and announced the following highlights: • Revenue of NOK 20.5 million in Q1 2020, up 122% from Q4 2019 and down 26% from Q1 2019; • Gross margin of 17% in Q1 2020, compared to -2% in Q4 2019 and 34% in Q1 2019; • EBITDA ex options of NOK -33.6 million in Q1 2020 (NOK -35.4 million in Q1 2019) including non-recurring costs of NOK 4.4 million; • Cash position of NOK 54.1 million per 31 March 2020 (NOK 188.9 million per 31 March 2019 and NOK 88.5 million per 31 December 2019); • Accelerated cost reduction programme and reduced headcount as part of the Company's turn-around plan; • Improved sales pipeline working on multiple client business opportunities with revenue potential in 2020 and beyond; and • Short-term COVID-19 uncertainty, but positive fingerprint sensor long-term market outlook.
5 May 2020	Non-regulatory press releases	NEXT Biometrics receives $1 million COVID-19 US government sponsored loan The Company announced that NEXT Biometrics Inc. had received a COVID-19 U.S. government sponsored loan (Paycheck Protection Program) of approximately USD 1 million. The programme was created by the Coronavirus Aid, Relief and Economic Security (CARES) Act of 2020. The purpose of the loan is to cover employee salary and help cover overhead expenses in NEXT's U.S. operation. The Group may qualify for loan forgiveness for a sizable portion of the loan. The loan has an interest rate of 1% and a two-year term.
28 April 2020	Non-regulatory press releases	NEXT Biometrics company update The Company gave an update on its assessment of the impact of the COVID-19 situation. It was announced that revenues in Q1 would be approximately NOK 20 million, which is 117% higher than the low point reached in Q4 2019. During the first quarter, the Company carried out a substantial cost reduction programme, to be further accelerated in the coming quarters. The Company informed that the quarterly numbers did not yet fully reflect the cost reductions and would therefore show a

Date disclosed	Category	Summary of the information given
		significant negative cash flow. Further, the Company announced that the Board of Directors had decided to implement a plan for the restructuring of its operations, designed to safeguard the Company's intellectual property and key individuals, maintain existing and new customer relationships, carry out deliveries and conserve cash. The plan was announced to be to reach an OPEX run rate of approximately 5 MNOK/month during Q4 2020 compared to 16 MNOK/month in Q4 2019. The following key elements were presented in the announcement as having been initiated and under implementation: • Outsource parts of the operation to lower cost countries; • Reduce headcount further; • Streamline and lower vendor costs further; • Simplify legal structure, including lower administration costs; and • Simplify product offerings.
22 April 2020	Non-regulatory press releases	NEXT Biometrics Receives initial Purchase Order from India business partner The Company announced that it had received an initial purchase order from an Indian business partner for its One Touch ID Finger Print Module. The initial purchase order was for 1,000 sensors to be shipped immediately for integration in fingerprint enabled payment terminals (POS). Additionally, the Company informed that the business partner would start testing NEXT PIV certified FAP 20 sensors for integration in other fingerprint-enabled payment terminals aiming at international markets.
21 April 2020	Non-regulatory press releases	NEXT Biometrics Group ASA: Notice of Annual General Meeting on 12 May 2020 The Company published the notice of annual General Meeting for 2020. The agenda for the annual General Meeting included all matters to be dealt with by the annual General Meeting according to applicable law and the Articles of Association. The Board of Directors also, *inter alia*, proposed that the General Meeting resolved to grant the Board of Directors authorisations to increase the share capital.
21 April 2020	Annual financial and audit reports	NEXT Biometrics Group ASA: Annual Report 2019 The Company published the Group's annual report for the financial year 2019. The Group's result was increased by NOK 5.0 million compared to presented result for Q4 2019, due to uncertainty related to recognition of government grants at the date of the Q4 presentation. Loss after taxes for 2019 ended at NOK 166.4 million, compared to previously reported NOK 171.4 million.
17 April 2020	Non-regulatory press releases	NEXT Biometrics additional cost optimisations The Company announced that, in line with the global COVID-19 challenges, in addition to earlier communicated cost reductions for 2020, the Company would initiate further optimisations of its organisation and cost base. The Company informed that all global operations would potentially be affected, including reduced headcounts and indirect costs. The Company expected to lower annual operating expenses with at least NOK 20 million per year in addition to the earlier communicated NOK 45 million savings.
14 April 2020	Non-regulatory press releases	NEXT Biometrics – Update from the Nomination Committee The Company announced that the Nomination Committee had been informed that chairman of the Board of Directors Magnus Mandersson, and Board Members Emanuel Lang and Brita Eilertsen would not stand for re-election for a renewed term following the annual General Meeting. The Company also informed that, following the annual General Meeting, the Company's largest shareholder Greenbridge Partners (17.3% ownership as per 6 April 2020) would no longer be represented on the Board of Directors.
20 March 2020	Non-regulatory press releases	NEXT Biometrics Receives additional Order related to Government Program in India The Company announced that it has received an additional order for UIDAI and STQC certified fingerprint biometric readers in India valued at USD 360,000. The customer has provided a 20% upfront payment. The purchase order was an extended order to a previously announced customer.
26 February 2020	Half yearly financial reports and audit reports / limited reviews	NEXT Biometrics Group ASA – Interim report as at 31 December 2019 The Company published the Q4 2019 report and announced the following highlights: • Revenue for 2019 was NOK 84.4 million, down 22% compared to 2018; • Revenue of NOK 9.2 million in Q4 2019, down 68% from Q4 2018; • Revenues to date 2020 was already higher than revenues reported in Q4 2019;

Date disclosed	Category	Summary of the information given
		• Gross margin of -2% in Q4 2019 (36% in Q4 2018) resulting from reduced sales volume and product mix in the quarter; • EBITDA ex options of NOK -49.3 million in Q4-2019 (NOK -34.7 million in Q4 2018) including non-recurring costs of NOK 4.7 million; • Cash position was NOK 88.5 million as per 31 December 2019 (NOK 46.3 million per 31 December 2018); • Accelerated cost reduction programme and reduced headcount; and • Large-size FAP20 sensor module granted U.S. PIV certification.
24 February 2020	Non-regulatory press releases	NEXT Biometrics receives first purchase order for PIV certified FAP20 sensor The Company announced that it had received the first purchase order for its large-size FAP20 biometric sensor. The purchase order was a result of a close collaboration with Newland Payment Technology. The Company announced that it expected to ship the FAP20 sensors for integration in fingerprint-enabled payment terminals. The terminals are part of financial inclusion strategy introduced by an undisclosed national bank outside China. The strategy aims at adopting fingerprint identification and authentication to extend financial services to a larger share of the country's population. Further, the Company announced that NEXT's FAP20 module (One Touch 2000) had recently been certified by the FBI as tested and in compliance with the FBI's Next Generation Identification (NGI) Image Quality Specifications (IQS). A review of the test data was conducted by the FBI's Criminal Justice Information Services Division.
22 February 2020	Additional regulated information required to be disclosed under the laws of a member state	NEXT Biometrics Group ASA: Changes to management The announced that CFO Knut Stålen would resign from his position effective from 29 February 2020 and that the Director of Finance Eirik Underthun would serve as interim CFO until the appointment of a permanent replacement. Further, the Company announced that Håkan Persson would join the management team as NEXT's new Head of Sales and Strategy from 1 February 2020.
17 January 2020	Additional regulated information required to be disclosed under the laws of a member state	NEXT Biometrics Receives Major Order for Government Program in India The Company announced that it had received an order for UIDAI and STQC certified fingerprint biometric readers in India with a value of USD 750,000. The Company informed that the customer had provided a 20% upfront payment and that the first readers were in transit to the customer. The fingerprint readers will be used in the Government of Andhra Pradesh's "Navarathnalu" programme, aimed at improving living standards of citizens in rural areas. As part of the programme, volunteers will be equipped with NEXT Biometrics' fingerprint readers to deliver government services at the door step of all eligible households in the state of Andhra Pradesh. Further, the Company commented that the purchase order reflects increased demand for biometric solutions tied to the Government's Aadhaar programme.
15 January 2020	Non-regulatory press releases	NEXT Biometrics to optimize organization and cost base The Company announced that it was executing a programme to optimise the organisation and cost base with its strategic priorities and market opportunities. Focus had been a streamlined operating model, reduced costs and enabling revenue growth. The measures were according to the Company expected to result in a 20% reduction in headcount with NEXT having approximately 65 full-time employees following the restructuring. Other operating expenses which are not related to near-term revenue generation or critical development activities, will also be scaled down. The Company further informed that the measures were largely implemented in the fourth quarter of 2019 and were expected to yield annual cost saving of minimum NOK 20 million with full effect from the first quarter of 2020.
20 December 2019	Non-regulatory press releases	Large-size FAP20 sensor module granted US PIV certification The Company announced that its newly introduced biometric module based on the large-size FAP20 sensor had been granted Personal Identity Verification (PIV) Certification in the US. The PIV certificate is a United Sates Federal Government issued credential which requires approval from the Federal Bureau of Investigation (FBI). NEXT's FAP20 module (One Touch 2000) has been certified by the FBI as tested and in compliance with the FBI's Next Generation Identification (NGI) Image Quality Specifications (IQS). The review of the test data was conducted by the FBI's Criminal Justice Information Services Division.
2 December 2019	Inside information	NEXT Biometrics Group ASA – Allocation of share options The Company announced that it had, in accordance with the share option programme

Date disclosed	Category	Summary of the information given
		approved at the Company's annual general meeting in May 2019, resolved to allot 220,000 share options, out of the 1,200,000 share-options in the 2019 allocation pool. 21,250 remained un-allocated. Peter Heuman, CEO and primary insider, was allotted 220,000 conditional options. Following the allotment, Peter Heuman held in total 220,000 options and no shares. After the allotment, if all conditions are met, total number of outstanding share options were 2,701,863.
12 November 2019	Half yearly financial reports and audit reports / limited reviews	NEXT Biometrics Group ASA – Interim report as at 30 September 2019 The Company published the Q3 2019 report and announced the following highlights: • Revenue YTD of NOK 75.2 million, down 5% compared to Q3 2018; • Revenue of NOK 17.6 million, down 42% from Q3 2018 as the U.S. tier 1 customer reduced the number of platforms using NEXT sensors; • Gross margin of 27% in Q3-2019 (30% in Q3 2018), excluding non-recurring inventory write down; • EBITDA ex options of NOK -34.7 million; • Cash position NOK 131.7 million; and • Peter Heuman appointed as CEO.
4 November 2019	Additional regulated information required to be disclosed under the laws of a member state	NEXT Biometrics Group ASA – Q3 revenue update The Company announced that it expected to report third quarter 2019 revenue of approximately NOK 17 million, down from NOK 30.2 million in the third quarter of 2018. Revenue for the first nine months of the year were expected to amount to around NOK 75 million, a decrease of 5% from the same period in 2018. The revenue development followed a previously communicated reduction of sensor module shipments to the U.S. tier-1 notebook customer. The Company informed that shipments to this customer was expected to decline in the fourth quarter and into 2020. The decrease in third quarter revenue was partially mitigated by increased shipments of sensors and readers to other customers. Further, the Company announced that the Group continued to diversify its customer and revenue base across target markets. Due to current sales lead time and design-in cycles, NEXT did not expect to completely offset the reduction in U.S. tier-1 notebook revenue in the fourth quarter of 2019 and into early 2020. Also, in the third quarter, NEXT expected to book an inventory write-down of approximately NOK 3 million related to an older generation of sensors held in stock, which had been classified unsuited for commercial use. The cash position at end of the third quarter was approximately NOK 132 million.
20 September 2019	Non-regulatory press releases	NEXT Biometrics Group ASA Receives Purchase Order for Access Control The Company announced that it had received a purchase order of approximately USD 100,000. The fingerprint sensor modules were to be integrated into a biometric smart card reader for user-friendly, fast and secure log-in. The purchase order was a follow-up order from an existing customer to be completed in the fourth quarter of 2019 and further in 2020.
12 September 2019	Major shareholding notifications	Notification referred to in chapter 4 of the securities trading act on a change in holdings The Company announced that the shareholding of Invesco Ltd., for and on behalf of funds managed by its affiliates, had fallen below 5% of the voting rights and share capital of the Company.
9 September 2019	Additional regulated information required to be disclosed under the laws of a member state	Peter Heuman Assumes Role as NEXT Biometrics CEO The Company announced that Peter Heuman had been appointed CEO of the Company as from 16 September 2019.
23 August 2019	Inside information	Mandatory Notification of Trade The Company announced that Knut Stålen, CFO and primary insider of the Company, had on 23 August 2019 acquired 14,100 Shares at a price of NOK 4.00 per Share. Following the share purchase, Knut Stålen held in total 232,750 conditional and unconditional options and 40,000 Shares.
20 August 2019	Half yearly financial reports and audit reports / limited	NEXT Biometrics Group ASA – Interim report as at 30 June 2019 The Company published the Q2 2019 report and announced the following highlights: • Revenue of NOK 30.1 million, up 18% from Q2 2018 and up 10% compared to Q1

Date disclosed	Category	Summary of the information given
	reviews	2019; • Gross margin of 32% compared to 26% in Q2 2018 and 34% in Q1 2019; • Cost reduction programme on track with positive impact in Q2 2019; • EBITDA ex options improved to NOK -30.5 million; • Increased market activity and continued customer progress in India; • All time high revenue for notebooks, U.S. tier-1 customer to start reducing number of platforms in Q3; • Signed agreement with ABCorp for commercialisation of biometric smart cards post Q2 2019 events; • Entered into design-in contracts with TROIKA and Wiseasy for Aadhaar POS-based payment solutions; • Signed first commercial agreements for the new FAP20 sensor; and • COO Dan Cronin assumed the position as interim CEO from end-July.
14 August 2019	Non-regulatory press releases	<u>NEXT Biometrics Signs Agreement with Leading Access Control Solution Provider</u> The Company announced that it had signed an agreement with one of the leading access control solution providers worldwide. As part of the agreement, the partner will incorporate NEXT's new One Touch ID 2010 ultra-slim FAP20 fingerprint sensor module into a range of its access control readers, for sales on a global scale. The new One Touch ID range is part of NEXT's product roadmap and continued investment into its four target markets aimed at winning a leading position in each of them. The informed that it was working with customers on the design-in of the new One Touch ID fingerprint sensor modules.
8 August 2019	Non-regulatory press releases	<u>Chinese IoT Technology Firm SUNMI to Incorporate NEXT Sensors into POS Terminals</u> The Company announced that Shanghai SUNMI Technology Co., Ltd. (SUNMI) had started to incorporate NEXT's Aadhaar-certified sensor modules into POS terminals for sale in India. The Company manufactures and sells more than 1 million POS terminals to local and foreign markets per year. The SUNMI P1 POS terminals incorporating NEXT's certified fingerprint technology will be used in Aadhaar Enabled Payment System ("**AEPS**") applications.
2 August 2019	Additional regulated information required to be disclosed under the laws of a member state	<u>NEXT Biometrics Group ASA – Allocation of share options</u> The Company announced that the Board of Directors had, in accordance with the Company's share option programme resolved to allot 440,000 share options, out of the 1,200,000 share options in the 2019 allocation pool. Following the allotment 241,250 options remained un-allocated. The following primary insiders were granted conditional share options: • Dan Cronin (CEO) was allotted 200,000 conditional options. After allotment, Dan Cronin held in total 306,500 options and 53,643 Shares; • Knut Stålen (CFO) was allotted 120,000 conditional options. After allotment, Knut Stålen held in total 232,750 options and 25,900 Shares; and • Alain Fabruel (Chief of Sales and Marketing Officer) was allotted 120,000 conditional options. After allotment, Alain Fabruel held in total 171,500 options and 3,658 Shares. After the above allotments, if all conditions are met, the total number of outstanding share options were 2,745,713.
31 July 2019	Major shareholding notification	<u>Disclosure of Large Shareholding</u> The Company announced that the shareholding of Invesco Ltd., for and on behalf of funds managed by its affiliates, had fallen below 10% of the voting rights and share capital of the Company.
30 July 2019	Non-regulatory press releases	<u>TROIKA to Use NEXT Fingerprint Sensor Technology in Aadhaar Payment Solutions</u> The Company announced that TROIKA Transsolutions Pvt. Ltd. (TROIKA) will use NEXT's certified sensor technology as part of its financial transaction platform for the Indian market. The NEXT STQC and UIDAI certified sensor technology will be used in TROIKA's POS terminals for AEPS applications.
17 July 2019	Non-regulatory press releases	<u>POS Manufacturer Wiseasy to Build Aadhaar Payment Solutions Based on NEXT Fingerprint Sensor Technology</u> The Company announced that Beijing Wiseasy Technology Co., Ltd. (Wiseasy) had selected NEXT's certified sensor technology for the production of POS terminals for

Date disclosed	Category	Summary of the information given
		sales in the Indian market. Wiseasy will integrate the NEXT STQC and UIDAI certified sensor technology into POS terminals for AEPS applications. The Company further announced that Wiseasy and NEXT are also evaluating a collaboration outside of India.
24 June 2019	Additional regulated information required to be disclosed under the laws of a member state	NEXT Biometrics Group ASA: Consultancy agreement with chairman of the board of directors The Company announced that the Board of Directors had entered into a consultancy agreement with the previous chairman of the Board of Directors, Magnus Mandersson (through his wholly-owned company, PMMAdvisors S.A). Mr. Mandersson has specific competence and experience within small-cap high tech companies which the Company needs, and the Board of Directors and Mr. Mandersson had therefore agreed that he would provide services to the Company that go beyond the tasks normally performed by the chairman of the Board of Directors. As consideration for the services to be provided, the Company shall pay an annual amount of NOK 250,000 in quarterly instalments of NOK 62,500. In addition, Mr. Mandersson shall be compensated for travel costs of EUR 3,500 for each travel day in connection with his services under the agreement. The consideration will come addition to any ordinary board remuneration. The agreement has an initial term of 12 months and will automatically terminate unless the parties agree in writing to extend the term.

12.3 Convertible securities, exchangeable securities or securities with warrants

Other than the issued options under the Company's share option programme and the Subscription Rights, the Company had not issued any convertible securities, exchangeable securities or securities with warrants as of the most recent balance sheet date being 31 December 2019.

For more information about the share option programme, see Section 11.4 "Share option programmes for Board of Directors, Management, employees and others".

12.4 Admission to trading

The Shares are, and the Private Placement Shares, the Underwriting Commission Shares and the Offer Shares will be, admitted to trading on the Oslo Stock Exchange. The Company currently expects commencement of trading on the Oslo Stock Exchange in the Private Placement Shares and the Underwriting Commission Shares on or about 24 June 2020 and in the Offer Shares on or about 17 July 2020. The Company has not applied for admission to trading of the Shares on any other stock exchange or regulated market.

12.5 Major shareholders

There are no differences in voting rights between the shareholders.

Shareholders owning 5% or more of the Shares have an interest in the Company's share capital which is notifiable pursuant to the Norwegian Securities Trading Act. See Section 13.8 "Disclosure obligations" for a description of the disclosure obligations under the Norwegian Securities Trading Act. As at 17 June 2020, no shareholder, other than Greenbridge Investment L.P. (17.3%) and Avanza Bank AB (nom) (5.4%) held 5% or more of the issued Shares.

Following completion of the Private Placement Greenbridge Investment L.P. (10.9%) and Torstein Tvenge and related parties (5.08%) will hold 5% or more of the issued Shares.

To the extent known to the Company, there are no persons or entities that, directly or indirectly, jointly or severally, exercise or could exercise control over the Company. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

The Company's Articles of Association do not contain any provisions that would have the effect of delaying, deferring or preventing a change of control of the Company. The Shares have not been subject to any public takeover bids during the current or last financial year.

12.6 Board authorisations

12.6.1 Authorisation to increase the share capital and issue new shares

At the annual General Meeting held on 12 May 2020, the Board of Directors was granted (i) an authorisation to increase the share capital of the Company by up NOK 19,084,662, to be used to facilitate equity capital transactions for the purpose of strengthening the Company's financial position, and (ii) an authorisation to increase the share capital of the

Company by up to NOK 2,380,000, to be used in connection with the share option programme for employees. The authorisations were registered with the Norwegian Register of Business Enterprises on 26 May 2020 and are valid until the annual General Meeting in 2021, but no longer than until 30 June 2021.

Further, at the extraordinary General Meeting held on 19 June 2020, the Board of Directors was granted an authorisation to increase the share capital of the Company by up NOK 6,113,751 to be used in order to fulfil the Company's obligations to issue shares in connection with the exercise of previously granted options under the Company's option programme, out of which up to NOK 1,600,000 may be used to issue shares to Board Members under options granted to Board Members. The authorisation is valid to and including 30 June 2021. From the time of registration with the Norwegian Register of Business Enterprises the authorisation will replace the authorisation to increase the share capital by up to NOK 2,380,000, granted to the Board of Directors at the annual General Meeting held on 12 May 2020. As at the date of this Prospectus the authorisation has not yet been registered with the Norwegian Register of Business Enterprises.

The preferential rights of the existing shareholders to subscribe for the new Shares pursuant to section 10-4 of the Norwegian Public Limited Companies Act may be deviated from with respect to each of the aforementioned authorisations.

12.6.2 Authorisation to acquire treasury shares

As of the date of this Prospectus, the Board of Directors do not have any authorisations to purchase own shares.

12.7 Other financial instruments

Except for the options under the share option programme and the Subscription Rights, neither the Company nor any of its subsidiaries have issued any options, warrants, convertible loans or other instruments that would entitle a holder of any such instrument to subscribe for any shares in the Company or its subsidiaries. Furthermore, neither the Company nor any of its subsidiaries has issued subordinated debt or transferable securities other than the Shares and the shares in its subsidiaries which will be held, directly or indirectly, by the Company. For more information about the share option programme, see Section 11.4 "Share option programmes for Board of Directors, Management, employees and others".

12.8 Shareholder rights

The Company has one class of Shares in issue, and in accordance with the Norwegian Public Limited Companies Act, all Shares in that class provide equal rights in the Company, including the right to any dividends. Each of the Shares carries one vote. The rights attaching to the Shares are described in Section 12.9 "The Articles of Association and certain aspects of Norwegian law".

12.9 The Articles of Association and certain aspects of Norwegian law

The information in this Section 12.9 "The Articles of Association and certain aspects of Norwegian law" is a summary of certain corporate information and material information relating to the Shares and the share capital of the Company and certain other shareholder matters, including summaries of certain provisions of the Company's Articles of Association and applicable Norwegian law in effect as of the date of this Prospectus. The summary does not purport to be complete and is qualified in its entirety by the Company's Articles of Association and applicable law.

The Company's Articles of Association are set out in Appendix A to this Prospectus. Below is a summary of provisions of the Articles of Association.

Objective of the Company

The objective of the Company is to conduct research, development and commercialisation of security products, as well as other activities that will naturally fall under this.

Registered office

The Company's registered office is in the municipality of Oslo, Norway.

Share capital and par value

The Company's registered share capital is NOK 42,930,575 divided into 42,930,575 Shares, each with a par value of NOK 1.00.

Board of Directors

The Company's Board of Directors shall consist of a minimum of three and a maximum of nine members.

Restrictions on transfer of Shares

The Articles of Association do not provide for any restrictions on the transfer of Shares, or a right of first refusal for the Company. Share transfers are not subject to approval by the Board of Directors.

General meetings

Documents relating to matters to be dealt with by the General Meeting, including documents which by law shall be included in or attached to the notice of the General Meeting, do not need to be sent to the shareholders if such documents have been made available on the Company's internet site. A shareholder may nevertheless request that documents which relate to matters to be dealt with at the General Meeting are sent to him/her.

Nomination committee

The Company shall have a Nomination Committee.

12.9.1 Certain aspects of Norwegian corporate law

General meetings

Through the general meeting, shareholders exercise supreme authority in a Norwegian company. In accordance with Norwegian law, the annual general meeting of shareholders is required to be held each year on or prior to 30 June. Norwegian law requires that written notice of annual general meetings setting forth the time of, the venue for and the agenda of the meeting be sent to all shareholders with a known address no later than 21 days before the annual general meeting of a Norwegian public limited company listed on a stock exchange or a regulated market shall be held, unless the articles of association stipulate a longer deadline, which is not currently the case for the Company.

A shareholder may vote at the general meeting either in person or by proxy appointed at their own discretion. Although Norwegian law does not require the Company to send proxy forms to its shareholders for general meetings, the Company plans to include a proxy form with notices of General Meetings. All of the Company's shareholders who are registered in the register of shareholders maintained with the VPS as of the date of the General Meeting, or who have otherwise reported and documented ownership to Shares, are entitled to participate and vote at General Meetings, however so that shares that are registered by a nominee in the VPS register must be reregistered in a separate VPS account in the name of the beneficial shareholder prior to the General Meeting in order for the beneficial shareholder to be able to participate and vote for his/her shares.

Apart from the annual general meeting, extraordinary general meetings of shareholders may be held if the board of directors considers it necessary. An extraordinary general meeting of shareholders must also be convened if, in order to discuss a specified matter, the auditor or shareholders representing at least 5% of the share capital demands this in writing. The requirements for notice and admission to the annual general meeting also apply to extraordinary general meetings. However, the annual general meeting of a Norwegian public limited company may with a majority of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting resolve that extraordinary general meetings may be convened with a 14 day notice period until the next annual general meeting provided the Company has procedures in place allowing shareholders to vote electronically.

Voting rights – Amendments of the articles of association

Each of the Shares carries one vote. In general, decisions that shareholders are entitled to make under Norwegian law or the articles of association may be made by a simple majority of the votes cast. In the case of elections or appointments, the person(s) who receive(s) the greatest number of votes cast are elected. However, as required under Norwegian law, certain decisions, including resolutions to waive preferential rights to subscribe in connection with any share issue in the Company, to approve a merger or demerger of the Company, to amend the Articles of Association, to authorise an increase or reduction in the share capital, to authorise an issuance of convertible loans or warrants by the Company or to authorise the Board of Directors to purchase Shares and hold them as treasury shares or to dissolve the Company, must receive the approval of at least two-thirds of the aggregate number of votes cast as well as at least two-thirds of the share capital represented at a general meeting. Norwegian law further requires that certain decisions, which have the effect of substantially altering the rights and preferences of any shares or class of shares, receive the approval by the holders of such shares or class of shares as well as the majority required for amending the articles of association.

Decisions that (i) would reduce the rights of some or all of the Company's shareholders in respect of dividend payments or other rights to assets or (ii) restrict the transferability of the Shares, require that at least 90% of the share capital represented at the general meeting in question vote in favour of the resolution, as well as the majority required for amending the Articles of Association.

In general, only a shareholder registered in the VPS is entitled to vote for such shares. Beneficial owners of the shares that are registered in the name of a nominee are generally not entitled to vote under Norwegian law, nor is any person who is designated in the VPS register as the holder of such shares as nominees. Investors should note that there are varying opinions as to the interpretation of the right to vote on nominee registered shares. In the Company's view, a nominee may not meet or vote for Shares registered on a nominee account. A shareholder must, in order to be eligible to register, meet and vote for such Shares at the General Meeting, transfer the Shares from such nominee account to an account in the shareholder's name.

There are no quorum requirements that apply to the general meetings.

Additional share issuances, preferential rights and dilution

If the Company issues any new Shares, including bonus share issues, the Articles of Association must be amended, which requires the same vote as other amendments to the Articles of Association. In addition, under Norwegian law, the Company's shareholders have a preferential right to subscribe for new Shares issued by the Company. Preferential rights may be derogated from by resolution in a General Meeting passed by the same vote required to amend the Articles of Association. A derogation of the shareholders' preferential rights in respect of bonus issues requires the approval of all outstanding Shares. Existing shareholders who do not participate in an issuance of new Shares, including bonus shares, will be diluted.

The General Meeting may, by the same vote as is required for amending the Articles of Association, authorise the Board of Directors to issue new Shares, and to derogate from the preferential rights of shareholders in connection with such issuances. Such authorisation may be effective for a maximum of two years, and the par value of the Shares to be issued may not exceed 50% of the registered par share capital when the authorisation is registered with the Norwegian Register of Business Enterprises.

Under Norwegian law, the Company may increase its share capital by a bonus share issue, subject to approval by the Company's shareholders, by transfer from the Company's distributable equity or from the Company's share premium reserve and thus the share capital increase does not require any payment of a subscription price by the shareholders. Any bonus issues may be affected either by issuing new shares to the Company's existing shareholders or by increasing the par value of the Company's outstanding Shares.

Special notice to shareholders in jurisdictions other than Norway, and especially to United States investors, in relation to additional share issuances, preferential rights and dilution

Issuance of new Shares to shareholders who are citizens or residents of the United States upon the exercise of preferential rights may require the Company to file a registration statement in the United States under United States securities laws. Should the Company in such a situation decide not to file a registration statement, the Company's U.S. shareholders may not be able to exercise their preferential rights. If a U.S. shareholder is ineligible to participate in a rights offering, such shareholder would not receive the rights at all and the rights would be sold on the shareholder's behalf by the Company. Shareholders in other jurisdictions outside Norway may be similarly affected if the rights and the new shares being offered have not been registered with, or approved by, the relevant authorities in such jurisdiction. The Company has not filed a registration statement under the U.S. Securities Act or sought approvals under the laws of any other jurisdiction outside Norway in respect of any pre-emptive rights or the Shares, and does not intend to do so, and doing so in the future may be impractical and costly. To the extent that the Company's shareholders are not able to exercise their rights to subscribe for new shares, the value of their subscription rights will be lost and such shareholders' proportional ownership interests in the Company will be reduced as a result of the additional share issuance.

Minority rights

Norwegian law sets forth a number of protections for minority shareholders of the Company, including, but not limited to, those described in this paragraph and the description of General Meetings as set out above. Any of the Company's shareholders may petition Norwegian courts to have a decision of the Board of Directors or the Company's shareholders made at the General Meeting declared invalid on the grounds that it unreasonably favours certain shareholders or third parties to the detriment of other shareholders or the Company itself. The Company's shareholders may also petition the courts to dissolve the Company as a result of such decisions to the extent particularly strong reasons are considered by the court to make necessary dissolution of the Company.

Minority shareholders holding 5% or more of the Company's share capital have a right to demand in writing that the Company's Board of Directors convene an extraordinary general meeting to discuss or resolve specific matters. In addition, any of the Company's shareholders may in writing demand that the Company place an item on the agenda for any General Meeting as long as the Company is notified in time for such item to be included in the notice of the meeting. If the notice has been issued when such a written demand is presented, a renewed notice must be issued if the deadline for issuing notice of the General Meeting has not expired.

Rights of redemption and repurchase of Shares

The share capital of the Company may be reduced by reducing the par value of the Shares or by cancelling Shares. Such a decision requires the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at a General Meeting. Redemption of individual Shares requires the consent of the holders of the Shares to be redeemed.

The Company may purchase its own Shares provided that the Board of Directors has been granted an authorisation to do so by a General Meeting with the approval of at least two-thirds of the aggregate number of votes cast and at least two-thirds of the share capital represented at the meeting. The aggregate par value of treasury shares so acquired, and held by the Company must not exceed 10% of the Company's share capital, and treasury shares may only be acquired if the Company's distributable equity, according to the latest adopted balance sheet, exceeds the consideration to be paid for the shares. The authorisation by the General Meeting of the Company's shareholders cannot be granted for a period exceeding 24 months.

Shareholder vote on certain reorganisations

A decision of the Company's shareholders to merge with another company or to demerge requires a resolution by the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the General Meeting. A merger plan or demerger plan signed by the Board of Directors along with certain other required documentation, would have to be sent to all the Company's shareholders, or if the Articles of Association stipulate that, made available to the shareholders on the Company's website, at least one month prior to the General Meeting to pass upon the matter.

Liability of members of the Board of Directors

Board Members owe a fiduciary duty to the Company and its shareholders. Such fiduciary duty requires that the Board Members act in the best interests of the Company when exercising their functions and exercise a general duty of loyalty and care towards the Company. Their principal task is to safeguard the interests of the Company.

Board Members may each be held liable for any damage they negligently or wilfully cause the Company. Norwegian law permits the General Meeting to discharge any such person from liability, but such discharge is not binding on the Company if substantially correct and complete information was not provided at the General Meeting passing upon the matter. If a resolution to discharge the Company's Board Members from liability or not to pursue claims against such a person has been passed by a General Meeting with a smaller majority than that required to amend the Articles of Association, shareholders representing more than 10% of the share capital or, if there are more than 100 shareholders, more than 10% of the shareholders may pursue the claim on the Company's behalf and in its name. The cost of any such action is not the Company's responsibility but can be recovered from any proceeds the Company receives as a result of the action. If the decision to discharge any of the Company's Board Members from liability or not to pursue claims against the Company's Board Members is made by such a majority as is necessary to amend the Articles of Association, the minority shareholders of the Company cannot pursue such claim in the Company's name.

Indemnification of Board Members

Neither Norwegian law nor the Articles of Association contain any provision concerning indemnification by the Company of the Board of Directors. The Company is permitted to purchase insurance for the Board Members against certain liabilities that they may incur in their capacity as such.

Distribution of assets on liquidation

Under Norwegian law, the Company may be wound-up by a resolution of the Company's shareholders at the General Meeting passed by at least two-thirds of the aggregate votes cast and at least two-thirds of the share capital represented at the meeting. In the event of liquidation, the Shares rank equally in the event of a return on capital.

12.9.2 Shareholders' agreements

To the knowledge of the Company, there are no shareholders' agreements related to the Shares.

13 SECURITIES TRADING IN NORWAY

Set out below is a summary of certain aspects of securities trading in Norway and the possible implications of owning tradable Shares on the Oslo Stock Exchange. The summary is based on the rules and regulations in force in Norway as at the date of this Prospectus, which may be subject to changes occurring after such date. This summary does not purport to be a comprehensive description of securities trading in Norway. Investors who wish to clarify the aspects of securities trading in Norway should consult with and rely upon their own advisors.

13.1 Introduction

The Oslo Stock Exchange was established in 1819 and is the principal market in which shares, bonds and other financial instruments are traded in Norway. Oslo Børs ASA is 100% owned by Oslo Børs VPS Holding ASA which was acquired by Euronext on 18 June 2019. Euronext owns seven regulated markets across Europe, including Amsterdam, Brussels, Dublin, Lisbon, London, Oslo and Paris.

As of 31 December 2019, the total capitalisation of companies listed on the Oslo Stock Exchange amounted to approximately NOK 2,773 billion. Shareholdings of non-Norwegian investors as a percentage of total market capitalisation as at 31 December 2019 amounted to approximately 39.2%.

The Oslo Stock Exchange has entered into a strategic cooperation with the London Stock Exchange group with regards to, *inter alia*, trading systems for equities, fixed income and derivatives.

13.2 Trading and settlement

Trading of equities on the Oslo Stock Exchange is carried out in the electronic trading system Millennium Exchange. This trading system is in use by all markets operated by the London Stock Exchange, including the Borsa Italiana, as well as by the Johannesburg Stock Exchange.

Official trading on the Oslo Stock Exchange takes place between 09:00 hours (CET) and 16:20 hours (CET) each trading day, with pre-trade period between 08:15 hours (CET) and 09:00 hours (CET), closing auction from 16:20 hours (CET) to 16:25 hours (CET) and a post-trade period from 16:25 hours (CET) to 17:30 hours (CET). Reporting of after exchange trades can be done until 17:30 hours (CET).

The settlement period for trading on the Oslo Stock Exchange is two trading days (T+2). This means that securities will be settled on the investor's account in the VPS two days after the transaction, and that the seller will receive payment after two days.

SIX x-clear Ltd, a company in the SIX group, through its Norwegian branch, has a license from the Norwegian FSA to act as a central clearing service, and has from 18 June 2010 offered clearing and counterparty services for equity trading on the Oslo Stock Exchange.

Investment services in Norway may only be provided by Norwegian investment firms holding a license under the Norwegian Securities Trading Act, branches of investment firms from an EEA member state or investment firms from outside the EEA that have been licensed to operate in Norway. Investment firms in an EEA member state may also provide cross-border investment services into Norway.

It is possible for investment firms to undertake market-making activities in shares listed in Norway if they have a license to this effect under the Norwegian Securities Trading Act, or in the case of investment firms in an EEA member state, a license to carry out market-making activities in their home jurisdiction. Such market-making activities will be governed by the regulations of the Norwegian Securities Trading Act relating to brokers' trading for their own account. However, such market-making activities do not as such require notification to the Norwegian FSA or the Oslo Stock Exchange except for the general obligation of investment firms that are members of the Oslo Stock Exchange to report all trades in stock exchange listed securities.

13.3 Market value of the Shares

The market value of shares listed on the Oslo Stock Exchange, including the Shares, may fluctuate significantly, which could cause investors to lose a significant part of their investment. The market value could fluctuate significantly in response to a number of factors beyond the respective issuer's control, including quarterly variations in operating results, adverse business developments, changes in financial estimates and investment recommendations or ratings by securities analysts, announcements by the respective issuer or its competitors of new product and service offerings, significant contracts, acquisitions or strategic relationships, publicity about the issuer, its products and services or its competitors, lawsuits against the issuer, unforeseen liabilities, changes in management, changes to the regulatory environment in which the issuer operates or general market conditions.

Furthermore, issuances of shares or other securities may dilute the holdings of shareholders and could materially affect the price of the shares. Any issuer, including the Company, may in the future decide to offer additional shares or other securities to finance new capital-intensive projects, in connection with unanticipated liabilities or expenses or for any other purposes, including for refinancing purposes. There are no assurances that any of the issuers on the Oslo Stock Exchange will not decide to conduct further offerings of securities in the future. Depending on the structure of any future offering, certain existing shareholders may not have the ability to purchase additional equity securities. If a listed company raises additional funds by issuing additional equity securities, the holdings and voting interests of existing shareholders could be diluted, and thereby affect share price.

13.4 Information, control and surveillance

Under Norwegian law, the Oslo Stock Exchange is required to perform a number of surveillance and control functions. The Surveillance and Corporate Control unit of the Oslo Stock Exchange monitors all market activity on a continuous basis. Market surveillance systems are largely automated, promptly warning department personnel of abnormal market developments.

The Norwegian FSA controls the issuance of securities in both the equity and bond markets in Norway and evaluates whether the issuance documentation contains the required information and whether it would otherwise be unlawful to carry out the issuance.

Under Norwegian law, a company that is listed on a Norwegian regulated market, or has applied for listing on such market, must promptly release any inside information directly concerning the company. Inside information means precise information about financial instruments, the issuer thereof or other matters which are likely to have a significant effect on the price of the relevant financial instruments or related financial instruments, and which are not publicly available or commonly known in the market. A company may, however, delay the release of such information in order not to prejudice its legitimate interests, provided that it is able to ensure the confidentiality of the information and that the delayed release would not be likely to mislead the public. The Oslo Stock Exchange may levy fines on companies violating these requirements.

13.5 The VPS and transfer of shares

The Company's principal share register is operated through the VPS. The VPS is the Norwegian paperless centralised securities register. It is a computerised book-keeping system in which the ownership of, and all transactions relating to, Norwegian listed shares must be recorded. The VPS and the Oslo Stock Exchange are both wholly-owned by Oslo Børs VPS Holding ASA.

All transactions relating to securities registered with the VPS are made through computerised book entries. No physical share certificates are, or may be, issued. The VPS confirms each entry by sending a transcript to the registered shareholder irrespective of any beneficial ownership. To give effect to such entries, the individual shareholder must establish a share account with a Norwegian account agent. Norwegian banks, Norges Bank (being, Norway's central bank), authorised securities brokers in Norway and Norwegian branches of credit institutions established within the EEA are allowed to act as account agents.

As a matter of Norwegian law, the entry of a transaction in the VPS is *prima facie* evidence in determining the legal rights of parties as against the issuing company or any third party claiming an interest in the given security. A transferee or assignee of shares may not exercise the rights of a shareholder with respect to such shares unless such transferee or assignee has registered such shareholding or has reported and shown evidence of such share acquisition, and the acquisition is not prevented by law, the relevant company's articles of association or otherwise.

The VPS is liable for any loss suffered as a result of faulty registration or an amendment to, or deletion of, rights in respect of registered securities unless the error is caused by matters outside the VPS' control which the VPS could not reasonably be expected to avoid or overcome the consequences of. Damages payable by the VPS may, however, be reduced in the event of contributory negligence by the aggrieved party.

The VPS must provide information to the Norwegian FSA on an ongoing basis, as well as any information that the Norwegian FSA requests. Further, Norwegian tax authorities may require certain information from the VPS regarding any individual's holdings of securities, including information about dividends and interest payments.

13.6 Shareholder register – Norwegian law

Under Norwegian law, shares are registered in the name of the beneficial owner of the shares. Beneficial owners of the Shares that are registered in a nominee account (such as through brokers, dealers or other third parties) may not be able to vote for such shares unless their ownership is re-registered in their names with the VPS prior to any general meeting. As a general rule, there are no arrangements for nominee registration and Norwegian shareholders are not allowed to register their shares in the VPS through a nominee. However, foreign shareholders may register their shares in the VPS in the name of a nominee (bank or other nominee) approved by the Norwegian FSA. An approved and registered nominee has a duty to provide information on demand about beneficial shareholders to the company and to the Norwegian authorities. In case of registration by nominees, the registration in the VPS must show that the registered owner is a nominee. A registered nominee has the right to receive dividends and other distributions, but cannot vote in general meetings on behalf of the beneficial owners. There is no assurance that beneficial owners of the shares will receive the notice of any general meeting in time to instruct their nominees to either effect a re-registration of their shares or otherwise vote for their shares in the manner desired by such beneficial owners. See Section 12.9.1 "Certain aspects of Norwegian corporate law" for more information on nominee accounts

13.7 Foreign investment in shares listed in Norway

Foreign investors may trade shares listed on the Oslo Stock Exchange through any broker that is a member of the Oslo Stock Exchange, whether Norwegian or foreign.

Foreign investors should note that the rights of holders of shares listed on the Oslo Stock Exchange and issued by Norwegian incorporated companies are governed by Norwegian law and by the respective company's articles of association. These rights may differ from the rights of shareholders in other jurisdictions. In particular, Norwegian law limits the circumstances under which shareholders of Norwegian companies may bring derivative actions. For instance, under Norwegian law, any action brought by a company in respect of wrongful acts committed against such company will be prioritised over actions brought by shareholders claiming compensation in respect of such acts. In addition, it may be difficult to prevail in a claim against the company under, or to enforce liabilities predicated upon, securities laws in other jurisdictions. See Section 12.9.1 "Certain aspects of Norwegian corporate law" for more information on certain aspects of Norwegian law.

13.8 Disclosure obligations

If a person's, entity's or consolidated group's proportion of the total issued shares and/or rights to shares in a company listed on a regulated market in Norway (with Norway as its home state, which will be the case for the Company) reaches, exceeds or falls below the respective thresholds of 5%, 10%, 15%, 20%, 25%, 1/3, 50%, 2/3 or 90% of the share capital or the voting rights of that company, the person, entity or group in question has an obligation under the Norwegian Securities Trading Act to notify the Oslo Stock Exchange and the issuer immediately. The same applies if the disclosure thresholds are passed due to other circumstances, such as a change in the company's share capital.

13.9 Insider trading

According to Norwegian law, subscription for, purchase, sale or exchange of financial instruments that are listed, or subject to the application for listing, on a Norwegian regulated market, or incitement to such dispositions, must not be undertaken by anyone who has inside information, as defined in section 3-2 of the Norwegian Securities Trading Act. The same applies to the entry into, purchase, sale or exchange of options or futures/forward contracts or equivalent rights whose value is connected to such financial instruments or incitement to such dispositions.

13.10 Mandatory offer requirement

The Norwegian Securities Trading Act requires any person, entity or consolidated group that becomes the owner of shares representing more than one-third (or more than 50%) of the voting rights of a company listed on a Norwegian regulated market (with the exception of certain foreign companies) to, within four weeks, make an unconditional general offer for the purchase of the remaining shares in that company. A mandatory offer obligation may also be triggered where a party acquires the right to become the owner of shares that, together with the party's own shareholding, represent more than one-third of the voting rights in the company and the Oslo Stock Exchange decides that this is regarded as an effective acquisition of the shares in question.

The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares that exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

When a mandatory offer obligation is triggered, the person subject to the obligation is required to immediately notify the Oslo Stock Exchange and the company in question accordingly. The notification is required to state whether an offer will be made to acquire the remaining shares in the company or whether a sale will take place. As a rule, a notification to the effect that an offer will be made cannot be retracted. The offer and the offer document required are subject to approval by the Oslo Stock Exchange before the offer is submitted to the shareholders or made public.

The offer price per share must be at least as high as the highest price paid or agreed by the offeror for the shares in the six-month period prior to the date the threshold was exceeded. If the acquirer acquires or agrees to acquire additional shares at a higher price prior to the expiration of the mandatory offer period, the acquirer is obliged to restate its offer at such higher price. A mandatory offer must be in cash or contain a cash alternative at least equivalent to any other consideration offered.

In case of failure to make a mandatory offer or to sell the portion of the shares that exceeds the relevant threshold within four weeks, the Oslo Stock Exchange may force the acquirer to sell the shares exceeding the threshold by public auction. Moreover, a shareholder who fails to make an offer may not, as long as the mandatory offer obligation remains in force, exercise rights in the company, such as voting in a general meeting, without the consent of a majority of the remaining shareholders. The shareholder may, however, exercise his/her/its rights to dividends and pre-emption rights in the event of a share capital increase. If the shareholder neglects his/her/its duty to make a mandatory offer, the Oslo Stock Exchange may impose a cumulative daily fine that runs until the circumstance has been rectified.

Any person, entity or consolidated group that owns shares representing more than one-third of the votes in a company listed on a Norwegian regulated market (with the exception of certain foreign companies not including the Company) is obliged to make an offer to purchase the remaining shares of the company (repeated offer obligation) if the person, entity or consolidated group through acquisition becomes the owner of shares representing 40%, or more of the votes in the company. The same applies correspondingly if the person, entity or consolidated group through acquisition becomes the owner of shares representing 50% or more of the votes in the company. The mandatory offer obligation ceases to apply if the person, entity or consolidated group sells the portion of the shares which exceeds the relevant threshold within four weeks of the date on which the mandatory offer obligation was triggered.

Any person, entity or consolidated group that has passed any of the above mentioned thresholds in such a way as not to trigger the mandatory bid obligation, and has therefore not previously made an offer for the remaining shares in the company in accordance with the mandatory offer rules is, as a main rule, obliged to make a mandatory offer in the event of a subsequent acquisition of shares in the company.

13.11 Compulsory acquisition

Pursuant to the Norwegian Public Limited Companies Act and the Norwegian Securities Trading Act, a shareholder who, directly or through subsidiaries, acquires shares representing 90% or more of the total number of issued shares in a Norwegian public limited company, as well as 90% or more of the total voting rights, has a right, and each remaining minority shareholder of the company has a right to require such majority shareholder, to effect a compulsory acquisition for cash of the shares not already owned by such majority shareholder. Through such compulsory acquisition the majority shareholder becomes the owner of the remaining shares with immediate effect.

If a shareholder acquires shares representing more than 90% of the total number of issued shares, as well as more than 90% of the total voting rights, through a voluntary offer in accordance with the Securities Trading Act, a compulsory acquisition can, subject to the following conditions, be carried out without such shareholder being obliged to make a mandatory offer: (i) the compulsory acquisition is commenced no later than four weeks after the acquisition of shares through the voluntary offer, (ii) the price offered per share is equal to or higher than what the offer price would have been in a mandatory offer, and (iii) the settlement is guaranteed by a financial institution authorised to provide such guarantees in Norway.

A majority shareholder who effects a compulsory acquisition is required to offer the minority shareholders a specific price per share, the determination of which is at the discretion of the majority shareholder. However, where the offeror, after making a mandatory or voluntary offer, has acquired more than 90% of the voting shares of a company and a corresponding proportion of the votes that can be cast at the general meeting, and the offeror pursuant to section 4-25 of the Norwegian Public Limited Companies Act completes a compulsory acquisition of the remaining shares within three months after the expiry of the offer period, it follows from the Norwegian Securities Trading Act that the redemption price shall be determined on the basis of the offer price for the mandatory/voluntary offer unless specific reasons indicate another price.

Should any minority shareholder not accept the offered price, such minority shareholder may, within a specified deadline of not less than two months, request that the price be set by a Norwegian court. The cost of such court procedure will, as a general rule, be the responsibility of the majority shareholder, and the relevant court will have full discretion in determining the consideration to be paid to the minority shareholder as a result of the compulsory acquisition.

Absent a request for a Norwegian court to set the price or any other objection to the price being offered, the minority shareholders would be deemed to have accepted the offered price after the expiry of the specified deadline.

13.12 Foreign exchange controls

There are currently no foreign exchange control restrictions in Norway that would potentially restrict the payment of dividends to a shareholder outside Norway, and there are currently no restrictions that would affect the right of shareholders of a company that has its shares registered with the VPS who are not residents in Norway to dispose of their shares and receive the proceeds from a disposal outside Norway. There is no maximum transferable amount either to or from Norway, although transferring banks are required to submit reports on foreign currency exchange transactions into and out of Norway into a central data register maintained by the Norwegian customs and excise authorities. The Norwegian police, tax authorities, customs and excise authorities, the National Insurance Administration and the Norwegian FSA have electronic access to the data in this register.

14 TAXATION

14.1 Norwegian taxation

Set out below is a summary of certain Norwegian tax matters related to an investment in the Company. The summary regarding Norwegian taxation is based on the laws in force in Norway as at the date of this Prospectus, which may be subject to any changes in law occurring after such date. Such changes could possibly be made on a retrospective basis.

The following summary does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the shares in the Company. Shareholders who wish to clarify their own tax situation should consult with and rely upon their own tax advisors. Shareholders resident in jurisdictions other than Norway and shareholders who cease to be resident in Norway for tax purposes (due to domestic tax law or tax treaty) should specifically consult with and rely upon their own tax advisors with respect to the tax position in their country of residence and the tax consequences related to ceasing to be resident in Norway for tax purposes.

Please note that for the purpose of the summary below, a reference to a Norwegian or non-Norwegian shareholder refers to the tax residency rather than the nationality of the shareholder.

The tax legislation in the Company's jurisdiction of incorporation and the tax legislation in the jurisdictions in which the shareholders are resident for tax purposes may have an impact on the income received from the Shares.

14.1.1 Taxation of dividends

Norwegian Personal Shareholders

Dividends distributed by the Company to shareholders who are individuals resident in Norway for tax purposes ("**Norwegian Personal Shareholders**") are taxable in Norway for such shareholders currently at an effective tax rate of 31.68% to the extent the dividend exceeds a tax-free allowance; i.e. dividends received, less the tax free allowance, shall be multiplied by 1.44 which are then included as ordinary income taxable at a flat rate of 22%, increasing the effective tax rate on dividends received by Norwegian Personal Shareholders to 31.68%.

The allowance is calculated on a share-by-share basis. The allowance for each share is equal to the cost price of the share multiplied by a determined risk free interest rate based on the effective rate of interest on treasury bills (*Nw.: statskasseveksler*) with three months maturity plus 0.5 percentage points, after tax. The allowance is calculated for each calendar year, and is allocated solely to Norwegian Personal Shareholders holding shares at the expiration of the relevant calendar year.

Norwegian Personal Shareholders who transfer shares will thus not be entitled to deduct any calculated allowance related to the year of transfer. Any part of the calculated allowance one year exceeding the dividend distributed on the share ("excess allowance") may be carried forward and set off against future dividends received on, or gains upon realisation, of the same share.

Norwegian Personal Shareholders may hold the shares through a Norwegian share saving account (*Nw.: aksjesparekonto*). Dividends received on shares held through a share saving account will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the paid in deposit will be regarded as taxable income, regardless of whether the funds are derived from gains or dividends related to the shares held in the account. Such income will be taxed with an effective tax rate of 31.68%, cf. above. Norwegian Personal Shareholders will still be entitled to a calculated tax-free allowance. Please refer to Section 14.1.2 "Taxation of capital gains on realisation of shares – Norwegian Personal Shareholders" for further information in respect of Norwegian share saving accounts.

Norwegian Corporate Shareholders

Dividends distributed by the Company to shareholders who are limited liability companies (and certain similar entities) resident in Norway for tax purposes ("**Norwegian Corporate Shareholders**"), are effectively taxed at a rate of currently 0.66% (3% of dividend income from such shares is included in the calculation of ordinary income for Norwegian Corporate Shareholders and ordinary income is subject to tax at a flat rate of currently 22%). For Norwegian Corporate Shareholders that are considered to be "Financial Institutions" under the Norwegian financial activity tax (banks, holding companies), the effective rate of taxation for dividends is 0.75%.

Non-Norwegian Personal Shareholders

Dividends distributed by the Company to shareholders who are individuals not resident in Norway for tax purposes ("**Non-Norwegian Personal Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident. The withholding obligation lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Personal Shareholders resident within the EEA for tax purposes may apply individually to Norwegian tax authorities for a refund of an amount corresponding to the calculated tax-free allowance on each individual share, please see 14.1.1 "Taxation of dividends – Norwegian Personal Shareholders" above. However, the deduction for the tax-free allowance does not apply in the event that the withholding tax rate, pursuant to an applicable tax treaty, leads to a lower taxation of the dividends than the withholding tax rate of 25% less the tax-free allowance.

If a Non-Norwegian Personal Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Personal Shareholder, as described above.

Non-Norwegian Personal Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted.

All Non-Norwegian Personal Shareholders must document their entitlement to a reduced withholding tax rate by obtaining a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state. The documentation must be provided to either the nominee or the account operator (VPS).

Non-Norwegian Personal Shareholders should consult their own advisors regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

Non-Norwegian Personal Shareholders resident in the EEA for tax purposes may hold their shares through a Norwegian share saving account. Dividends received on, and gains derived upon the realisation of, shares held through a share saving account by a Non-Norwegian Personal Shareholder resident in the EEA will not be taxed with immediate effect. Instead, withdrawal of funds from the share saving account exceeding the Non-Norwegian Personal Shareholder's paid in deposit, will be subject to withholding tax at a rate of 25% (unless reduced pursuant to an applicable tax treaty). Capital gains realised upon realisation of shares held through the share saving account will be regarded as paid in deposits, which may be withdrawn without taxation. Losses will correspondingly be deducted from the paid in deposit, reducing the amount which can be withdrawn without withholding tax.

The obligation to deduct and report withholding tax on shares held through a saving account, cf. above, lies with the account operator.

Non-Norwegian Corporate Shareholders

Dividends distributed by the Company to shareholders who are limited liability companies (and certain other entities) domiciled outside of Norway for tax purposes ("**Non-Norwegian Corporate Shareholders**"), are as a general rule subject to withholding tax at a rate of 25%. The withholding tax rate of 25% is normally reduced through tax treaties between Norway and the country in which the shareholder is resident.

Dividends distributed to Non-Norwegian Corporate Shareholders domiciled within the EEA for tax purposes are exempt from Norwegian withholding tax provided that the shareholder is the beneficial owner of the shares and that the shareholder is genuinely established and performs genuine economic business activities within the relevant EEA jurisdiction.

If a Non-Norwegian Corporate Shareholder is carrying on business activities in Norway and the shares are effectively connected with such activities, the shareholder will be subject to the same taxation of dividends as a Norwegian Corporate Shareholder, as described above.

Non-Norwegian Corporate Shareholders who have suffered a higher withholding tax than set out in an applicable tax treaty may apply to the Norwegian tax authorities for a refund of the excess withholding tax deducted. The same will apply to Non-Norwegian Corporate Shareholders who have suffered withholding tax although qualifying for the Norwegian participation exemption.

All Non-Norwegian Corporate Shareholders must document their entitlement to a reduced withholding tax rate by either (i) presenting an approved withholding tax refund application or (ii) present an approval from the Norwegian tax authorities confirming that the recipient is entitled to a reduced withholding tax rate. In addition, a certificate of residence issued by the tax authorities in the shareholder's country of residence, confirming that the shareholder is resident in that state, must be obtained. Such documentation must be provided to either the nominee or the account operator (VPS).

The withholding obligation in respect of dividends distributed to Non-Norwegian Corporate Shareholders and on nominee registered shares lies with the company distributing the dividends and the Company assumes this obligation.

Non-Norwegian Corporate Shareholders should consult their own advisors regarding the availability of treaty benefits in respect of dividend payments, including the possibility of effectively claiming a refund of withholding tax.

14.1.2 Taxation of capital gains on realisation of shares

Norwegian Personal Shareholders

Sale, redemption or other disposal of shares is considered a realisation for Norwegian tax purposes. A capital gain or loss generated by a Norwegian Personal Shareholder through a disposal of shares is taxable or tax deductible in Norway. The effective tax rate on gain or loss related to shares realised by Norwegian Personal Shareholders is currently 31.68%; i.e. capital gains (less the tax free allowance) and losses shall be multiplied by 1.44 which are then included in or deducted from the Norwegian Personal Shareholder's ordinary income in the year of disposal. Ordinary income is taxable at a flat rate of 22%, increasing the effective tax rate on gains/losses realised by Norwegian Personal Shareholders to 31.68%.

The gain is subject to tax and the loss is tax deductible irrespective of the duration of the ownership and the number of shares disposed of.

The taxable gain/deductible loss is calculated per share as the difference between the consideration for the share and the Norwegian Personal Shareholder's cost price of the share, including costs incurred in relation to the acquisition or realisation of the share. From this capital gain, Norwegian Personal Shareholders are entitled to deduct a calculated allowance provided that such allowance has not already been used to reduce taxable dividend income. Please refer to Section 14.1.1 "Taxation of dividends – Norwegian Personal Shareholders" above for a description of the calculation of the allowance. The allowance may only be deducted in order to reduce a taxable gain, and cannot increase or produce a deductible loss, i.e. any unused allowance exceeding the capital gain upon the realisation of a share will be annulled. Unused allowance may not be set off against gains from realisation of other shares.

If the Norwegian Personal Shareholder owns shares acquired at different points in time, the shares that were acquired first will be regarded as the first to be disposed of, on a first-in first-out basis.

Special rules apply for Norwegian Personal Shareholders that cease to be tax-resident in Norway.

Gains derived upon the realisation of shares held through a share saving account will be exempt from immediate Norwegian taxation and losses will not be tax deductible. Instead, withdrawal of funds from the share saving account exceeding the Norwegian Personal Shareholder's paid in deposit, will be regarded as taxable income, subject to tax at an effective tax rate of 31.68%. Norwegian Personal Shareholders will be entitled to a calculated tax-free allowance provided that such allowance has not already been used to reduce taxable dividend income, please see Section 14.1.1 "Taxation of dividends – Norwegian Personal Shareholders" above. The tax-free allowance is calculated based on the lowest paid in deposit in the account during the income year, plus any unused tax-free allowance from previous years. The tax-free allowance can only be deducted in order to reduce taxable income, and cannot increase or produce a deductible loss. Any excess allowance may be carried forward and set off against future withdrawals from the account or future dividends received on shares held through the account.

Norwegian Personal Shareholders holding shares through more than one share saving account may transfer their shares or securities between the share saving accounts without incurring Norwegian taxation.

Norwegian Corporate Shareholders

Norwegian Corporate Shareholders are exempt from tax on capital gains derived from the realisation of shares qualifying for participation exemption, including shares in the Company. Losses upon the realisation and costs incurred in connection with the purchase and realisation of such shares are not deductible for tax purposes.

Special rules apply for Norwegian Corporate Shareholders that cease to be tax-resident in Norway.

Non-Norwegian Personal Shareholders

Gains from the sale or other disposal of shares by a Non-Norwegian Personal Shareholder will not be subject to taxation in Norway unless the Non-Norwegian Personal Shareholder holds the shares in connection with business activities carried out or managed from Norway.

Please refer to Section 14.1.1 "Taxation of dividends – Non-Norwegian Personal Shareholders" above for a description of the availability of a Norwegian share saving accounts.

Non-Norwegian Corporate Shareholders

Capital gains derived by the sale or other realisation of shares by Non-Norwegian Corporate Shareholders are not subject to taxation in Norway unless the shareholding is effectively connected to the conduct of trade or business in Norway.

14.1.3 Taxation of Subscription Rights

Norwegian Personal Shareholders

A Norwegian Personal Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares. Subscription rights acquired as a consequence of ownership of shares held on a share savings account may be held on the share savings account, please refer to Section 14.1.2 "Taxation of capital gains on realisation of shares – Norwegian Personal Shareholders" above, but will not be covered by the tax exemption.

Norwegian Corporate shareholders

A Norwegian Corporate Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway. Costs related to the subscription for the shares will be added to the cost price of the shares.

Non-Norwegian Shareholders

A Non-Norwegian (Personal or Corporate) Shareholder's subscription for shares pursuant to a subscription right is not subject to taxation in Norway.

14.1.4 Net wealth tax

The value of shares is included in the basis for the computation of net wealth tax imposed on Norwegian Personal Shareholders. Currently, the marginal net wealth tax rate is 0.85% of the value assessed. The value for assessment purposes for listed shares is equal to 75% of the listed value as of 1 January in the year of assessment (i.e. the year following the relevant fiscal year). The value of debt allocated to the listed shares for Norwegian wealth tax purposes is reduced correspondingly (i.e. to 75%).

Norwegian Corporate Shareholders are not subject to net wealth tax.

Non-Norwegian (Personal and Corporate) Shareholders are generally not subject to Norwegian net wealth tax. Non-Norwegian Personal Shareholders can, however, be taxable if the shareholding is effectively connected to the conduct of trade or business in Norway.

14.1.5 VAT and transfer taxes

No VAT, stamp or similar duties are currently imposed in Norway on the transfer or issuance of shares.

14.1.6 Inheritance tax

A transfer of shares through inheritance or as a gift does not give rise to inheritance or gift tax in Norway.

15 SELLING AND TRANSFER RESTRICTIONS

15.1 General

The grant of Subscription Rights and issue of Offer Shares upon exercise of Subscription Rights to persons resident in, or who are citizens of countries other than Norway, may be affected by the laws of the relevant jurisdiction. Investors should consult their professional advisors as to whether they require any governmental or other consents or need to observe any other formalities to enable them to exercise Subscription Rights or purchase Offer Shares.

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act or under the securities laws of any state or jurisdiction of the United States, and may not be offered, sold, pledged, resold, granted, delivered, allocated, taken up, transferred or delivered, directly or indirectly, within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and in compliance with the applicable securities laws of any state or jurisdiction of the United States. Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus is for information only and should not be copied or redistributed. Except as otherwise disclosed in this Prospectus, if an investor receives a copy of this Prospectus in any territory, such investor may not treat this Prospectus as constituting an invitation or offer to it, nor should the investor in any event deal in the Subscription Rights or Offer Shares (as the case may be), unless, in the relevant jurisdiction, such an invitation or offer could lawfully be made to that investor, or the Subscription Rights or Offer Shares, as the case may be, could lawfully be dealt in without contravention of any unfulfilled registration or other legal requirements. Accordingly, if an investor receives a copy of this Prospectus, the investor should not distribute or send the same, or transfer Offer Shares to any person or in or into any jurisdiction where to do so would, or might, contravene local securities laws or regulations. If the investor forwards this Prospectus into any such territories (whether under a contractual or legal obligation or otherwise), the investor should direct the recipient's attention to the contents of this Section 15 "Selling and Transfer Restrictions".

Except as otherwise noted in this Prospectus and subject to certain exceptions: (i) the Subscription Rights and Offer Shares being granted or offered, respectively, in the Subsequent Offering may not be offered, sold, resold, transferred or delivered, directly or indirectly, in or into, Member States of the EEA that have not implemented the EU Prospectus Regulation, Australia, Canada, Japan, the United States or any other jurisdiction in which it would not be permissible to grant the Subscription Rights and/or offer the Offer Shares (the "**Ineligible Jurisdictions**"); (ii) this Prospectus may not be sent to any person in any Ineligible Jurisdiction; and (iii) the crediting of Subscription Rights to an account of an Ineligible Shareholder or other person who is a resident of an Ineligible Jurisdiction (referred to as "**Ineligible Persons**") does not constitute an offer to such persons of the Subscription Rights or the Offer Shares. Ineligible Persons may not exercise Subscription Rights.

If an investor takes up Subscription Rights, exercises Subscription Rights to obtain Offer Shares or trades or otherwise deals in the Offer Shares pursuant to this Prospectus, unless the Company in its sole discretion determines otherwise on a case-by-case basis, that investor will be deemed to have made or, in some cases, be required to make, the following representations and warranties to the Company and any person acting on the Company's or its behalf:

(i) the investor is not located in an Ineligible Jurisdiction;

(ii) the investor is not an Ineligible Person;

(iii) the investor is not acting, and has not acted, for the account or benefit of an Ineligible Person;

(iv) the investor acknowledges that the Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway; and

(v) the investor may lawfully be offered, take up, subscribe for and receive Subscription Rights and Offer Shares in the jurisdiction in which it resides or is currently located.

The Company and the Manager and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, the investor will promptly notify the Company and the Manager. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.

If a person is acting on behalf of a holder of Subscription Rights (including, without limitation, as a nominee, custodian or trustee), that person will be required to provide the foregoing representations and warranties to the Company with respect to the exercise of Subscription Rights on behalf of the holder. If such person cannot or is unable to provide the foregoing representations and warranties, the Company will not be bound to authorise the allocation of any of the Subscription Rights and Offer Shares to that person or the person on whose behalf the other is acting. Subject to the specific restrictions described below, if an investor (including, without limitation, its nominees and trustees) is located outside Norway and wishes to exercise Subscription Rights and/or deal in or subscribe Offer Shares, the investor must satisfy itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

The information set out in this Section is intended as a general guide only. If the investor is in any doubt as to whether it is eligible to exercise its Subscription Rights or subscribe for the Offer Shares, such investor should consult its professional advisor without delay.

Subscription Rights will initially be credited to financial intermediaries for the accounts of all shareholders who hold Shares registered through a financial intermediary on the Record Date. Subject to certain exceptions, financial intermediaries, which include brokers, custodians and nominees, may not exercise any Subscription Rights on behalf of any person in the Ineligible Jurisdictions or any Ineligible Persons and may be required in connection with any exercise of Subscription Rights to provide certifications to that effect.

Subject to certain exceptions, financial intermediaries are not permitted to send this Prospectus or any other information about the Subsequent Offering into any Ineligible Jurisdiction or to any Ineligible Persons. Subject to certain exceptions, exercise instructions or certifications sent from or postmarked in any Ineligible Jurisdiction will be deemed to be invalid and Offer Shares will not be delivered to an addressee in any Ineligible Jurisdiction. The Company reserves the right to reject any exercise (or revocation of such exercise) in the name of any person who provides an address in an Ineligible Jurisdiction for acceptance, revocation of exercise or delivery of such Subscription Rights and Offer Shares, who is unable to represent or warrant that such person is not in an Ineligible Jurisdiction and is not an Ineligible Person, who is acting on a non-discretionary basis for such persons, or who appears to the Company or its agents to have executed its exercise instructions or certifications in, or dispatched them from, an Ineligible Jurisdiction. Furthermore, the Company reserves the right, with sole and absolute discretion, to treat as invalid any exercise or purported exercise of Subscription Rights which appears to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws or regulations of any jurisdiction.

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit a holder to exercise its Subscription Rights if the Company, in its absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the laws or regulations giving rise to the restrictions in question. Applicable exemptions in certain jurisdictions are described further below. In any such case, the Company does not accept any liability for any actions that a holder takes or for any consequences that it may suffer as a result of the Company accepting the holder's exercise of Subscription Rights.

No action has been or will be taken by the Manager to permit the possession of this Prospectus (or any other offering or publicity materials or application form relating to the Subsequent Offering) in any jurisdiction where such distribution may lead to a breach of any law or regulatory requirement.

Neither the Company nor the Manager, nor any of their respective representatives, is making any representation to any offeree, subscriber or purchaser of Subscription Rights and/or Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor should consult its own advisors before exercising Subscription Rights or subscribing for or purchasing Offer Shares. Investors are required to make their independent assessment of the legal, tax, business, financial and other consequences of a subscription for or a purchase of Offer Shares.

A further description of certain restrictions in relation to the Subscription Rights and the Offer Shares in certain jurisdictions is set out below.

15.2 United States

The Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, taken up, exercised, resold, transferred or delivered, directly or indirectly, within the United

States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

Pursuant to this Prospectus, the Subscription Rights and Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the U.S. Securities Act. In addition, concurrently with the offers and sales in reliance on Regulation S, the Company may effect private placement transactions to a limited number of "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) pursuant to an exemption from the registration requirements of the U.S. Securities Act who have executed and returned an investor letter to the Company prior to exercising any Subscription Rights. A form investor letter may be obtained by contacting the Company or the Manager.

Accordingly, this Prospectus will not be sent to any shareholder with a registered address in the United States. In addition, the Company and the Manager reserve the right to reject any instruction sent by or on behalf of any account holder with a registered address in the United States in respect of the Subscription Rights and/or the Offer Shares.

Until 40 days after the commencement of the Subsequent Offering, any offer or sale of the Subscription Rights and Offer Shares within the United States by any dealer (whether or not participating in the Subsequent Offering) may violate the registration requirements of the U.S. Securities Act.

Offers and Sales of the Offer Shares in the United States will only be made by the Company pursuant to an exemption from the registration requirements of the U.S. Securities Act, which requires an investor letter to be executed and returned. In accordance with the investor letter, each person to which Offer Shares are offered or sold by the Company in the United States, by its subscription of the Offer Shares, will be deemed to have represented, warranted, agreed and acknowledged to the Company, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares, as the case may be, that:

(i) it is a "qualified institutional buyer" as defined in Rule 144A under the U.S. Securities Act, it is not purchasing Offer Shares with a view to their distribution in the United States within the meaning of U.S. federal securities laws, and, if it is subscribing for the Offer Shares as a fiduciary or agent for one or more accounts, each such account is a qualified institutional buyer, with full investment discretion with respect to each such account, and the full power and authority to make (and does make) the acknowledgements, representations, warranties and agreements in the investor letter on behalf of each such account;

(ii) it acknowledges that the Subscription Rights and the Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and cannot be resold or otherwise transferred unless they are registered under the U.S. Securities Act or unless an exemption from such registration is available as set out in the investor letter; and

(iii) it understands and acknowledges that the foregoing representations, agreements and acknowledgements are requirements in connection with United States and other securities laws and that the Company, its affiliates and others are entitled to rely on the truth and accuracy of the representations, agreements and acknowledgements contained herein. It agrees that if any of the representations, agreements and acknowledgements made herein and are no longer accurate, it will promptly notify the Company.

Each person to which Subscription Rights and/or Offer Shares are distributed, offered or sold pursuant to this Prospectus will be deemed, by its subscription for Offer Shares or purchase of Subscription Rights and/or Offer Shares, to have represented and agreed, on its behalf and on behalf of any investor accounts for which it is subscribing for Offer Shares or purchasing Subscription Rights and/or Offer Shares, as the case may be, that:

(i) the purchaser is, and the person, if any, for whose account or benefit the purchaser is exercising the Subscription Rights or acquiring the Offer Shares is, outside the United States at the time the exercise or buy order for the Subscription Rights or the Offer Shares is originated and continues to be located outside the United States, and the person, if any, for whose account or benefit the purchaser is exercising the Subscription Rights or acquiring the Offer Shares reasonably believes that the purchaser is outside the United States, and neither the purchaser nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States;

(ii) the Subscription Rights and Offer Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States; and

(iii) it acknowledges that the Company and the Manager and their affiliates and others will rely upon the truth and accuracy of the above acknowledgements, agreements and representations, and agree that, if any of the acknowledgements, agreements or representations deemed to have been made by its purchase of Offer Shares is no longer accurate, it will promptly notify the Company and the Manager.

15.3 United Kingdom

This Prospectus is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order) or (iii) high net worth entities and other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**Relevant Persons**"). The Offer Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Shares will be engaged in only with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Prospectus or any of its contents.

15.4 EEA selling restrictions

In relation to each member state of the EEA that has implemented the EU Prospectus Regulation, other than Norway (each, a "**Relevant Member State**"), no Offer Shares have been offered or will be offered to the public in that Relevant Member State, pursuant to the Subsequent Offering, except that Offer Shares may be offered to the public in that Relevant Member State at any time in reliance on the following exemptions under the EU Prospectus Regulation:

a) to persons who are "qualified investors" within the meaning of the EU Prospectus Regulation;

b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) per Relevant Member State, with the prior written consent of the Manager for any such offer; or

c) in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation;

provided that no such offer of Offer Shares shall require the Company or the Manager to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purpose of this provision, the expression an "offer to the public" in relation to any Offer Shares in any Relevant Member State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Subsequent Offering and the Offer Shares to be offered, so as to enable an investor to decide to acquire any Offer Shares.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any Offer Shares in, the Subsequent Offering contemplated hereby will be deemed to have represented, warranted and agreed to and with each of the Company and the Manager that it is a qualified investor within the meaning of Article 2€ of the EU Prospectus Regulation.

This EEA selling restriction is in addition to any other selling restrictions set out in this Prospectus.

16 ADDITIONAL INFORMATION

16.1 Auditor

The Company's independent auditor is PricewaterhouseCoopers AS ("**PwC**") with registration number 987 009 713. The partners of PwC are members of Den Norske Revisorforening (The Norwegian Institute of Public Accountants). PwC has been the Company's auditor since 2019.

The Financial Statements for the year ended 31 December 2019 have been audited by PwC and the auditor's report is, together with the Financial Statements for the year ended 31 December 2019, incorporated by reference to this Prospectus, see Section 16.3 "Incorporated by reference". PwC has not audited, reviewed or produced any report on any other information provided in this Prospectus.

The Interim Financial Statements for the three months' period ended 31 March 2020 have not been audited.

16.2 Documents available

Copies of the following documents will be available for inspection at the Company's offices at Universitetsgaten 10, N-0164 Oslo, Norway during normal business hours from Monday to Friday each week (except public holidays) and on the Company's website www.nextbiometrics.com during the term of the Prospectus:

- The Company's certificate of incorporation and Articles of Association; and
- All reports, letters, and other documents, historical financial information, valuations and statements prepared by any expert at the Company's request any part of which is included or referred to in this Prospectus.

16.3 Incorporated by reference

The information incorporated by reference in this Prospectus should be read in connection with the cross reference table set out below. Except as provided in this Section 16.3 "Incorporated by reference", no information is incorporated by reference into this Prospectus.

Sections in the Prospectus	**Disclosure requirement**	**Reference document and link**	**Page of reference document**
Sections 4.3 and 10	Annex 3, item 11.1	Annual Report 2019: https://www.nextbiometrics.com/wp-content/uploads/NEXT-Biometrics-Annual-Report-2019.pdf	Page 26-61 (Accounts and notes)
Sections 4.3 and 10	Annex 3, item 11.2	Auditor's Report 2019: https://www.nextbiometrics.com/wp-content/uploads/NEXT-Biometrics-Annual-Report-2019.pdf	Page 63-67
Sections 4.3 and 10	Annex 3, item 11.1	Interim Financial Statements for the three months period ended 31 March 2020: https://www.nextbiometrics.com/wp-content/uploads/NEXT-Biometrics-Q1-2020-Report.pdf	Page 5-10 (Accounts and notes)

17 DEFINITIONS AND GLOSSARY

In the Prospectus, the following defined terms have the following meanings:

AEPS...	Aadhaar Enabled Payment System.
Anti-Money Laundering Legislation.	Norwegian Money Laundering Act of 1 June 2018 No. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 No. 1324, collectively.
APM	Alternative performance measures.
Articles of Association	The Company's articles of association attached as Appendix A to this Prospectus.
Board Members	Members of the Company's Board of Directors.
Board of Directors.......................	The Board of Directors of the Company.
Broker Fee.................................	The broker fee payable to the Manager, which equals 4% of the gross proceeds from existing shareholders and 6% of the gross proceeds from new investors participating in the Private Placement or the Subsequent Offering, as applicable.
CARES	Coronavirus Aid, Relief and Economic Security.
CEST...	Central European Summer Time.
Company	NEXT Biometrics Group ASA.
Cost of goods sold	Cost of materials and production service expenses.
D&A	Depreciation and amortisation.
EBITDA ex option	Earnings before interest, taxes, depreciation and amortization (EBITDA). EBITDA ex option is equal to "Profit (loss) before tax, depreciation and amortization" excluding "share based remuneration", (salary part, employer's part and operating part).
EEA	The European Economic Area.
Eligible Shareholders...................	The shareholders of the Company as at the Record Date, and who were not allocated shares in the Private Placement and who are not resident in a jurisdiction where such offering would be unlawful, or for jurisdictions other than Norway, would require any filing, registration or similar action.
ESMA	The European Securities and Markets Authority.
EU Prospectus Regulation	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC.
EUR	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency.
Financial Information	The Financial Statements and the Interim Financial Statements collectively.
Financial Statements...................	The audited consolidated financial statements for the Group as at, and for the year ended, 31 December 2019.
Fixed Fee...................................	The fixed fee of NOK 300,000 payable to the Manager.
FPC...	Flexible printed cable.
FSMA	The Financial Services and Markets Act 2000.
Fujitsu.......................................	Fujitsu Client Computing Limited.
General Meeting	The general meeting of the shareholders in the Company.
GLEIF..	The Global Legal Identifier Foundation.
Group or NEXT	The Company together with its consolidated subsidiaries.
Gross Margin...............................	Revenues less cost of goods sold. Gross margin as a percentage of revenues.
IAS 34	International Accounting Standard 34 "Interim Financial Reporting" as adopted by the EU.
IFRS	International Financial Reporting Standards as adopted by the EU.
Ineligible Jurisdictions	Member States of the EEA that have not implemented the Prospectus Directive, Australia, Canada, Japan, the United States or any other jurisdiction in which it would not be permissible to offer the Subscription Rights and/or the Offer Shares.
Ineligible Persons	An Ineligible Shareholder or other person who is a resident of an Ineligible Jurisdiction.
Ineligible Shareholders................	Subscription Rights of Eligible Shareholders resident in jurisdictions where the Prospectus may not be distributed and/or with legislation that, according to the Company's assessment, prohibits or otherwise restricts subscription for Offer Shares.
INNOLUX	INNOLUX Corporation.
Interim Financial Statements	The Group's unaudited interim consolidated financial statements as of, and for the three months' period ended 31 March 2020.
LEI	Legal Entity Identifier.

LOUs...	Local Operating Units.
Management	The senior management team of the Group.
Manager	Pareto Securities AS.
Member States	The participating member states of the European Union.
MiFID II.....................................	EU Directive 2014/65/EU on markets in financial instruments, as amended.
MiFID II Product Governance Requirements.............................	MiFID II, Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II and local implementing measures.
Newland	Fujian Newland Payment Technology Co., Ltd.
NOK..	Norwegian Kroner, the lawful currency of Norway.
Non-Norwegian Corporate Shareholders..............................	Shareholders who are limited liability companies and certain similar corporate entities not resident in Norway for tax purposes.
Non-Norwegian Personal Shareholders..............................	Shareholders who are individuals not resident in Norway for tax purposes.
Norwegian Corporate Governance Code	The Norwegian Code of Practice for Corporate Governance dated 17 October 2018.
Norwegian Corporate Shareholders	Shareholders who are limited liability companies and certain similar corporate entities resident in Norway for tax purposes.
Norwegian FSA	The Financial Supervisory Authority of Norway (*Nw.: Finanstilsynet*).
Norwegian Personal Shareholder ...	Shareholders who are individuals resident in Norway for tax purposes.
Norwegian Public Limited Companies Act	Norwegian Public Limited Liability Companies Act of 13 June 1997 No 45 (*Nw.: allmennaksjeloven)*.
Norwegian Securities Trading Act...	The Norwegian Securities Trading Act of 28 June 2007, no. 75 (*Nw.: verdipapirhandelloven*).
Offer Shares	Up to 10 million new shares, each with a par value of NOK 1.00 offered in the Subsequent Offering.
OPEX	Operating expenditure.
Order	The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005.
Oslo Stock Exchange	Oslo Børs ASA, a Norwegian regulated stock exchange operated by Oslo Børs ASA.
Pareto	Pareto Securities AS.
Payment Date	10 July 2020.
PCT...	Patent Convention Treaty.
Private Placement	The private placement announced by the Company on 28 May 2020.
Private Placement Investors	Selected investors, comprising existing shareholders of the Company (including Board Members) and new investors that subscribed for and was allocated Private Placement Shares.
Private Placement Shares	The 25 million new Shares in the Company issued in connection with the Private Placement.
Prospectus	This Prospectus, dated 19 June 2020.
PWC	PricewaterhouseCoopers AS
QIBs	Qualified Institutional Buyers.
R&D	Research and development.
Record Date	2 June 2020.
Regulation S	Regulation S under the U.S. Securities Act.
Relevant Member State	Each Member State of the European Economic Area which has implemented the EU Prospectus Directive.
Relevant Persons	Has the meaning ascribed to such term on page iv.
Rule 144A.................................	Rule 144A under the U.S. Securities Act.
Settlement Agent	Pareto Securities AS.
Share(s)	The existing shares of the Company and the Offer shares, each with a par value of NOK 1.00, or any one of them.
SPI	Serial peripheral interface.
Subscription Form	The subscription form attached as Appendix B of this Prospectus.
Subscription Period	From 22 June 2020 to 16:30 hours (CEST) on 6 July 2020.
Subscription Price	The subscription price of NOK 2.00 for the Offer Shares.
Subscription Rights	Non-transferable subscription rights.
Subsequent Offering	The subsequent offering and listing of up to 10 million Offer Shares at the Subscription Price.
Target Market Assessment	Has the meaning ascribed to such term on page iv.
TROIKA	TROIKA Transsolutions Pvt. Ltd.

UK	The United Kingdom.
Underwriters	Certain of the Private Placement Investors that agreed to underwrite the Private Placement on the terms and subject to the conditions set out in the Underwriting Agreement.
Underwriting Agreement..............	The underwriting agreement between the Company and certain of the Private Placement Investors dated 27 May 2020, setting out the terms and conditions for the underwriting of the Private Placement.
Underwriting Commission	As consideration for the underwriting commitment, the Company agreed to pay each Underwriter an underwriting commission of 10% of the respective Underwriter's underwriting commitment in excess of the respective Underwriter's pro rata portion of the Private Placement.
Underwriting Commission Shares...	The 2,262,027 new Shares issued in connection with settlement of the underwriting commission in the Private Placement.
U.S. Exchange Act	The United States Exchange Act of 1934, as amended.
U.S. Loan	The bank loan in the amount of USD 980,000 granted to NEXT Biometrics Inc. under the COVID-19 U.S. government sponsored loan programme, which was approved and paid in April 2020.
U.S. Securities Act	The United States Securities Act of 1933, as amended.
USD	United States Dollars, the lawful currency of the United States.
VPS	The Norwegian Central Securities Depository (*Nw.: Verdipapirsentralen*).
VPS Registrar	DNB Bank ASA, in its capacity as VPS registrar.

APPENDIX A:

ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION

FOR

NEXT BIOMETRICS GROUP ASA

Per 19 June 2020

§ 1 – The Company name

The name of the company is NEXT Biometrics Group ASA. The company is organised as a public limited liability company.

§ 2 – Business office

The company's registered office is in Oslo municipality.

§ 3 – Business Activities

The objective of the company is research and development, and commercialisation of safety products, trade and investment in such companies and what is connected with such business.

§ 4 – Share capital

The company's share capital is NOK 70,192,602, divided into 70,192,602 shares, each with a nominal value of NOK 1. The company's shares shall be registered in the Norwegian Central Securities Depository.

§ 5 – Board of Directors

The Company's board of directors shall consists of 3 – 9 members as appointed by the general meeting.

§ 6 – Nomination Committee

The company shall have a nomination committee. The nomination committee shall consist of two or three members appointed by the general meeting. The members of the nomination committee, including the director, shall be elected by the general meeting. The nomination committee shall be elected for a period of two years, if not other period is decided upon by the general meeting.

The nomination committee makes recommendations to the general meeting regarding election of board members and members to the nomination committee, and regarding remuneration to the board members and members of the nomination committee. The general meeting shall resolve the remuneration to the members of the nomination committee. The general meeting may lay down guidelines for the nomination committee.

§ 7 – Signatory Rights

Two board members jointly have the right to sign on behalf of the company. The board of directors may give power of procuration.

§ 8 – General Meeting

Documents regarding matters to be discussed at the general meeting of the company, also applying documents that, pursuant to law, shall be included in, or attached to the notice of the general meeting of shareholders, can be made available at the company's website. The requirement regarding physical distribution shall then not apply. A shareholder may in any case request to be sent documents that shall be discussed at the general meeting.

The shareholder may vote in writing, including by way of electronic communication in advance in a period prior to the general meeting. The board of directors may establish guidelines for such advanced voting. It shall be stated in the notice for the general meeting the guidelines laid down.

At the ordinary general meeting the following matters shall be addressed and decided upon:

1. Approval of the annual accounts and annual report, including the distribution of dividends.

2. Other matters that pursuant to law or the articles of association must be dealt with at the general meeting.

APPENDIX B:

SUBSCRIPTION FORM

NEXT BIOMETRICS GROUP ASA
SUBSEQUENT OFFERING

SUBSCRIPTION FORM
Securities number: ISIN NO 001 0629108

General information: The terms and conditions of the subsequent offering (the "Subsequent Offering") by NEXT Biometrics Group ASA (the "Company") of up to 10,000,000 new shares in the Company, each with a nominal value of NOK 1.00 (the "Offer Shares"), are set out in the prospectus dated 19 June 2020 (the "Prospectus"), as supplemented by any prospectus supplement. Terms defined in the Prospectus shall have the same meaning in this subscription form (the "Subscription Form"). All announcements referred to in this Subscription Form will be made through the Oslo Stock Exchange's information system under the Company's ticker "NEXT". The notice of, and the minutes from, the Company's extraordinary general meeting held on 19 June 2020 (with enclosures) resolving the share capital increase pertaining to the Subsequent Offering, the Company's articles of association and the annual accounts and annual reports for the last two years are available at the Company's registered office at Universitetsgaten 10, N-0164 Oslo, Norway and at the Company's website: www.nextbiometrics.com.

Subscription procedures: The subscription period will commence at 09:00 hours (CEST) on 22 June 2020 and end at 16:30 hours (CEST) on 6 July 2020 (the "Subscription Period"). The Subscription Period may not be extended or shortened, unless required by law. Correctly completed Subscription Forms must be received by the Manager at the address set out below, or, in the case of online subscriptions, be registered by no later than 16:30 hours (CEST) on 6 July 2020:

Pareto Securities AS
Dronning Mauds gate 3
P.O. Box 1411 Vika
N-0115 Oslo
Norway
Tel: + 47 22 87 87 00
E-mail: subscription@paretosec.com
www.paretosec.com/transactions

The subscriber is responsible for the correctness of the information filled into the Subscription Form. Subscription Forms received after the end of the Subscription Period and/or incomplete or incorrect Subscription Forms and any subscription that may be unlawful may be disregarded at the sole discretion of the Company and/or the Manager without notice to the subscriber.

Subscribers who are Norwegian residents with a Norwegian personal identification number (*Nw.: fødselsnummer*) are encouraged to subscribe for Offer Shares through the VPS online subscription system (or by following the link on www.paretosec.com/transactions, which will redirect the subscriber to the VPS online subscription system). Subscriptions made through the VPS online subscription system must be duly registered before the expiry of the Subscription Period. None of the Company or the Manager may be held responsible for postal delays, e-mail delays, internet lines or servers or other logistical or technical problems that may result in subscriptions not being received in time or at all by the Manager. Subscriptions are binding and irrevocable, and cannot be withdrawn, cancelled or modified by the subscriber after having been received by the Manager, or in the case of subscriptions through the VPS online subscription system, upon registration of the subscription. By signing and submitting this Subscription Form, or registering a subscription through the VPS online subscription system, the subscriber confirms and warrants to have read the Prospectus and to be eligible to subscribe for Offer Shares under the terms set forth therein.

Subscription Price: The subscription price in the Subsequent Offering is NOK 2.00 per Offer Share (the "Subscription Price").

Subscription Rights: The shareholders of the Company as of 28 May 2020 (and being registered as such in the VPS at the expiry of 2 June 2020 pursuant to the two days' settlement procedure (the "Record Date")), and who (i) were not allocated shares in the Private Placement, (ii) were not included in the pre-sounding phase in the Private Placement, and (iii) are not resident in a jurisdiction where such offering would be unlawful, or would (in jurisdictions other than Norway) require any prospectus filling, registration or similar action (the "Eligible Shareholders"), will be granted non-transferable Subscription Rights that, subject to applicable law, give a right to subscribe for, and be allocated, Offer Shares in the Subsequent Offering at the Subscription Price. Each Eligible Shareholder will be granted 0.359333 Subscription Rights for every existing Share registered as held by such Eligible Shareholder on the Record Date, rounded down to the nearest whole Subscription Right. Each Subscription Right will, subject to certain limitations based on applicable laws and regulations, give the right to subscribe for, and be allocated, one (1) Offer Share in the Subsequent Offering. Over-subscription and subscription without Subscription Rights is permitted. **Subscription Rights that are not used to subscribe for Offer Shares before the expiry of the Subscription Period will have no value and will lapse without compensation to the holder.**

Allocation of Offer Shares: The Offer Shares will be allocated to the subscribers based on the allocation criteria set out in the Prospectus. No fractional Offer Shares will be allocated. The Company reserves the right to round off, reject or reduce any subscription for Offer Shares not covered by Subscription Rights unless subscribers are given the right to over-subscribe in accordance with the allocation criteria. Allocation of fewer Offer Shares than subscribed for by a subscriber will not impact on the subscriber's obligation to pay for the number of Offer Shares allocated. Notifications of allocated Offer Shares and the corresponding subscription amount to be paid by each subscriber are expected to be distributed in a letter from the Manager on or about 7 July 2020. Subscribers having access to investor services through their VPS account manager will be able to check the number of Offer Shares allocated to them from 10:00 hours (CEST) on 7 July 2020. Subscribers who do not have access to investor services through their VPS account manager may contact the Manager from 10:00 hours (CEST) on 7 July 2020 to obtain information about the number of Offer Shares allocated to them.

Payment: The payment for the Offer Shares allocated to a subscriber falls due on 10 July 2020. Subscribers who have a Norwegian bank account must, and will by signing the Subscription Form, or registering a subscription through the VPS online subscription system, provide the Settlement Agent (Pareto Securities AS), or someone appointed by the Settlement Agent, with a one-time irrevocable authorisation to debit a specified Norwegian bank account for the amount payable for the Offer Shares which are allocated to the subscriber. The specified bank account is expected to be debited on or after the Payment Date. The Settlement Agent, or someone appointed by the Settlement Agent, is only authorised to debit such account once, but reserves the right (but has no obligation) to make up to three debit attempts, and the authorisation will be valid for up to seven working days after the Payment Date. The subscriber furthermore authorises the Settlement Agent to obtain confirmation from the subscriber's bank that the subscriber has the right to dispose over the specified account and that there are sufficient funds in the account to cover the payment. If there are insufficient funds in a subscriber's bank account or if it for other reasons is impossible to debit such bank account when a debit attempt is made pursuant to the authorisation from the subscriber, the subscriber's obligation to pay for the Offer Shares will be deemed overdue. Subscribers who do not have a Norwegian bank account must ensure that payment with cleared funds for the Offer Shares allocated to them is made on or before the Payment Date. Prior to any such payment being made, the subscriber must contact the Settlement Agent for further details and instructions. Should any subscriber have insufficient funds on his or her account, should payment be delayed for any reason, if it is not possible to debit the account or if payments for any other reasons are not made when due, overdue interest will accure and other terms will apply as set out under the heading "Overdue and missing payments" below.

SEE PAGE 2 OF THIS SUBSCRIPTION FORM FOR OTHER PROVISIONS THAT ALSO APPLY TO THE SUBSCRIPTION

DETAILS OF THE SUBSCRIPTION

Subscriber's VPS account:	**Number of Subscription Rights:**	**Number of Offer Shares subscribed (including over-subscription):**	
SUBSCRIPTION RIGHT'S SECURITIES NUMBER: ISIN NO 001 0886443	↳	**Subscription Price per Offer Share:** **x NOK 2.00**	**Subscription amount to be paid:** **NOK** ___________________

IRREVOCABLE AUTHORISATION TO DEBIT ACCOUNT (MUST BE COMPLETED BY SUBSCRIBERS WITH A NORWEGIAN BANK ACCOUNT)

Norwegian bank account to be debited for the payment for Offer Shares allocated (number of Offer Shares allocated x NOK 2.00).	(Norwegian bank account no.)

I/we hereby irrevocably (i) subscribe for the number of Offer Shares specified above subject to the terms and conditions set out in this Subscription Form and in the Prospectus, (ii) authorise and instruct the Manager (or someone appointed by it) to on my/our behalf take all actions required to ensure delivery of such Offer Shares to me/us in the VPS, (iii) authorise the Settlement Agent to debit my/our bank account as set out in this Subscription Form for the amount payable for the Offer Shares allocated to me/us, and (iv) confirm and warrant to have read the Prospectus and that I/we are eligible to subscribe for Offer Shares under the terms set forth therein. By signing this Subscription Form, subscribers subject to direct debiting accept the terms and conditions for "Payment by Direct Debiting – Securities Trading" set out on page 2 of this Subscription Form.

Place and date	**Binding signature**
Must be dated in the Subscription Period.	The subscriber must have legal capacity. When signed on behalf of a company or pursuant to an authorisation, documentation in the form of a company certificate or power of attorney must be enclosed.

INFORMATION ON THE SUBSCRIBER – ALL FIELDS MUST BE COMPLETED

First name:		Nationality:	
Surname/company:		E-mail address:	
Street address:		Daytime telephone number:	
Post code/district/country:		Legal Entity Identifier ("LEI")/ National Client Identifier ("NID"):	
Personal ID number/organisation number:			

Please note: If the Subscription Form is sent to the Manager by e-mail, the e-mail will be unsecured unless the subscriber takes measures to secure it. The Manager recommends the subscriber to secure all e-mails with subscription forms attached.

ADDITIONAL GUIDELINES FOR THE SUBSCRIBER

THE DISTRIBUTION OF THIS SUBSCRIPTION FORM IN CERTAIN JURISDICTIONS MAY BE RESTRICTED BY LAW.

Regulatory Issues: In accordance with the Markets in Financial Instruments Directive ("MiFID II") of the European Union, Norwegian law imposes requirements in relation to business investments. In this respect the Manager must categorise all new clients in one of three categories: eligible counterparties, professional and non-professional clients. All subscribers in the Subsequent Offering who are not existing clients of the Manager will be categorised as non-professional clients. Subscribers can by written request the Manager ask to be categorised as a professional client if the subscriber fulfils the provisions of the Norwegian Securities Trading Act. For further information about the categorisation, the subscriber may contact the Manager. **The subscriber represents that he/she/it is capable of evaluating the merits and risks of a decision to invest in the Company by subscribing for Offer Shares, and is able to bear the economic risk, and to withstand a complete loss, of an investment in the Offer Shares.**

Selling and Transfer Restrictions: The attention of persons who wish to subscribe for Offer Shares is drawn to Section 15 "Selling and Transfer Restrictions" of the Prospectus. The Company is not taking any action to permit a public offering of the Subscription Rights or the Offer Shares (pursuant to the exercise of the Subscription Rights or otherwise) in any jurisdiction other than Norway. Receipt of the Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, the Prospectus is for information only and should not be copied or redistributed. Persons outside Norway should consult their professional advisors as to whether they require any governmental or other consent or need to observe any other formalities to enable them to subscribe for Offer Shares. It is the responsibility of any person wishing to subscribe for Offer Shares in the Subsequent Offering to satisfy himself as to the full observance of the laws of any relevant jurisdiction in connection therewith, including obtaining any governmental or other consent which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such territories. The Subscription Rights and Offer Shares have not been registered, and will not be registered, under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the U.S. Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The Subscription Rights and Offer Shares have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan and may not be offered, sold, taken up, exercised, resold, delivered or transferred, directly or indirectly, in or into Australia, Canada or Japan or any other jurisdiction in which it would not be permissible to offer the Offer Shares. This Subscription Form does not constitute an offer to sell, or a solicitation of an offer to buy, Offer Shares in any jurisdiction in which such offer or solicitation is unlawful. A notification of exercise of Subscription Rights and subscription of Offer Shares in contravention of the above restrictions may be deemed to be invalid. By subscribing for the Offer Shares, persons effecting subscriptions will be deemed to have represented to the Company that they, and the persons on whose behalf they are subscribing for the Offer Shares, have complied with the above selling restrictions and will be deemed to have made the applicable representations, acknowledgements, agreements and warranties set forth in Section 15.1 of the Prospectus.

Execution Only: The Manager will treat the Subscription Form as an execution-only instruction. The Manager is not required to determine whether an investment in the Offer Shares is appropriate or not for the subscriber. Hence, the subscriber will not benefit from the protection of the relevant conduct of business rules in accordance with the Norwegian Securities Trading Act.

Information Exchange: The subscriber acknowledges that, under the Norwegian Securities Trading Act and the Norwegian Commercial Banks Act and foreign legislation applicable to the Manager, there is a duty of secrecy between the different units of the Manager, as well as between the Manager and other entities in the Manager's group. This may entail that other employees of the Manager or the Manager's group may have information that may be relevant to the subscriber and to the assessment of the Offer Shares, but which the Manager will not have access to in its capacity as Manager for the Subsequent Offering.

Information Barriers: The Manager is a securities firm that offers a broad range of investment services. In order to ensure that assignments undertaken in the Manager's corporate finance department are kept confidential, the Manger's other activities, including analysis and stock broking, are separated from the Manager's corporate finance department by information walls. The subscriber acknowledges that the Manager's analysis and stock broking activity may conflict with the subscriber's interests with regard to transactions in the Shares, including the Offer Shares.

VPS Account and Mandatory Anti-Money Laundering Procedures: The Subsequent Offering is subject to applicable anti-money laundering legislation, including the Norwegian Money Laundering Act of 1 June 2018 No. 23 and the Norwegian Money Laundering Regulations of 14 September 2018 No. 1324 (collectively, the "Anti-Money Laundering Legislation"). Subscribers who are not registered as existing customers with the Manager must verify their identity to the Manager in accordance with the requirements of the Anti-Money Laundering Legislation, unless an exemption is available. Subscribers who have designated an existing Norwegian bank account and an existing VPS account on the Subscription Form are exempted, unless verification of identity is requested by the Manager. Subscribers who have not completed the required verification of identity prior to the expiry of the Subscription Period will not be allocated Offer Shares. Participation in the Subsequent Offering is conditional upon the subscriber holding a VPS account. The VPS account number must be stated on the Subscription Form. VPS accounts can be established with authorised VPS registrars, which can be Norwegian banks, authorised securities brokers in Norway and Norwegian branches of credit institutions established within the European Economic Area (the "EEA"). Establishment of a VPS account requires verification of identity to the VPS registrar in accordance with the Anti-Money Laundering Legislation. However, non-Norwegian investors may use nominee VPS accounts registered in the name of a nominee. The nominee must be authorised by the Financial Supervisory Authority of Norway.

Personal data: The subscriber confirms that it has been provided information regarding the Manager's processing of personal data, and that it is informed that the Manager will process the subscriber's personal data in order to manage and carry out the Subsequent Offering and the subscription from the subscriber, and to comply with statutory requirements.

The data controller who is responsible for the processing of personal data is the Manager. The processing of personal data is necessary in order to fulfil the subscription and to meet legal obligations. The Norwegian Securities Trading Act and the Anti-Money Laundering Legislation require that the Manager processes and store information about clients and trades, and control and document activities. The subscriber's data will be processed confidentially, but if it is necessary in relation to the purposes, the personal data may be shared between the Manager, the company(ies) participating in the offering, with companies within the Manager's group, the VPS, stock exchanges and/or public authorities. The personal data will be processed as long as necessary for the purposes, and will subsequently be deleted unless there is a statutory duty to keep it.

If the Manager transfers personal data to countries outside the EEA, that have not been approved by the EU Commission, the Manager will make sure the transfer takes place in accordance with the legal mechanisms protecting the personal data, for example the EU Standard Contractual Clauses.

As a data subject, the subscriber has several legal rights. This includes *inter alia* the right to access its personal data, and a right to request that incorrect information is corrected. In certain instances, the subscriber will have the right to impose restrictions on the processing or demand that the information is deleted. The subscribers may also complain to a supervisory authority if they find that the Manager's processing is in breach of the law. Supplementary information on processing of personal data and the subscribers' rights can be found at the Manager's website.

Terms and Conditions for Payment by Direct Debiting - Securities Trading: Payment by direct debiting is a service the banks in Norway provide in cooperation. In the relationship between the payer and the payer's bank the following standard terms and conditions will apply:

a) The service "Payment by direct debiting – securities trading" is supplemented by the account agreement between the payer and the payer's bank, in particular Section C of the account agreement, "General terms and conditions for deposit and payment instructions".

b) Costs related to the use of "Payment by direct debiting – securities trading" appear from the bank's prevailing price list, account information and/or information given in another appropriate manner. The bank will charge the indicated account for costs incurred.

c) The authorisation for direct debiting is signed by the payer and delivered to the beneficiary. The beneficiary will deliver the instructions to its bank that in turn will charge the payer's bank account.

d) In case of withdrawal of the authorisation for direct debiting the payer shall address this issue with the beneficiary. Pursuant to the Norwegian Financial Contracts Act the payer's bank shall assist if the payer withdraws a payment instruction that has not been completed. Such withdrawal may be regarded as a breach of the agreement between the payer and the beneficiary.

e) The payer cannot authorise payment of a higher amount than the funds available on the payer's account at the time of payment. The payer's bank will normally perform a verification of available funds prior to the account being charged. If the account has been charged with an amount higher than the funds available, the difference shall immediately be covered by the payer.

f) The payer's account will be charged on the indicated date of payment. If the date of payment has not been indicated in the authorisation for direct debiting, the account will be charged as soon as possible after the beneficiary has delivered the instructions to its bank. The charge will not, however, take place after the authorisation has expired as indicated above. Payment will normally be credited the beneficiary's account between one and three working days after the indicated date of payment/delivery.

g) If the payer's account is wrongfully charged after direct debiting, the payer's right to repayment of the charged amount will be governed by the account agreement and the Norwegian Financial Contracts Act.

Overdue Payment: Overdue payments will be charged with interest at the applicable rate from time to time under the Norwegian Act on Interest on Overdue Payment of 17 December 1976 No. 100, currently 9.50% per annum as of the date of the Prospectus. If a subscriber fails to comply with the terms of payment, or should payments not be made when due, the subscriber will remain liable for payment of the Offer Shares allocated to it and the Offer Shares allocated to such subscriber will not be delivered to the subscriber.

The Manager, on behalf of the Company, reserves the right, at the risk and cost of the subscriber to, at any time, cancel the subscription and to re-allocate or otherwise dispose of allocated Offer Shares for which payment is overdue, or, if payment has not been received by the third day after the Payment Date, without further notice sell, assume ownership to or otherwise dispose of the allocated Offer Shares on such terms and in such manner as the Manager may decide in accordance with Norwegian law. The subscriber will remain liable for payment of the subscription amount, together with any interest, costs, charges and expenses accrued and the Manager, on behalf of the Company, may enforce payment for any such amount outstanding in accordance with Norwegian law.

The Company and the Manager further reserve the right (but have no obligation) to have the Settlement Agent advance the subscription amount on behalf of subscribers who have not paid for the Offer Shares allocated to them within the Payment Date. The non-paying subscribers will remain fully liable for the subscription amount payable for the Offer Shares allocated to them, irrespective of such payment by the Settlement Agent.

National Client Identifier and Legal Entity Identifier: In order to participate in the Subsequent Offering, subscribers will need a global identification code. Physical persons will need a so-called National Client Identifier ("**NCI**") and legal entities will need a so-called Legal Entity Identifier ("**LEI"**).

NCI code for physical persons: Physical persons will need a NCI code to participate in a financial market transaction, i.e. a global identification code for physical persons. For physical persons with only a Norwegian citizenship, the NCI code is the 11 digit personal ID (Nw: "*fødselsnummer*"). If the person in question has multiple citizenships or another citizenship than Norwegian, another relevant NCI code can be used. Subscribers are encouraged to contact their bank for further information.

LEI code for legal entities: Legal entities will need a LEI code to participate in a financial market transaction. A LEI code must be obtained from an authorised LEI issuer, and obtaining the code can take some time. Subscribers should obtain a LEI code in time for the subscription. For more information visit www.gleif.org. Further information is also included in Section 7.1.16 ("LEI number") of the Prospectus.

Registered office and advisors

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