



NEXT Biometrics

Q1 Presentation
May 11, 2022



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Business update

Q1 Report and summary

Outlook

Q&A session

Q1 and performance indicators:

1. Design wins
 - A. Below normal traction – 1 large design win but already early Q2, 3 new design wins
 - B. 28 design wins one month into Q2 – a mix of small, medium, large, and exceptional volume potential
2. Revenue, 10.2 NOK (due to delays in India, order backlog and customer's lack of MCUs)
3. Gross Margin at 21% due to product mix in Q1 (temporary gross margin softness)
4. OPEX remains low and flat at 15m NOK

Revenue will be generated by existing and new Design-wins

Expect reaching average design win rate by end Q2

Design Win – Fintech & Payments

Financial inclusion in Africa

Waxed Mobile to launch biometric Agriculture financial inclusion product

(Raven) throughout Africa, starting in Nigeria

- Management of microfinancing for farmers through a cashless agriculture ecosystem
- The solution is already NBISS Biometric Certified in Nigeria with NEXT FAP20 sensor

Initial FAP20 order received, recurring orders expected



“Raven” a rugged African Fintech device from Waxed Mobile

DW with Televic CCTV Access control system

Second design win from ICT customer Televic, Belgium

(First design win was a voting system for Turkish parliament)

- Biometric Access Control for jewelry chain covering shops, manufacturing and warehouse facilities
- Sold to a leading European jewelry chain based in three countries planning to expand to additional markets
- Initial FAP20 order received in April, additional orders expected during next 12 months



Scaling up sales via biometric Distributors Q1

Signed agreements with two new distributors in large biometric markets

- Brazil:
 - Large biometric market with installed base that mainly consists of optical sensors
 - Market needs: high security and usability, multiple use cases
 - The distributor is experienced and has existing biometrics business volume
- Vietnam:
 - Large population and growing biometrics market
 - Market needs: governmental authentication and identification of citizens
 - The distributor has existing governmental biometrics business volume

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

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Key Figures Q1-2022

Profit and loss

NOK million	Q1 2021	Q1 2022
Revenue	14.1	10.2
COGS	(10.2)	(8.0)
Gross margin	3.8	2.2
Gross margin %	27%	21%
OPEX ex. Options ¹⁾	(14.9)	(14.0)
Adjusted EBITDA ¹⁾	(11.1)	(11.8)

Revenues of NOK 10.2 m vs. NOK 14.1 m in Q1 2021

- Revenues continued to be impacted by semiconductor shortage; revenues of NOK 18.2 m if components had been available

Gross margin of 21% vs. 27% in Q1 2021

- Less favorable product mix in Q1 2022

OPEX ex. options¹⁾ of NOK 14.0 m vs. NOK 14.9 m in Q1 2021





Adjusted EBITDA¹⁾ similar to Q1 2021

Low cash burn

- Cash position of NOK 94.7 m end of Q1 2022 versus NOK 102.7 m at year-end 2021

Temporary softness in gross margin due to product mix
Low Quarterly Cash burn with only NOK 7.5m

Q1 Key takeaways

Operating costs	In line with earlier communicated target levels of NOK 15 m / quarter	
Cash flow	Cash burn of NOK 7.5 m only confirming positive trend starting in 2021	
Design wins	4 Design Wins one month into Q2	
Sales and marketing	Added two distributors with focus on two different large biometrics markets during Q1	

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

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Continue with 3 new design wins per quarter with main focus on FAP20 sensors

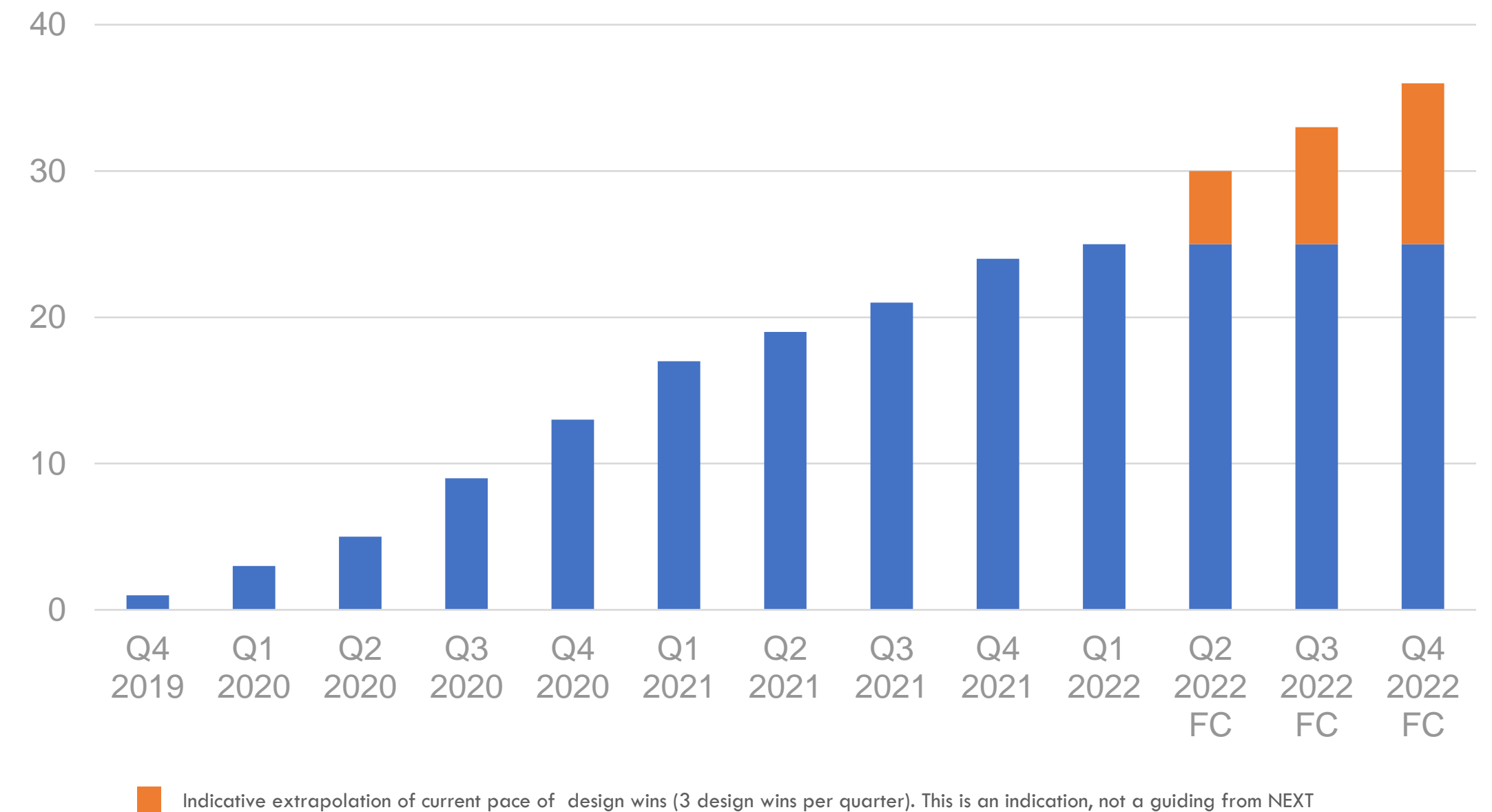
Added biometric distributors in two interesting markets

- Expecting initial new design wins during H2 22

Well-positioned in India with two large established partners

- Biometric certification, validation and testing ongoing
- Market launch of L1, risk of further delay due to global MCU shortage

Total number of design-wins (accumulated)



Increased customer activity across a wide range of industries, improving the funnel. This will lead to further design-wins in the coming quarters, forming the basis for solid revenue growth



QnA



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