



Ritu Favre

Chief Executive Officer



Knut Stålen

Chief Financial Officer

NEXT Biometrics

Proven Fingerprint Sensor
Technology for Advanced
Authentication

**Q4 2017 FINANCIAL
RESULTS AND CAPITAL
MARKETS DAY**

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Today's Agenda

| TIME | TOPIC | SPEAKER |
|-------|---------------------------------|--|
| 10:00 | Introduction and Q4 review | Ritu Favre, CEO - Knut Stålen, CFO |
| 10:15 | NEXT's Winning Strategy | Ritu Favre, CEO |
| 10:30 | Technology Overview & Roadmap | Dr. Matias Troccoli, PhD Chief Technology Officer |
| 11:00 | Key Products & Markets | Radek Matyasek Senior Vice President, Sales for Europe, Asia, India |
| 11:45 | Break | |
| 12:00 | Biometric Smart Card Overview | Marc Muller |
| | Key Drivers & Technology Trends | Industry Expert, Director of Technology, Tactilis |
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Innovative Technology

NEXT Active Thermal™ Principle

Differentiated
Solutions

Fingerprint modules, readers, subassemblies

Proven Supplier

3.5 million sensors shipped to Tier 1 customers

High Growth Focus

Growth markets require large sensors for security

Financial Discipline

Improving outlook and operating leverage

Q4 2017 Highlights

Financial

- Revenue of NOK 24.7 million vs NOK 25.4 million in Q3-17
- Achieved target of positive gross margin in January 2018

Key Milestones

- Demonstrated first fully ISO compliant smart card flexible fingerprint sensor with Tactilis
- Smart card biometric subassembly project progressing according to plan
- Launched latest generation of peripheral fingerprint readers, the Oyster II



Gross Margin Improvement

Positive gross margin in January 2018

- Company's first-ever positive gross margin recorded in January
- Expect gross margin at 20% in the month of February

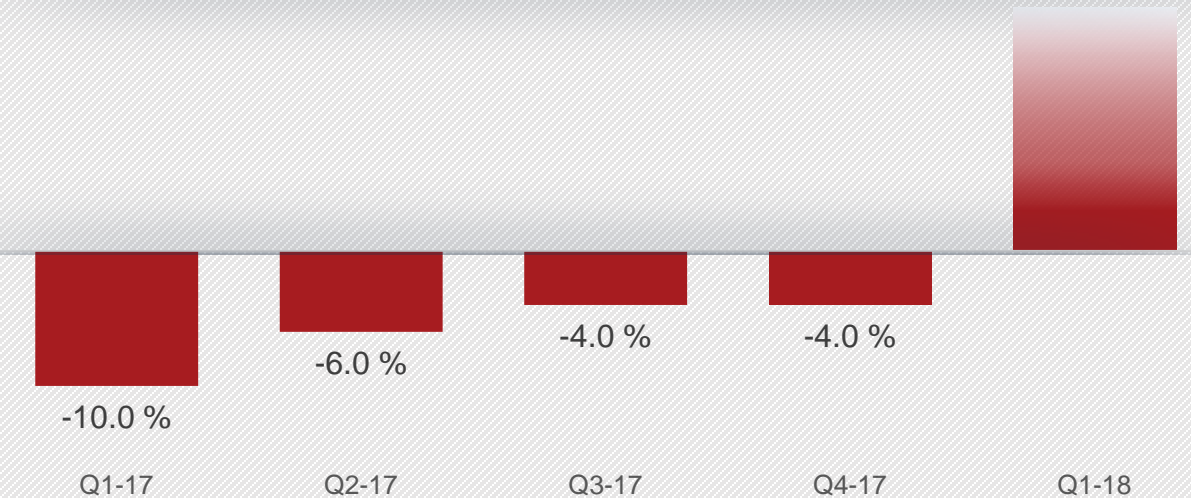
Drivers for margin improvement

- New ASIC
- Improved yields and scaling impact
- New segments with higher gross margin contribution

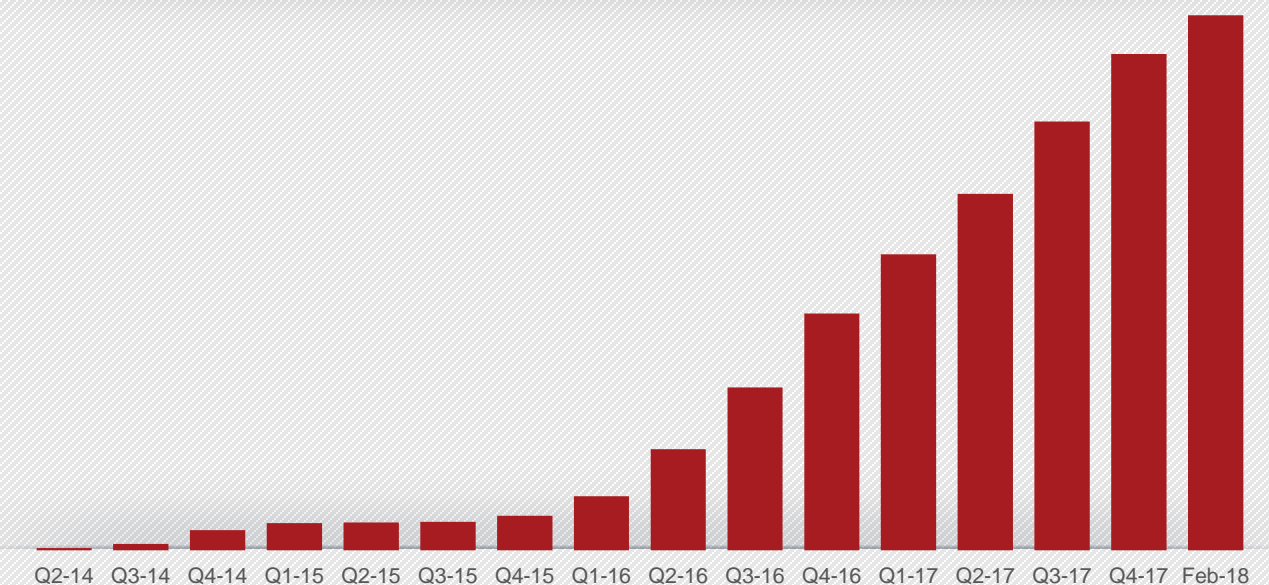
Future gross margin

- Expect continued positive trend
- Improvements based on shipments into higher margin Access Control, Govt ID and Smart Card segments

Gross margin



Accumulated sensor shipments >3.5 million



Q4 2017 P&L Update

Profit and loss

| NOK million | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017 | Q4 2017 |
|---------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Revenue | 5.2 | 26.6 | 28.4 | 31.8 | 24.1 | 24.0 | 25.4 | 24.7 |
| COGS | | | | | 26.5 | 25.5 | 26.4 | 25.6 |
| Gross profit | | | | | (2.4) | (1.6) | (1.0) | (0.9) |
| Gross margin | | | | | -10 % | -6% | -4% | -4% |
| EBITDA | (48.0) | (50.5) | (42.4) | (46.5) | (42.9) | (40.1) | (38.6) | (41.8) |
| EBITDA adjusted* | (46.6) | (47.9) | (48.7) | (45.3) | (40.7) | (37.3) | (35.2) | (36.9) |
| Operating profit | (49.0) | (51.3) | (43.4) | (47.4) | (43.7) | (40.9) | (40.0) | (54.8) |
| Operating profit adjusted for one-off | | | | | | | | (43.4) |

*EBITDA adjusted for cost of options.

Q4-17 revenue stable vs Q1-Q3-17

EBITDA impacted by continued growth in OPEX in preparation of volume ramp throughout 2018

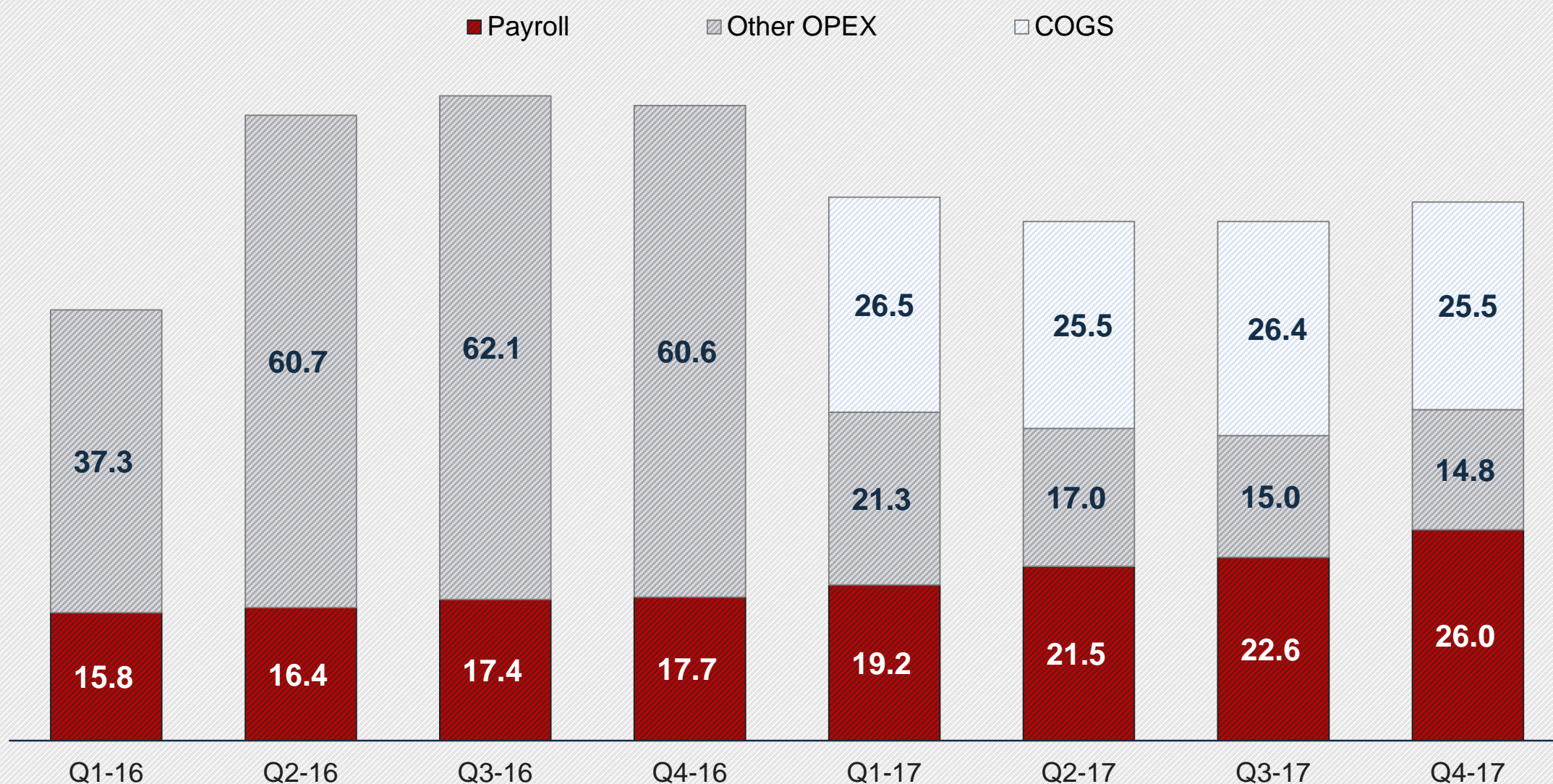
Operating loss includes non-cash, one-off, write-down of old coating machine

- NOK 11.4 million
- No longer meeting cost efficiency requirements
- The coating machine installed in 2017 provides improved quality and cost for both flexible and rigid sensors

Operating Expense Discipline

Total operating expenses

NOK million

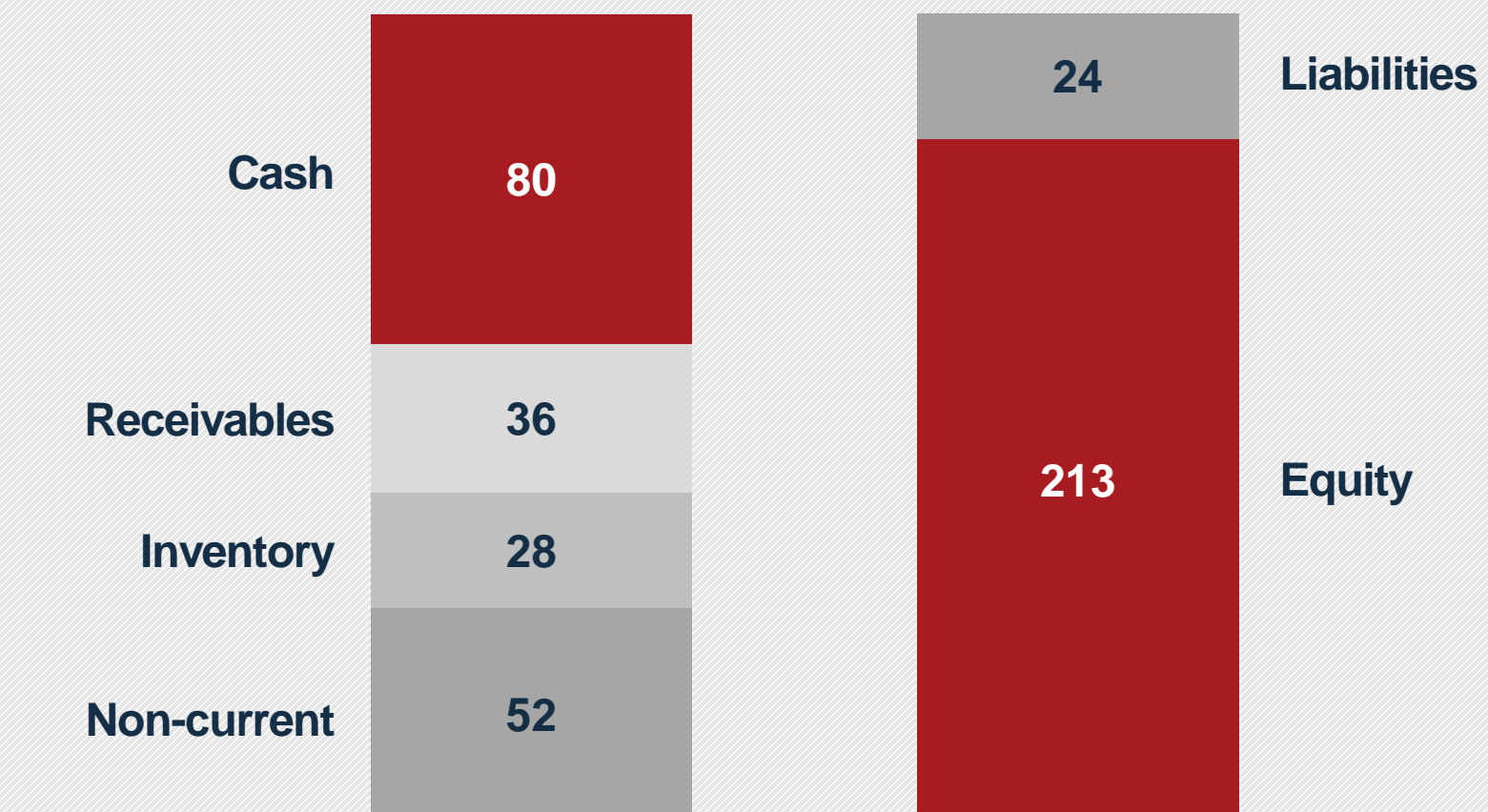


- COGS included in other OPEX through Q4-16
- Payroll reflects increased headcount and share-based payments
 - Employees added to accelerate targeted product development
 - Option costs: NOK 4.9 million in Q4-17 vs NOK 3.3 million in Q3-17

Q4 2017 Balance Sheet Highlights

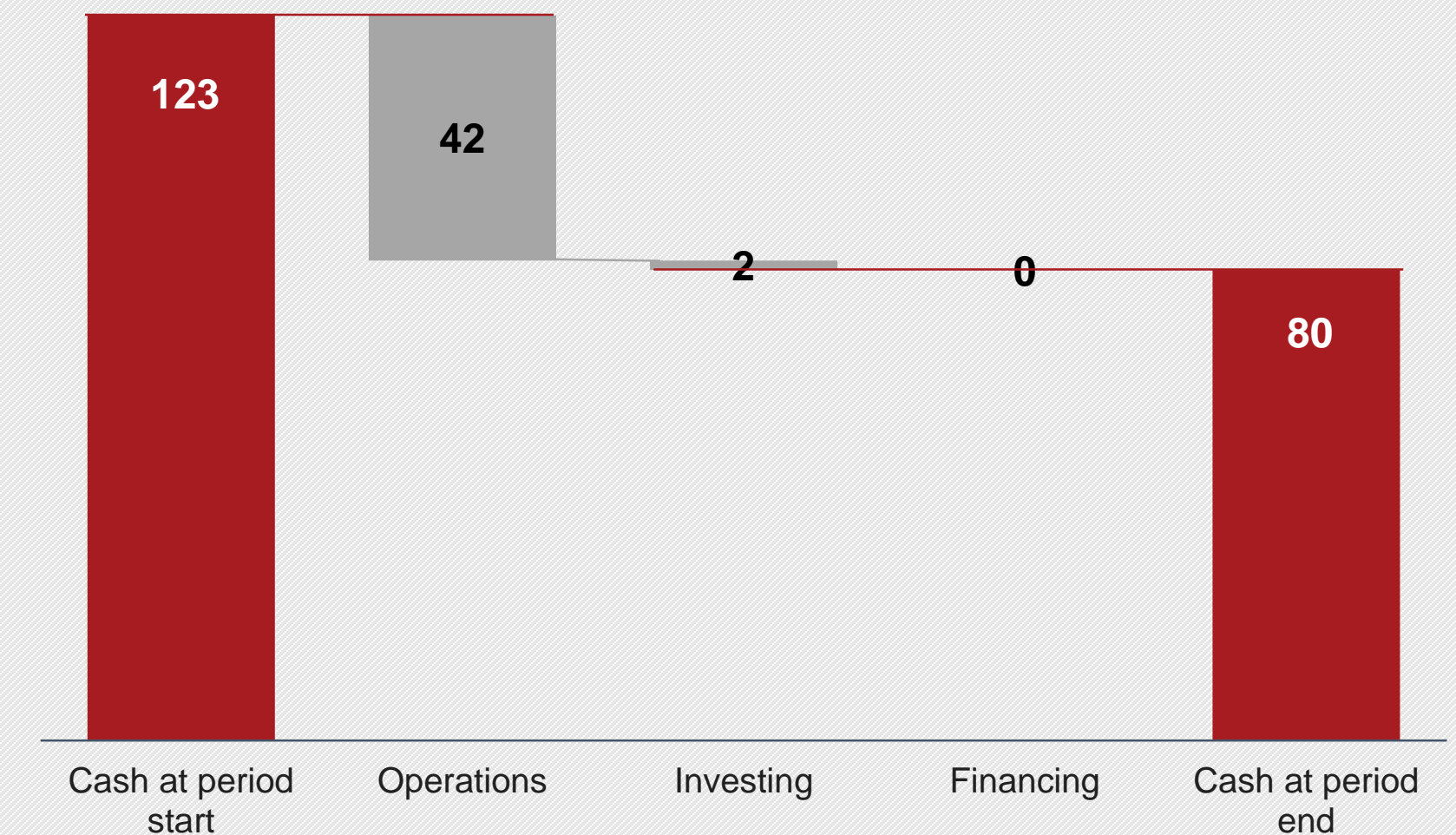
Balance sheet

NOK million



Cash flow development

NOK million



Industry's first ISO compliant smart card with flexible sensor

- Partnering with Tactilis
- Higher level of security with enhanced user experience
- For financial, governmental and access control mass markets

Smart card with flexible sensor*



* Incorporates NEXT NB610 flexible fingerprint sensors compliant with ISO 17839 defining the implementation of biometric system-on-a-card devices

Q4 2017 Product Highlights

Product development completed for notebook and access control

New USB-based fingerprint reader

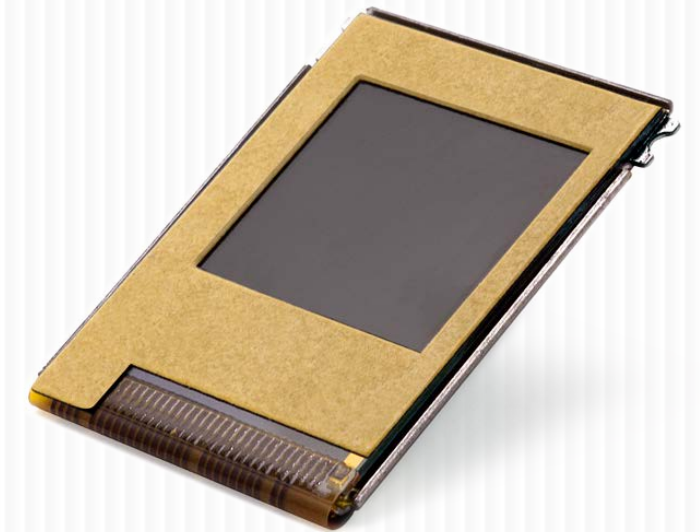
- Oyster II launched in November with proven sensor technology
- Expect H2-18 volume

Volume sensor shipments continued to Tier 1 notebook OEMs

- US customer transitioning to next generation notebook sensor during Q1
- Fujitsu has ramped shipments of NB2023U

Focus on design wins and ramp of previously developed products

- Limited future investments required



Q4 Summary

Achievements

- ✓ Pivoted development focus to smart card & government ID
- ✓ Achieved positive gross margin in January 2018
- ✓ Scaled the organization for growth

Outlook

- ➡ Surpass 4 million sensors shipped by end of Q1-18
- ➡ Sample new smart card module in Q2-18
- ➡ Customer progress in smart card & government ID
- ➡ Establish financial runway to break even

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- **Company Overview**
- **Proven Track Record**
- **Targeting High Growth Markets**
- **Improving Financial Performance**

Ritu Favre

Chief Executive Officer

Fingerprint Solutions that are Secure, Accurate, and Easy-to-Use



>3.5m

Founded 2004; IPO 2014

>3.5 million sensor
modules shipped to-date

Proven biometric fingerprint
sensor provider

Achieved positive gross margin



Cost-efficient
mass-production of
large-size, rigid and
flexible sensors

Key enabler of coming
wave of biometrics



1bn

Worldwide fingerprint
sensor market
>1 billion units







Positioned for leadership
in emerging smart card &
government ID markets

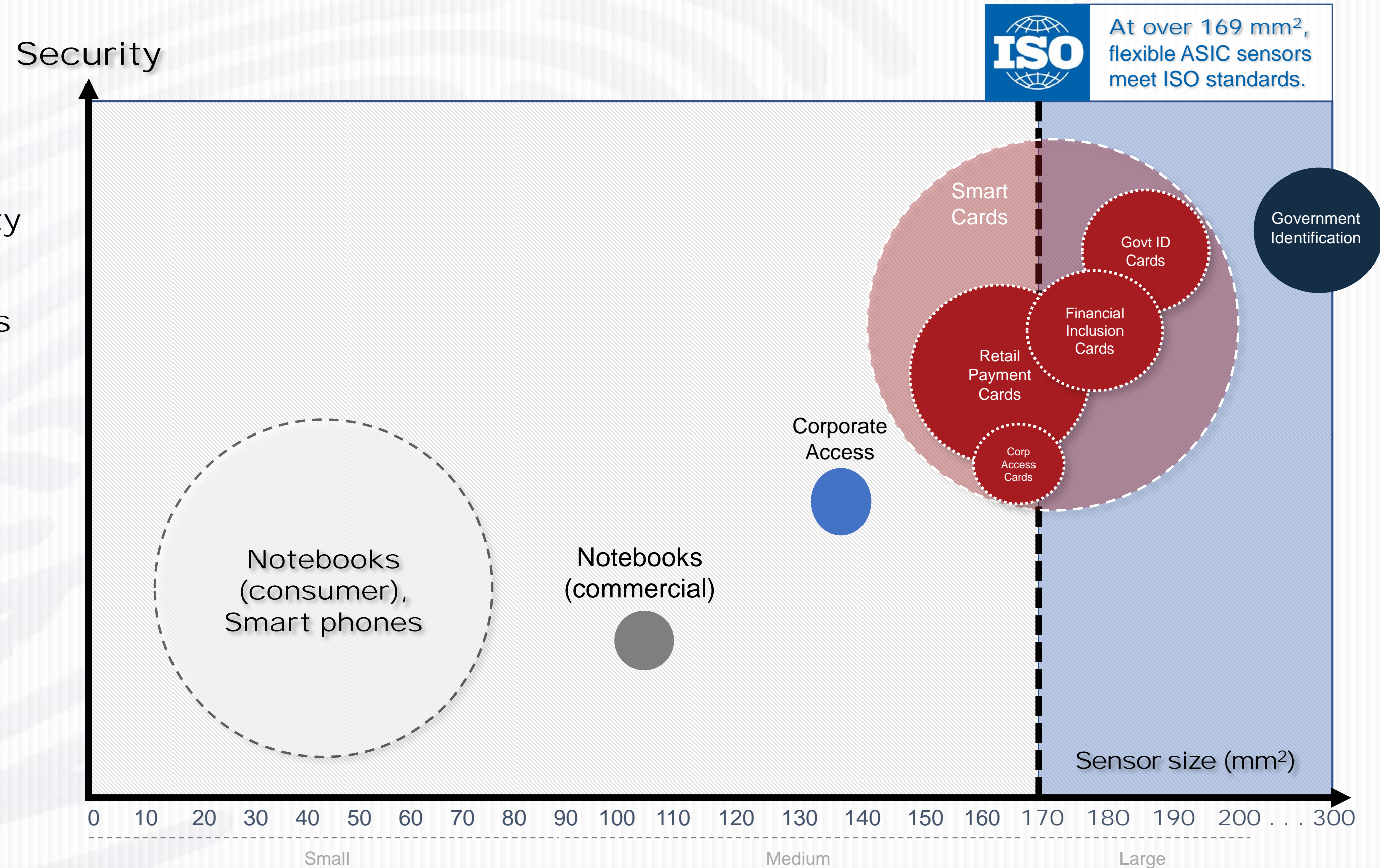
The Transformation of NEXT Biometrics



Market Requires Higher Security Enabled by Larger Size







Requirements

-  Uncompromised security
-  Ability to serve all users
-  One-touch enrollment
-  Interoperability
-  Ease of integration
-  Cost

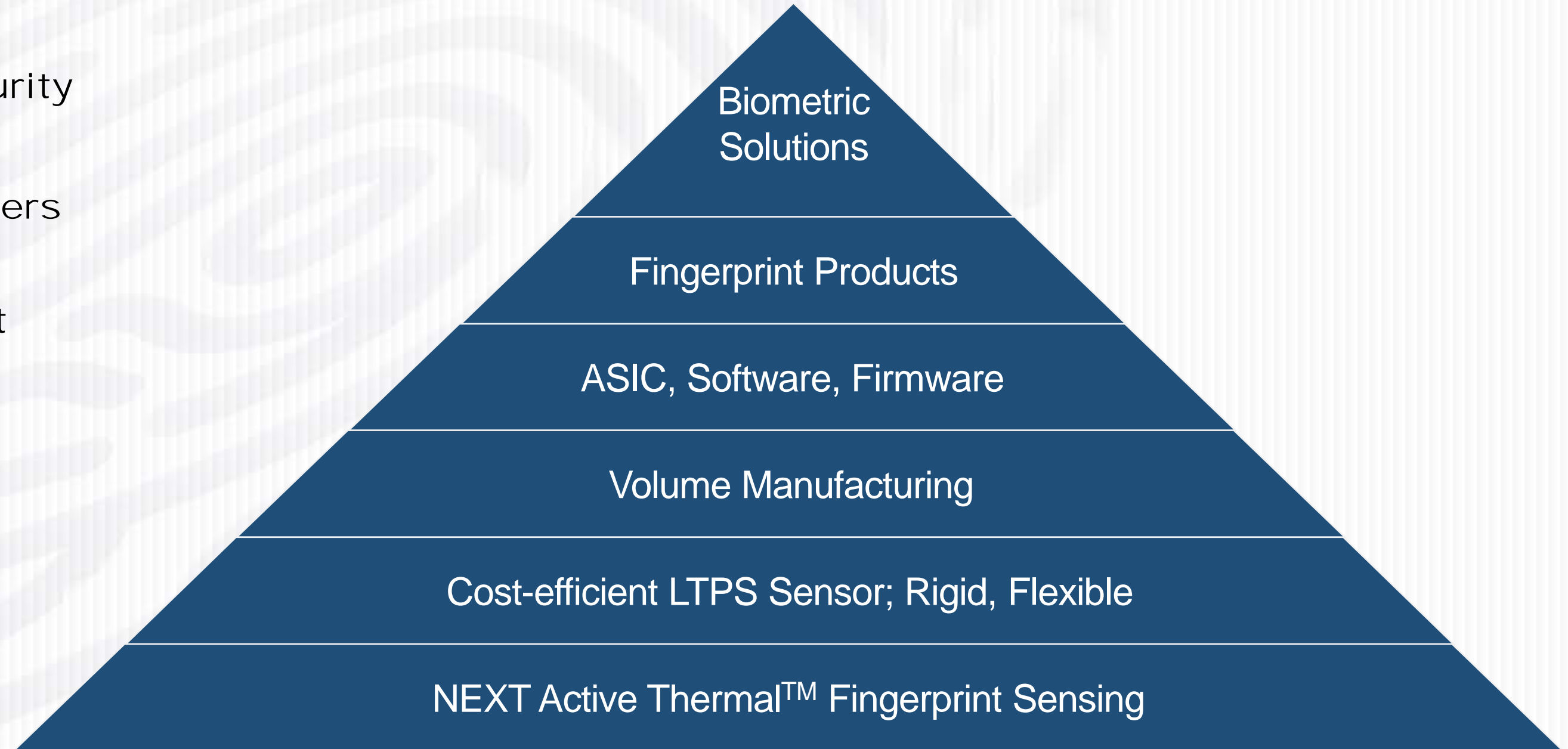


NEXT Uniquely meets Key Market requirements

Requirements

-  Uncompromised security
-  Ability to serve all users
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-  Interoperability
-  Ease of integration
-  Cost

NEXT Technology Building Blocks



NEXT's Large Sensor Benefits



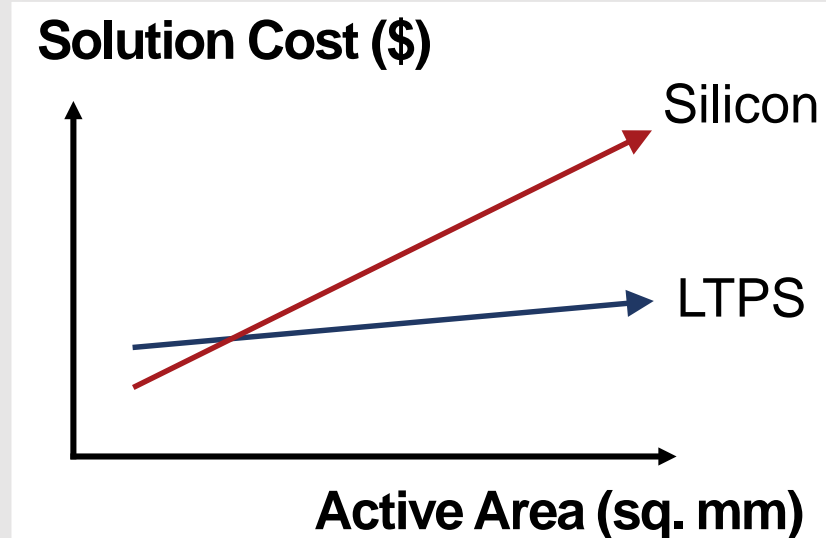
Large Size Advantages

- Easy enrollment (1 touch)
- Better accuracy capturing more features
- Interoperable with installed infrastructure and existing government databases



LTPS Advantages

- Fully flexible
- Does not break at larger size
- Easy to manufacture



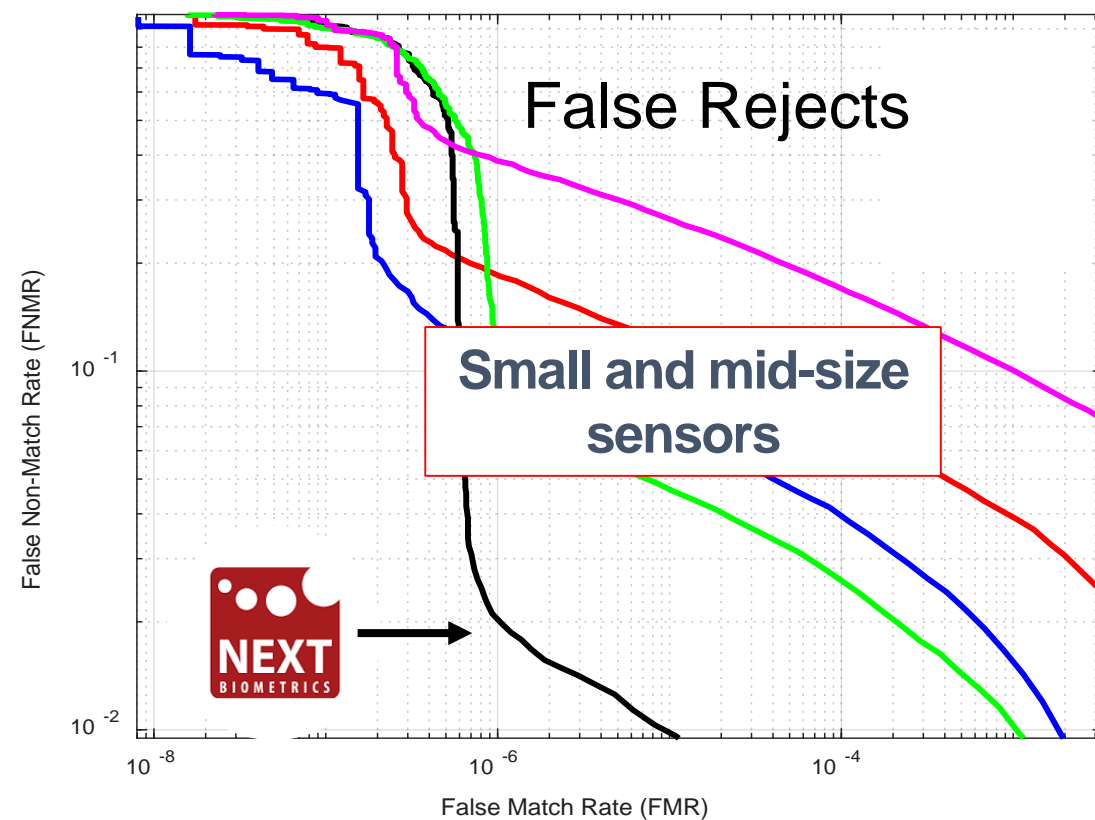
Cost Advantages

- Cost reduced per unit area as size increases
- Performance increases on a per unit cost basis

Easier to Use, More Accurate, Ideal for Smart Cards, Lower Cost

Large Size = Higher Security

Large Sensor Size = Lower False Rejects



University of Madrid Study: Image Quality & Performance

- ✓ Sensor size determines security performance
- ✓ NEXT Active Thermal™ technology performs better than costly capacitive and optical sensors
- ✓ Smaller sensors = increase in false rejects

Follow-on study demonstrates similar results in preliminary findings

Targeting Markets that Leverage Large Size Cost Benefit

Smart card

#1 priority



Government ID

**Certification of
existing products;
Expanding sensor
portfolio**



Notebook

**Stay strong
and relevant**

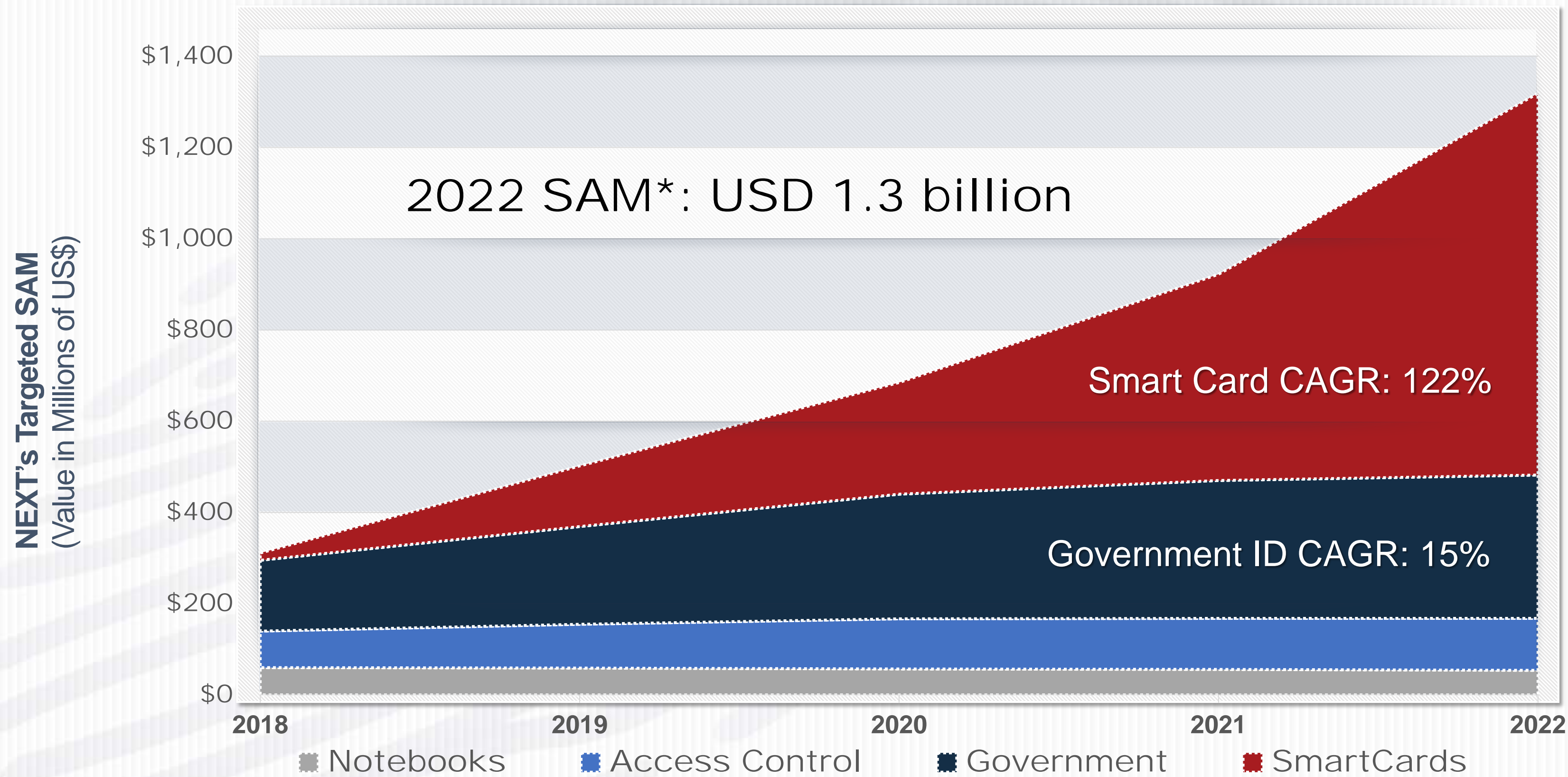


Access control

**Leverage existing
portfolio through
distribution channel**

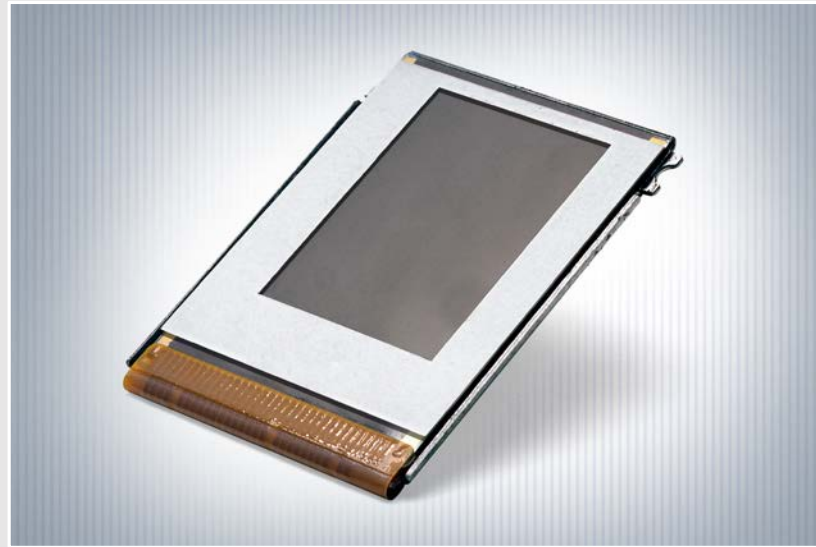


NEXT Serving Large and Growing Markets



*SAM: Serviceable Available Market – market available to NEXT for products NEXT sells

Comprehensive Product Offering: NEXT Roadmap to Growth



Fingerprint Modules

Shipping now in notebook and access control segment



Integrated Fingerprint Readers

Targeted for access control and government ID



Flexible Biometric Subassembly

Designed to ease customer integration and reduce power

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- **Biometric System Performance**
- **Size and Cost Advantage**
- **Technology Trends... and the BSoC**
- **Active Inlay as Enabling Platform**
- **Technology Roadmap**

Dr. Matias Troccoli, PhD

Chief Technology Officer

NEXT Large Size Technology Differentiation

Area sensor technology – Thermal conductivity vs Capacitive sensing

Active Thermal – Heat conductivity

A heat pulse is generated and a response measured by every pixel

Players



Capacitive sensing

An electrical radio frequency signal is generated and response is measured by every pixel

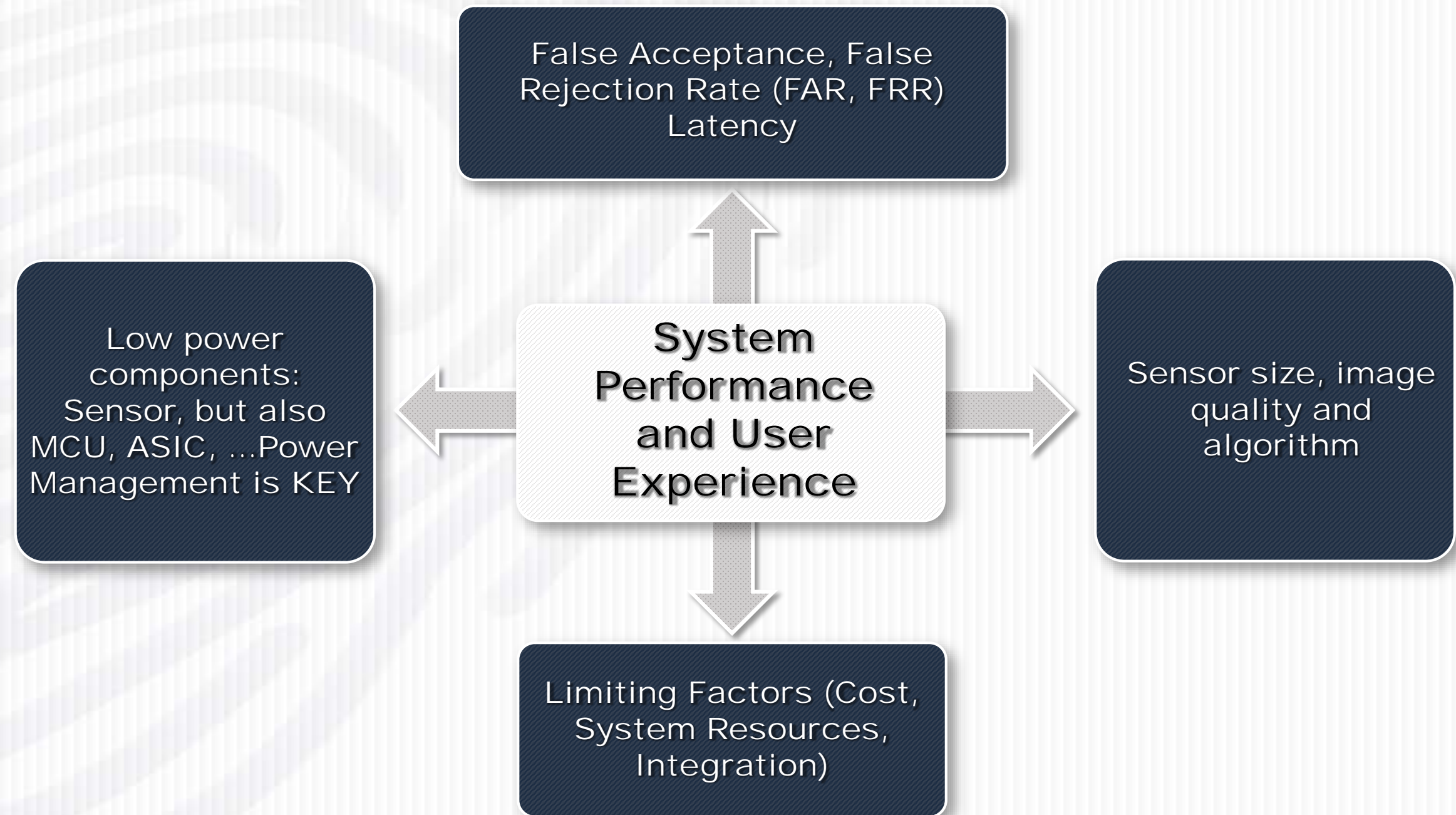
Players



Biometric System Performance Factors

NEXT balances all key performance variables

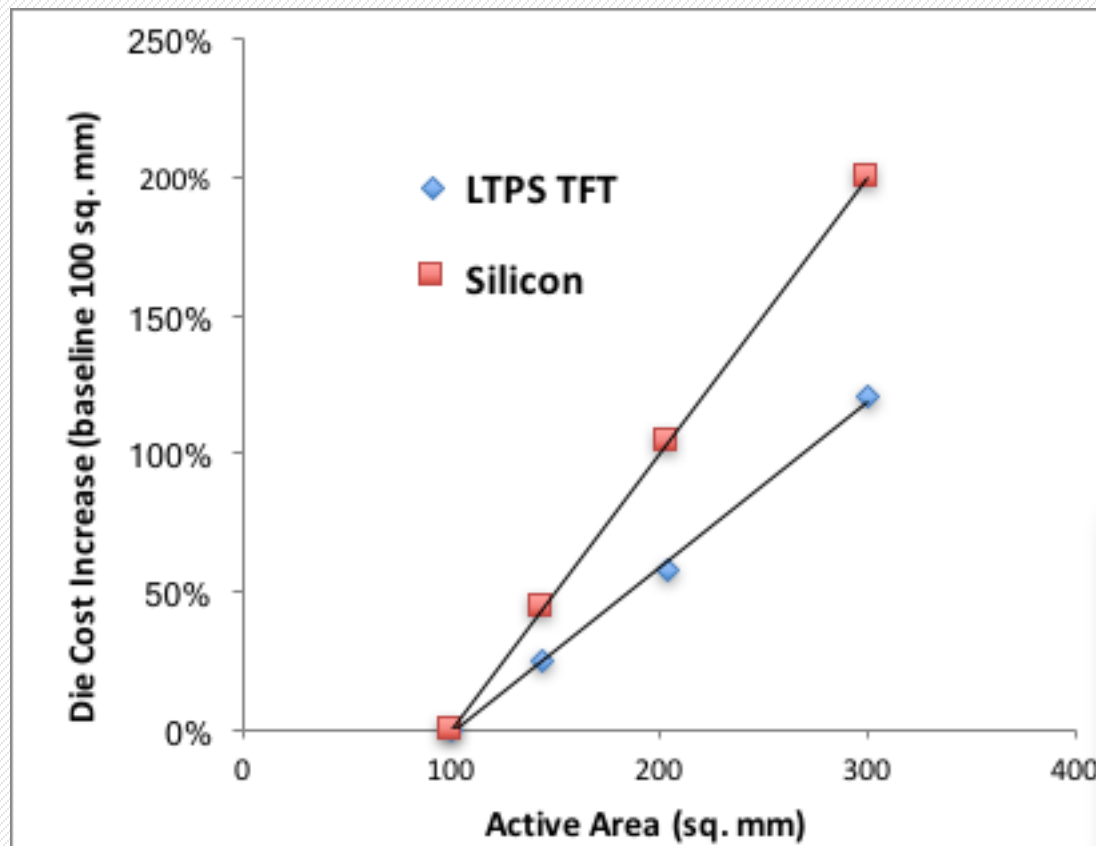
Overall system performance & Optimal User Experience



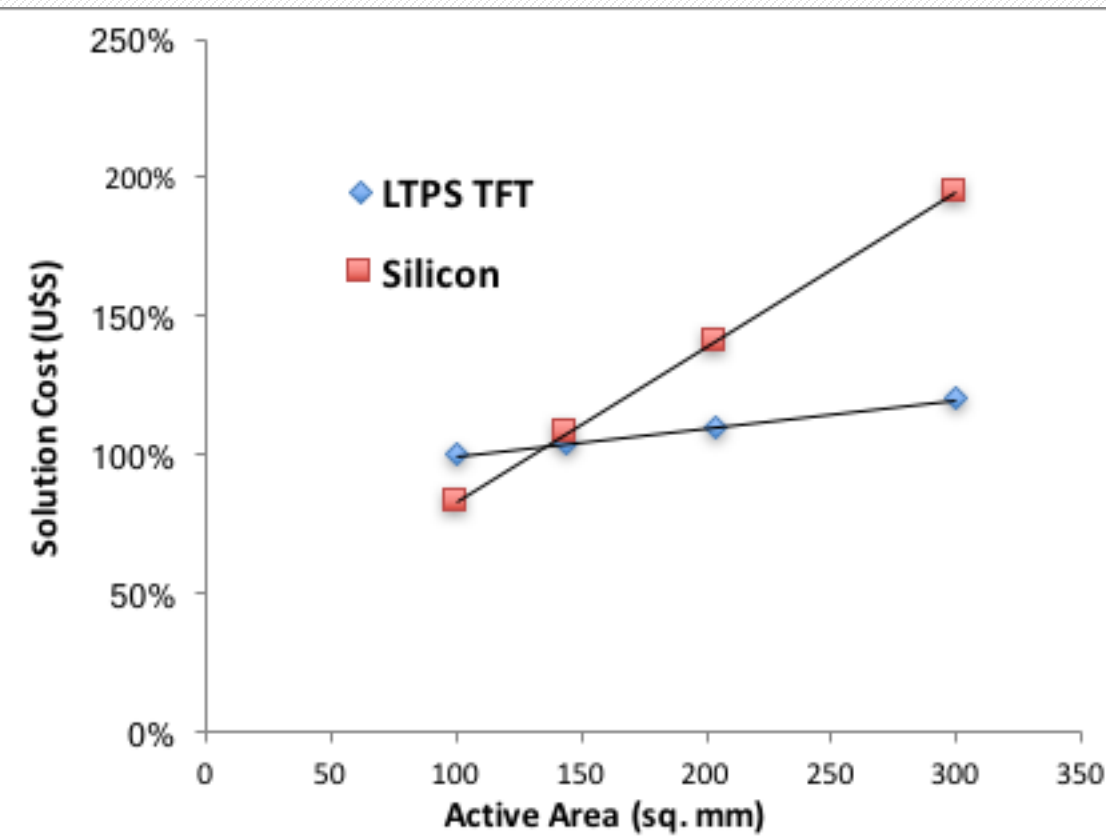
MCU = microcontroller; ASIC = application specific integrated circuit

Size and Cost Advantage

Sensor Size using Thin Film Transistor Technology



Two Component
Solution



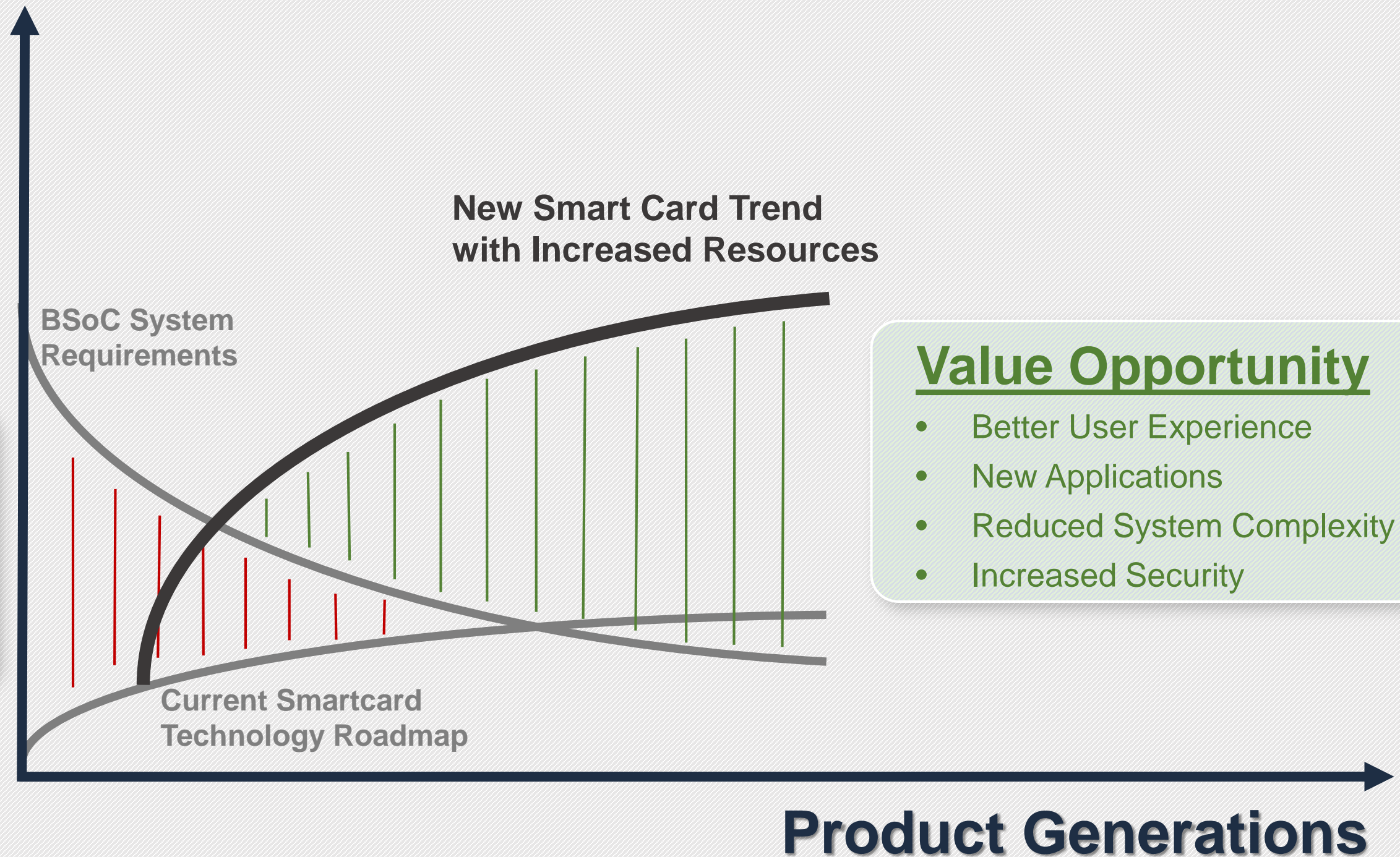
**Cost reduced per unit area as
size increases**
**Performance increases on a per
unit cost basis**

Smart Card Inflection; BSoC Value Creation

System Capabilities

Cost of Entry

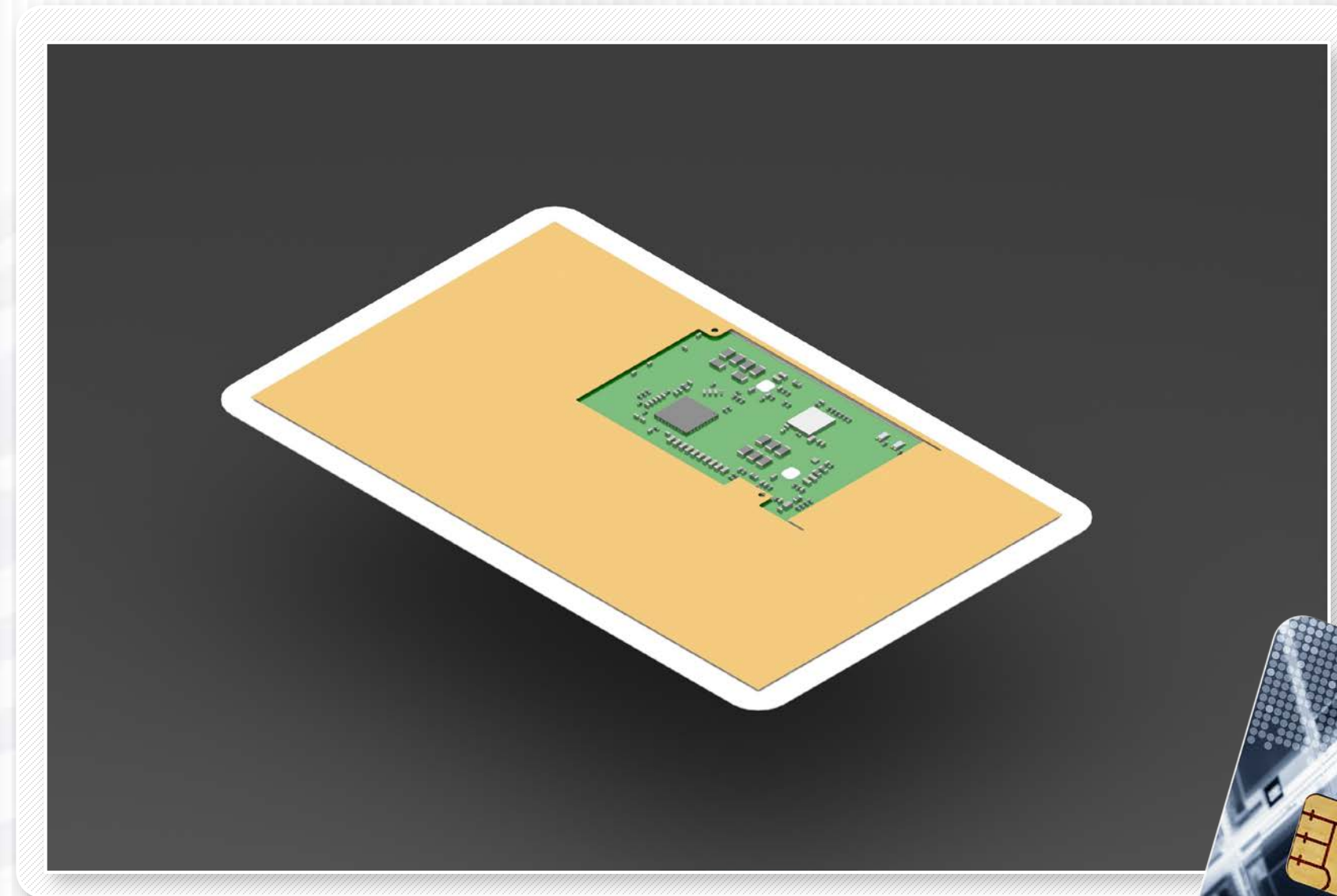
- Expensive Components
- Larger bill of material (BOM)
- Performance Limitations



BSoC = Biometric System on Card

Active Inlay as an Enabling Platform for Smart Cards

Able to leverage
know-how from
other industries



Advances in
lamination tech =
streamlined mass
production



***System Architecture knowledge an
essential asset of the NEXT technology team:***

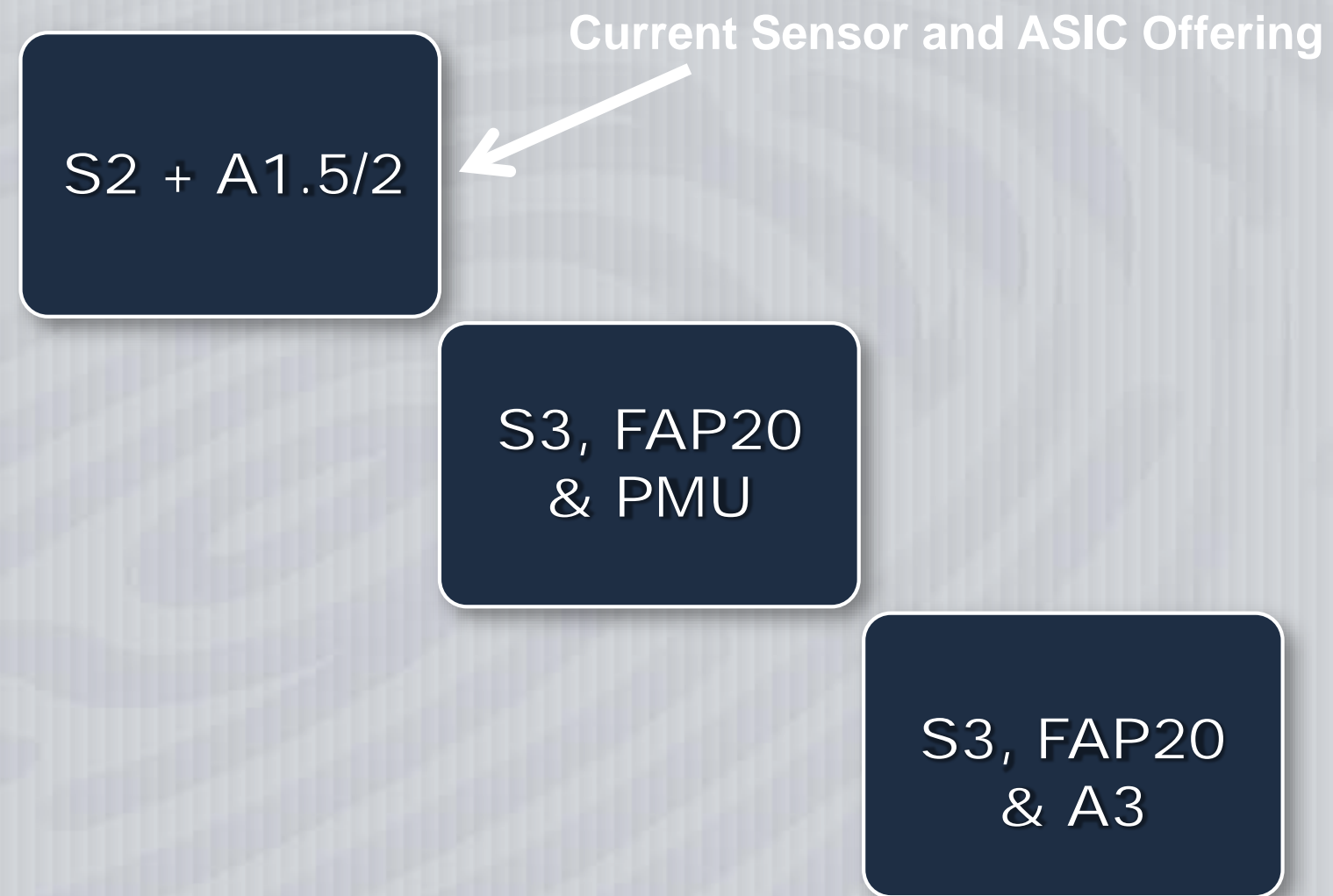
- Digital Embedded Systems -*
- Power Management -*
- RF and Antenna -*
- Manufacturing and Packaging -*



NEXT Technology Roadmap



*... a Focused Approach
that leans on our
core advantages and
system expertise*



Lower Cost,
Power & BOM

Improved Performance



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- **Strategic Focus**
- **Key Markets**
- **Product Overview**

Radek Matyasek

Senior Vice President, Sales for Europe, Asia, India

Targeting Markets that Leverage Large Size Cost Benefit

Smart card

#1 priority

Government ID

**Certification of
existing products;
Expanding sensor
portfolio**

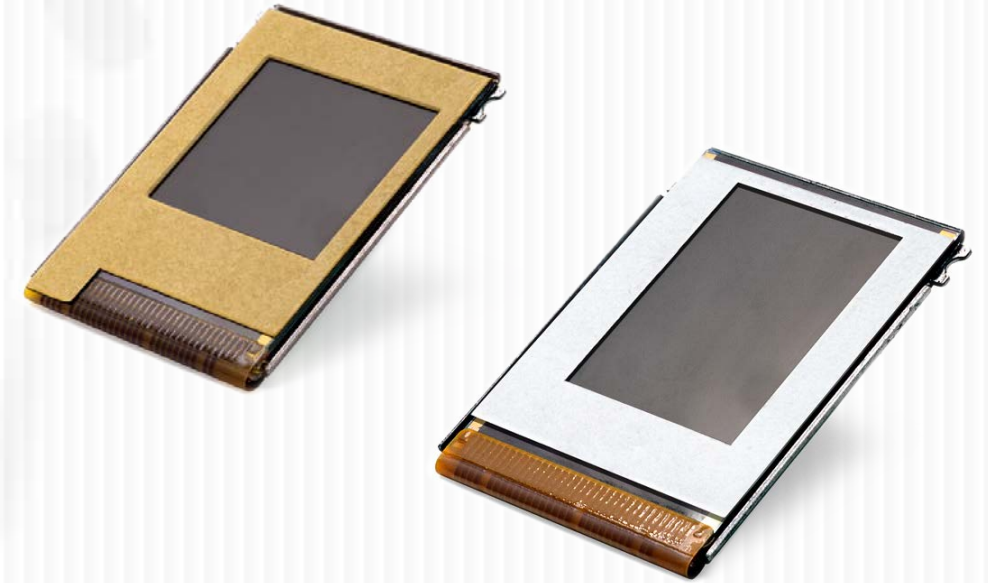
Notebook

**Stay strong
and relevant**



Access control

**Leverage existing
portfolio through
distribution channel**



Notebook Segment

Market Dynamic: Mature

- Low cost swipe or area sensors
- Some growth potential for commercial rugged notebook applications

NEXT Product Positioning & Strategy

- Leverage existing technology - no future investment
- Target commercial rugged applications that require high security



| Notebook Segment | 2018 | 2022 |
|----------------------|-----------|------|
| Blended ASP | \$6 - \$8 | |
| Number of Units (MU) | 8 | 8 |
| SAM (M\$) | \$60 | \$54 |

Sources: Serviceable Available Market (SAM): NEXT Market Assessment

Access Control Market

Market Dynamic: Fragmented

- Door locks, access systems and Point of Sale
- Growth from biometric FIDO tokens and Internet of Things (IoT)

NEXT Product Positioning & Strategy

- Leverage existing technology - No future investment
- Distribution partnerships with Arrow, WPG, Fulcrum and Mtrix
- Opportunistically sell through distribution

| Access Control Segment | 2018 | 2022 |
|------------------------|------------|-------|
| Blended ASP | \$7 - \$11 | |
| Number of Units (MU) | 9 | 14 |
| SAM (M\$) | \$80 | \$114 |

Sources: SAM: NEXT Market Assessment



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Government ID Market – NEXT Poised for Rapid Growth

- Existing and expanding market
- Large sensors mandated by government regulations for high security
- Technology uniquely positioned with best cost/sensor area
- NEXT biometric software capability enables enhanced security offering
- Market trending towards devices with integrated sensors



Government ID Market: India - A focused market

- World's Largest Biometric Program – Aadhaar
 - 1.2 billion people enrolled
 - Leading use case: ID verification at Point of Sale
 - Total Available Market estimated at 30 million units over next 3-5 years.
 - New use cases emerging
- Government requires large size sensors for security
- Market dominated by optical sensors today



Status

- August 2016: Passed India STQC FRR Biometric Performance Test
- October 2017: Passed PIV Image Quality Assessment
- January 2018: Passed UIDAI Software Compliance Test
- Current: Hardware Device Certification
- Completion: Unpredictable due to government certification process



Government ID Market: China, Americas and Rest of World

China: #2 opportunity after India

- China ID: annual deployment of 2 million units of certified fingerprint sensors
- Standard similar to NIST FAP20/FIPS201



Americas & Rest of World (ROW):

- Americas: FIPS201 certified notebooks & scanners mandated for government & banking
- ROW: NIST FAP20/FIPS201 certifications mandated for government & banking applications

Governments require large size sensors






- Primarily optical sensors today

Certification requirements = high barrier to entry

Higher margin opportunities



Government ID – Mandated Standardized Sensor Formats

| Standard | Size (sq mm) | Image quality | Use cases |
|---|---------------------------|-------------------|--|
|  India UIDAI | Open to new technologies* | PIV or comparable | ▪ India Aadhaar verification |
|  NIST FAP10 | ~209 | PIV | ▪ U.S. govt: Commercial & Large ID Verification |
|  China ID | ~228 | - | ▪ China ID verification |
|  NIST FAP20 | ~309 | PIV | ▪ U.S. govt: Cooperative Identification ▪ Turkey ID, Indonesia ID, Brazil banking ID etc. ▪ India Aadhaar verification |
|  NIST FAP30 | ~516 | PIV | ▪ U.S. govt: Uncooperative Identification |

* Requires large scale technology performance validation (STQC FRR test <2% FRR required)

FAP20 is preferred sensor size globally



Government ID Market – NEXT Product Strategy

- **Sell Readers and Modules in India**
- **Develop Larger Sensor Formats – Required for Government & Banking**

| Government ID Segment | 2018 | 2022 | CAGR |
|-----------------------|-------------|-------|------|
| ASP range | \$19 - \$30 | | |
| Number of Units (MU) | 6 | 16 | 22% |
| SAM (M\$) | \$155 | \$314 | 15% |

Sources: TAM: India: UIDAI CEO Interview dated 2016, SAM: India: NEXT and NEXT partner/customer assessment SAM: China: NEXT and Industry Sources



NEXT Government ID Products & Roadmap

| PRODUCT / YEAR OF Mass Production (MP) | 2018 | 2019 |
|--|--|---|
| NB-2023-U Module NB-3023-U Reader <ul style="list-style-type: none"> PIV image quality Software with U.S. NIST certified algorithm |  | |
| Secure Module Secure Reader <ul style="list-style-type: none"> PIV image quality Secure architecture with U.S. NIST certified algorithm |  | |
| FAP20 Module FAP20 Reader FAP20 Card (2020) <ul style="list-style-type: none"> PIV and FIPS201 certification | |  |

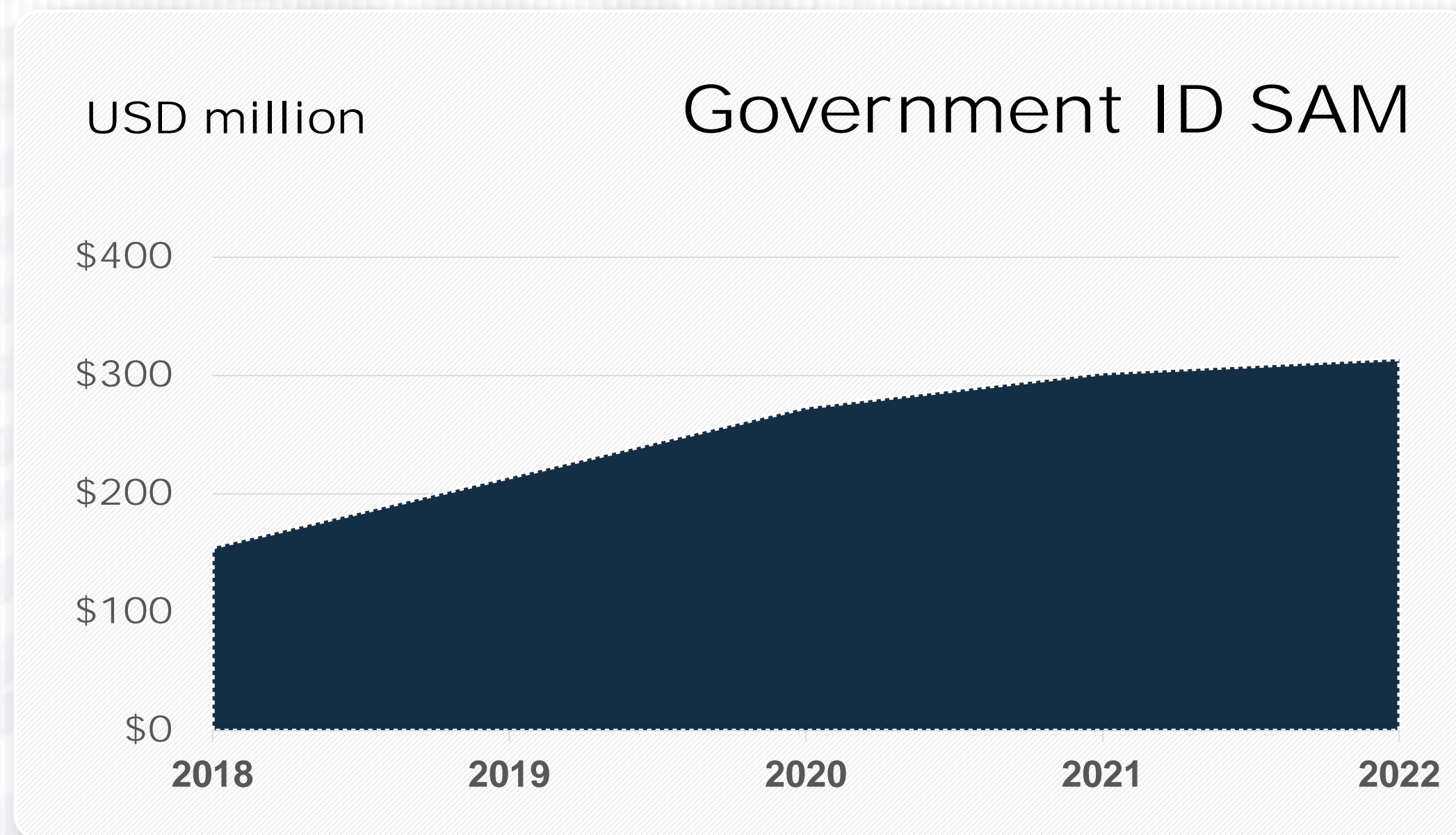
Leveraging existing ASIC investment

Note: Revenue dependent on certifications, timing unpredictable



Government ID Market – Summary

- Large sensors mandated by government regulations for high security
- Existing and expanding market
- Key competitive advantage: ability to build larger sensor at lower cost
- Higher margin opportunity



Targeting Markets that Leverage Large Size Cost Benefit

Smart card

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Leverage existing
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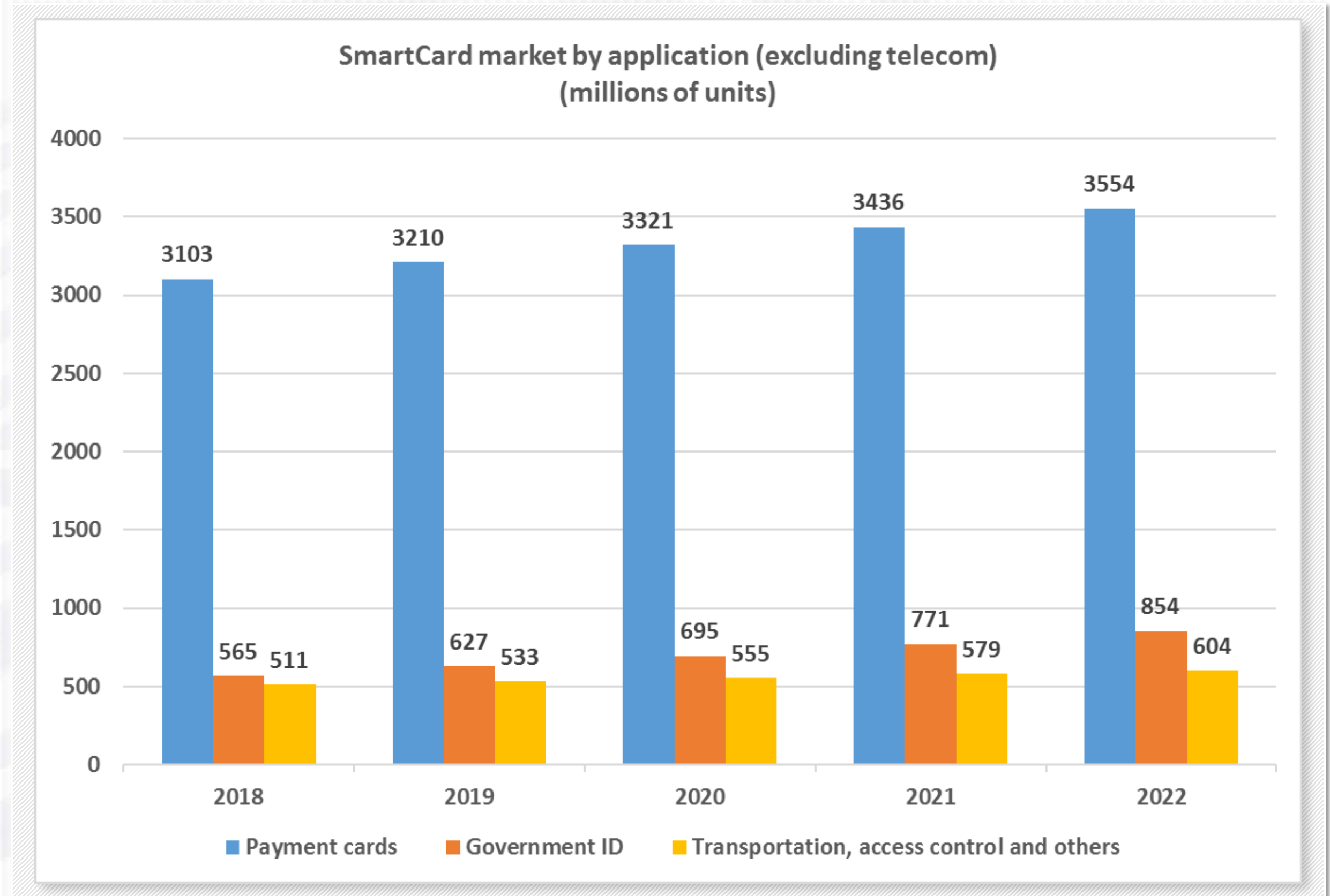
Smart Card Market – NEXT Uniquely Positioned to Win

- Large sensor – primary factor in secure & enhanced user experience
- Fully flexible sensor
- Intuitive user enrollment directly on card
- Compliant with all smart card ISO standards
- Interoperable with existing card infrastructure
- NEXT module provides majority of value within BSoC

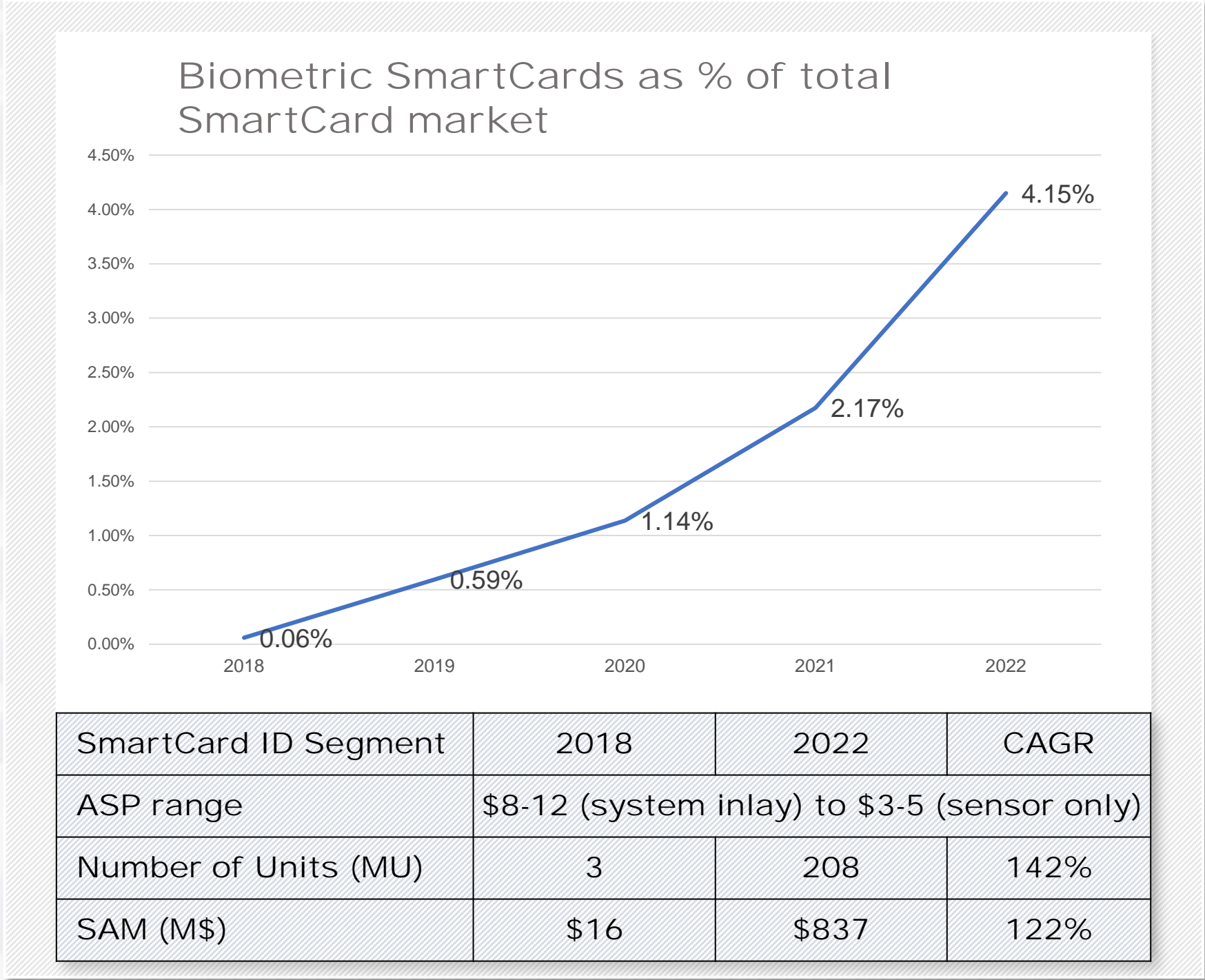
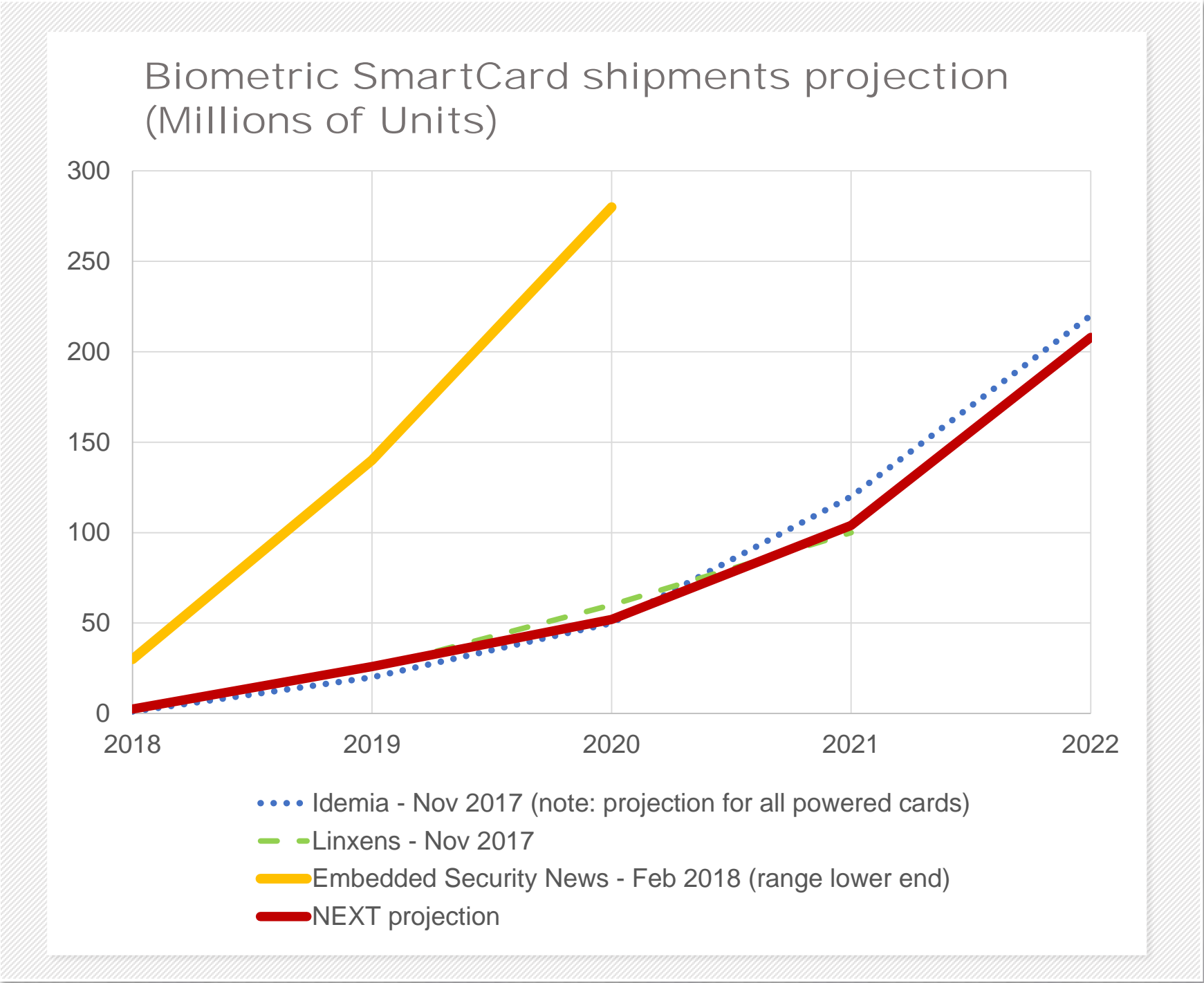


Smart Card Market Segments: Large & Growing

- **SmartCard market (excluding telecom):**
 - Payment
 - Government ID
 - Access control, transportation and other
- **BSoC opportunity in each segment.**



Smart Card Market Segments: BSoC Penetration Increasing



- Many analysts and researchers believe BSoC adoption cycle is lengthening
- NEXT, Idemia & Linxens view adoption increasing 2019/early 2020

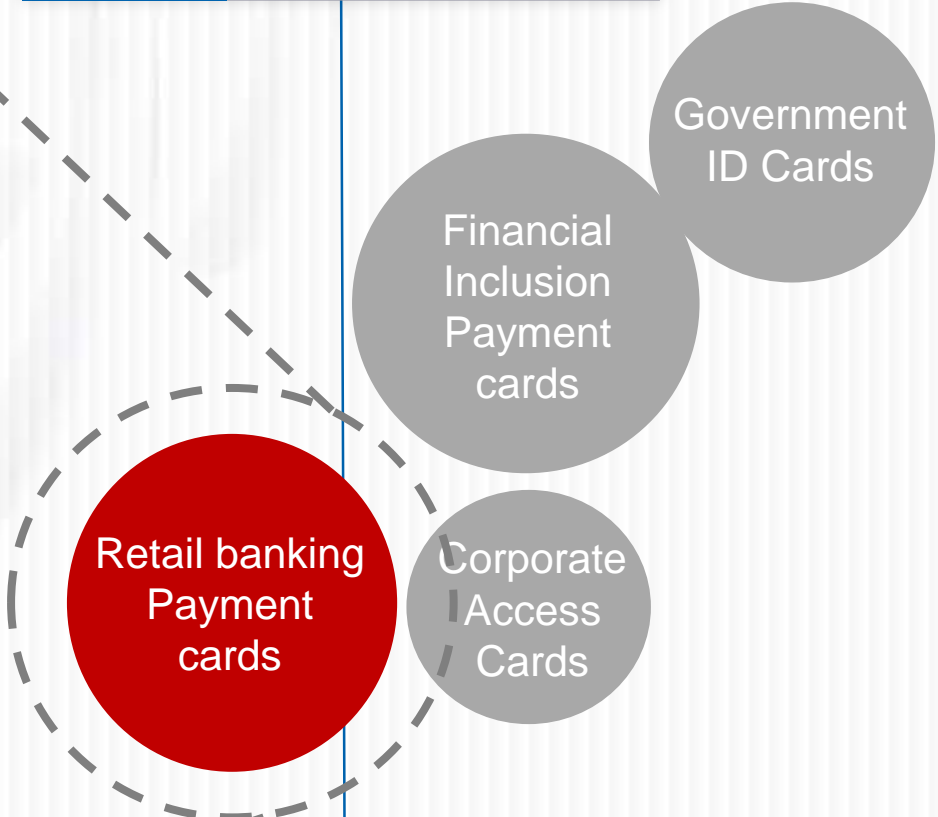
CHARACTERISTICS & STATUS

- Convenience focused – one-touch enrollment
- Initial contact card pilots 2017/2018
- Varying formats being tested
- First mass deployments expected in 2019
- User experience and cost will determine winners

| Biometric SmartCard market (Millions of US\$) | 2018 | 2022 | CAGR |
|--|------|-------|------|
| Retail Banking Payment cards | \$5 | \$525 | 154% |
| Government ID cards | \$8 | \$271 | 105% |
| Transportation, access control and other cards | \$3 | \$41 | 67% |
| Total | \$16 | \$837 | 122% |



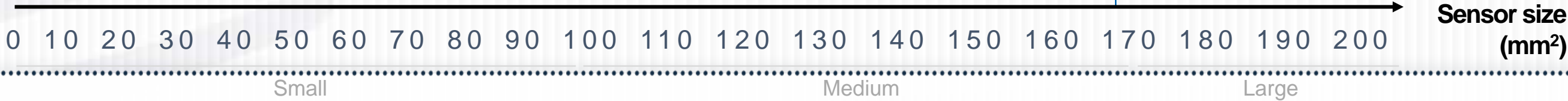
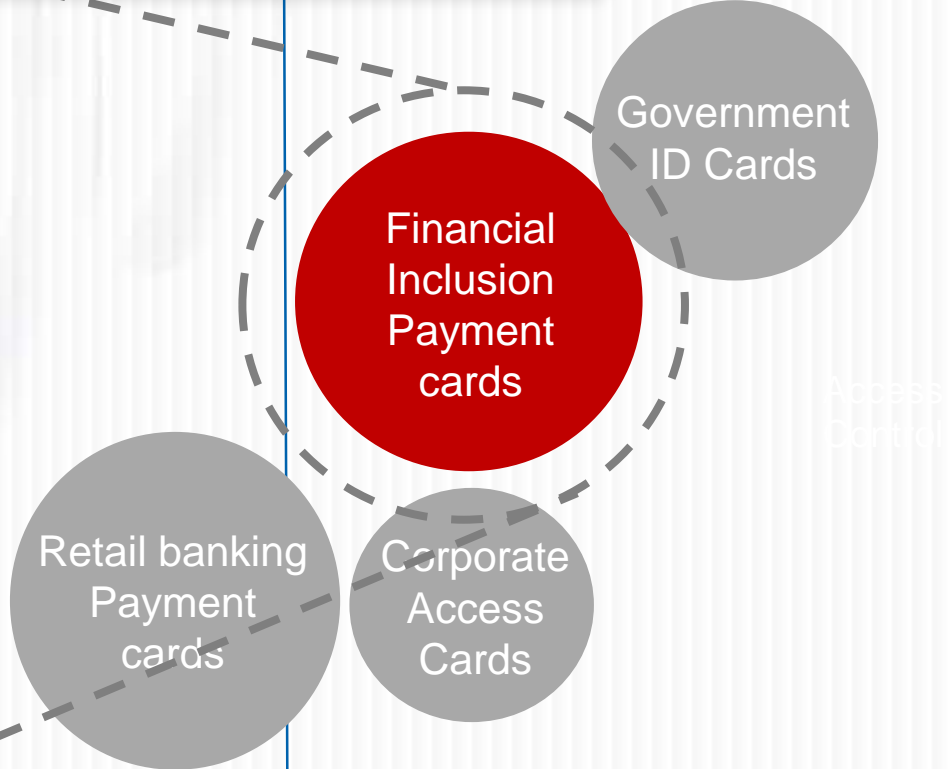
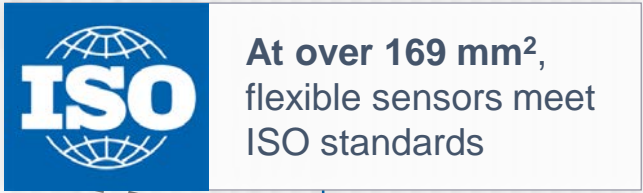
At over 169 mm², flexible sensors meet ISO standards



CHARACTERISTICS & STATUS

- Targets the 2 billion adult people without access to traditional banking
- Multi-purpose cards, blend between retail payment and government ID
- Challenging environment; high accuracy required
- Larger sensor size required

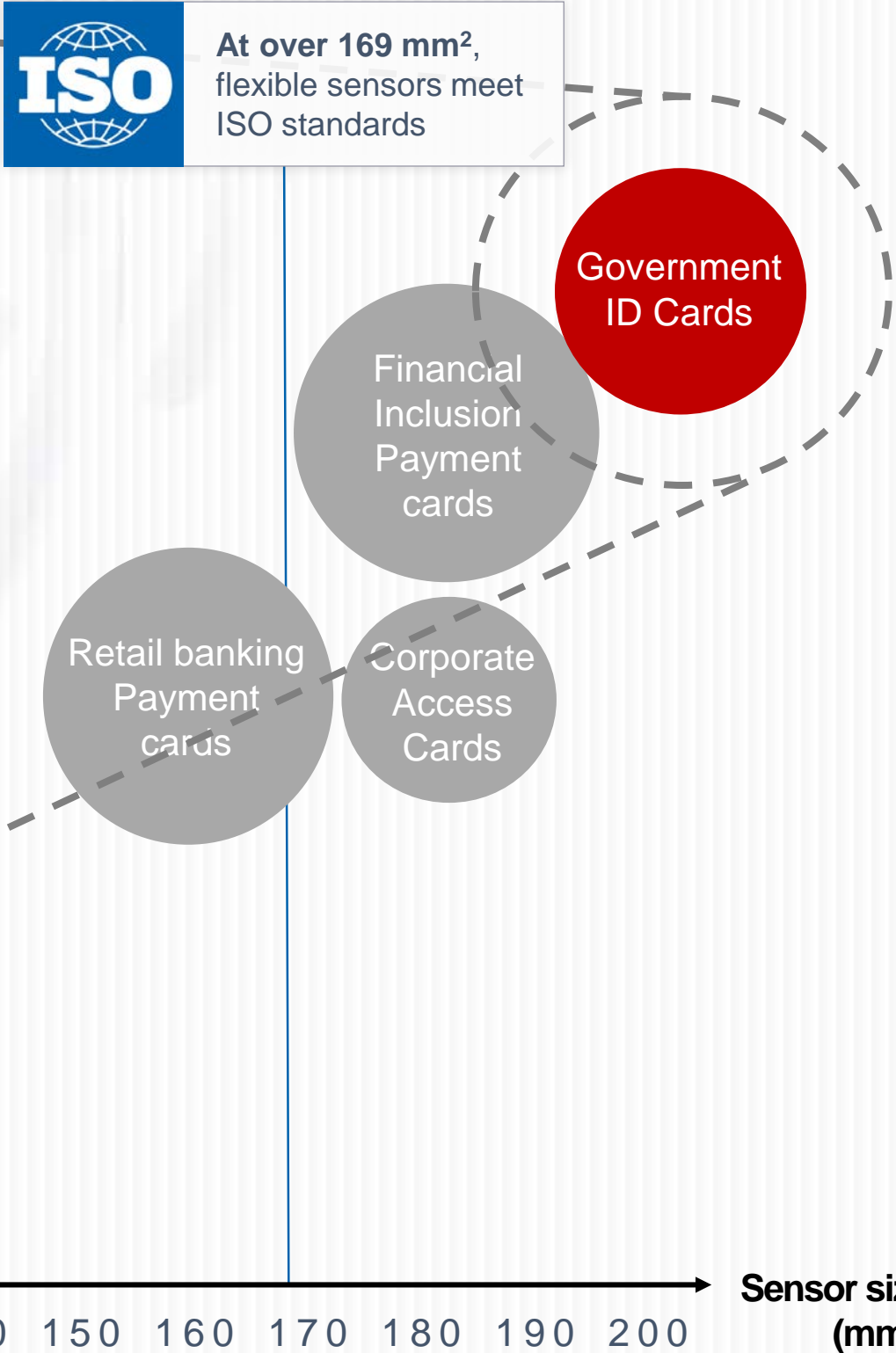
| Biometric SmartCard market (Millions of US\$) | 2018 | 2022 | CAGR |
|--|------|-------|------|
| Retail Banking Payment cards | \$5 | \$525 | 154% |
| Financial Inclusion | | | |
| Government ID cards | \$8 | \$271 | 105% |
| Transportation, access control and other cards | \$3 | \$41 | 67% |
| Total | \$16 | \$837 | 122% |



CHARACTERISTICS & STATUS

- Security focused
- Accurate citizen ID: delivery of government services, benefits, healthcare
- First mass deployments expected H2-2018
- Favors larger, more durable and accurate sensors
- Market willing to pay premium for standards certified sensors

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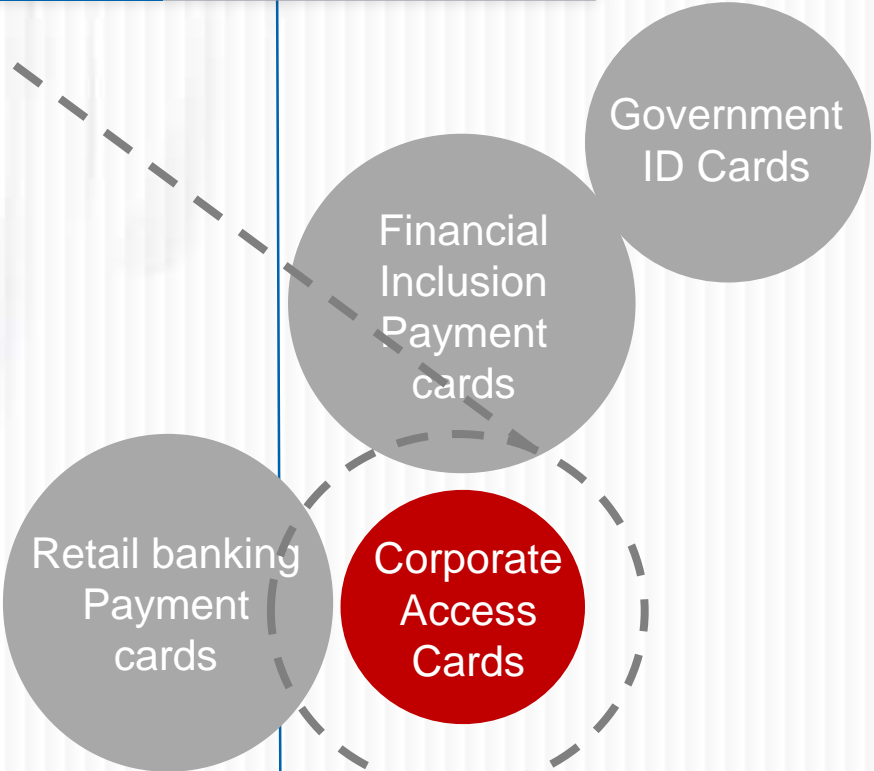
CHARACTERISTICS & STATUS

- Fragmented market
- Security and convenience focused
- First mass deployments targeted H1-19
- Requires larger sensor size

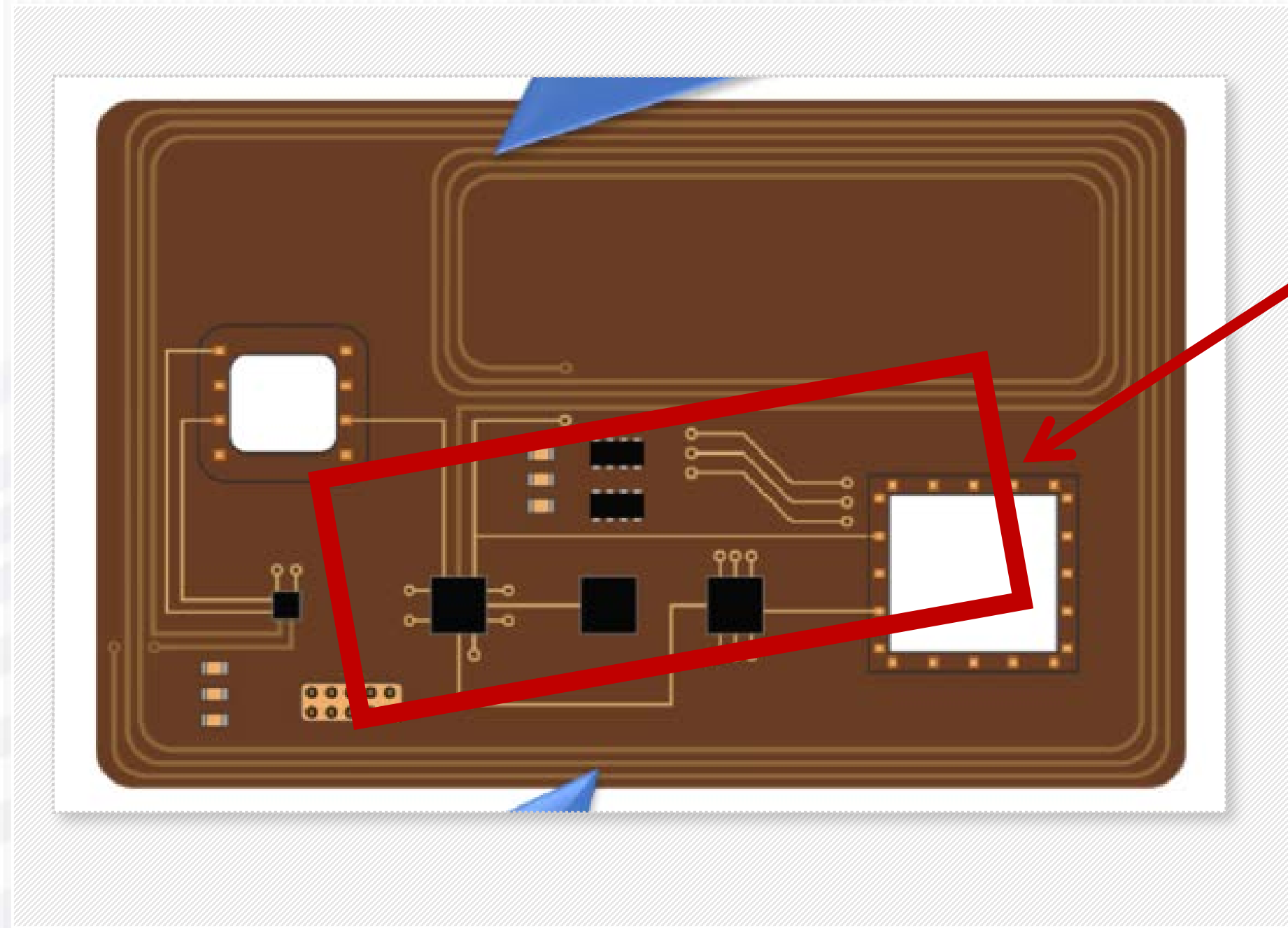
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At over 169 mm², flexible sensors meet ISO standards



NEXT Value Proposition: Full Smartcard Biometric System Solution



**NEXT Provides complete
Fingerprint Biometric Subsystem
(FBS) for contact and dual
interface cards**

Picture: Biometric Smart Card Inlay

Source: The Rise of Biometric Cards, Embedded Security News, Feb 2018

Product Offering for Smart Cards

NB-4410: Biometric module for Smart Cards

Benefits

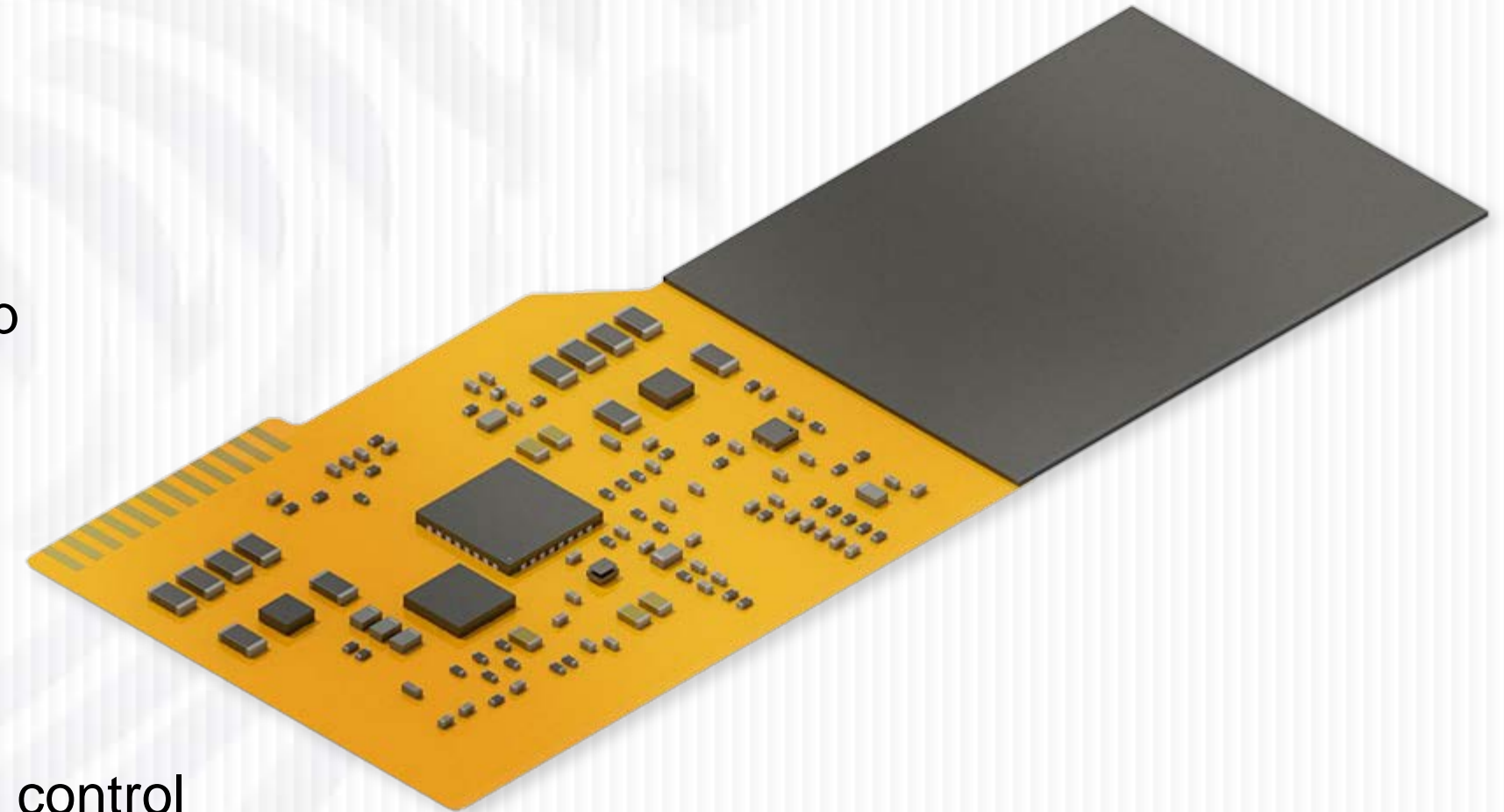
- Ease of integration – connect module directly to smartcard chip
- Ease of enrollment – one-touch self enroll capability
- Secure & convenient – proven low FRR at given FAR
- Interoperable – ISO compliant biometric algorithm

Applications and Markets

- Ideally suited for financial inclusion, government ID and access control
- Class B contact cards

Key features

- Fully flexible sensor compliant with ISO 17839
- Integrated LEDs



Over 20 customer engagements

Sampling Q2-2018

Tactilis Smart Card



About Tactilis

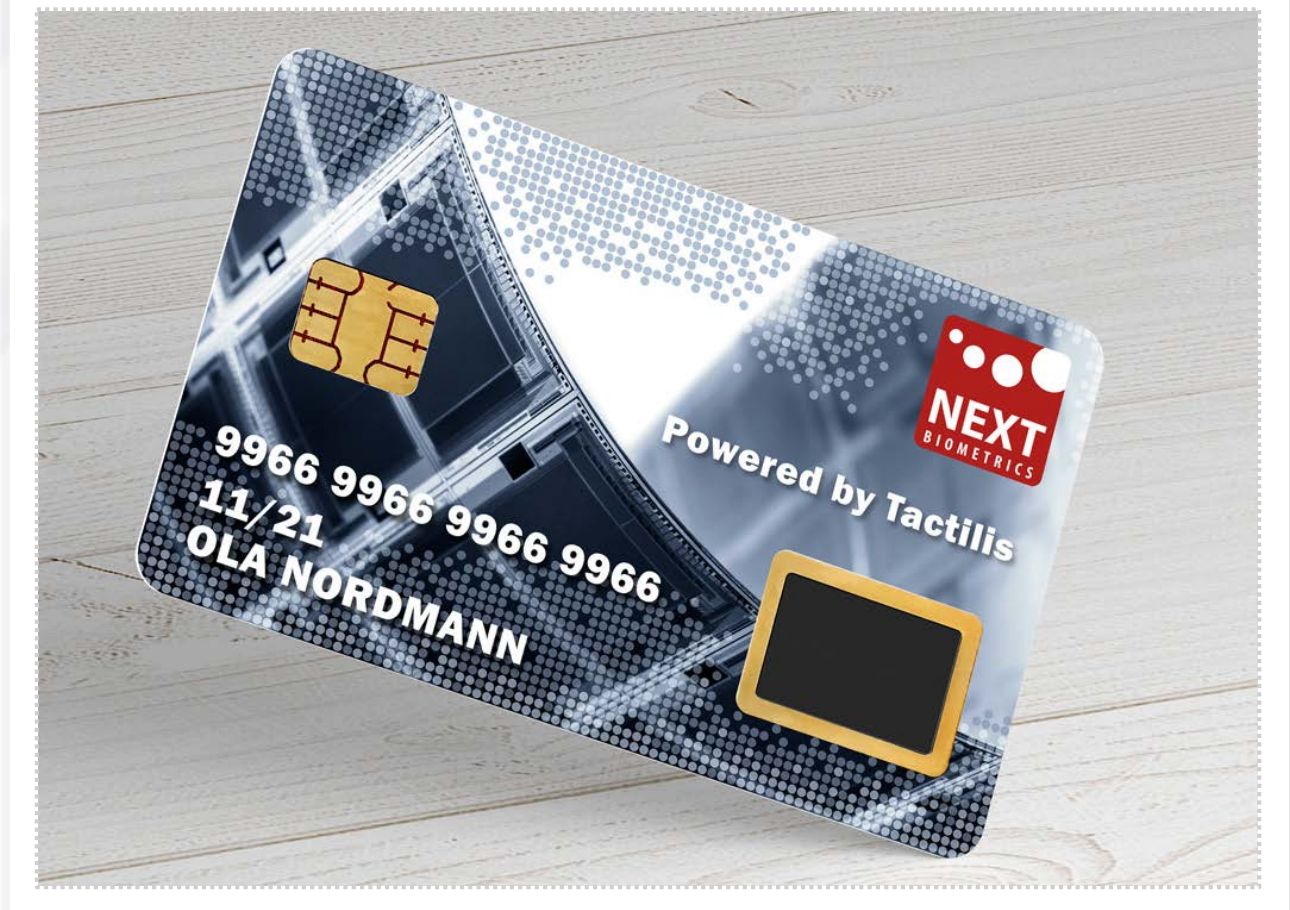
- Founded 2014
- 90 employees
- HQ in Singapore
- 20,000 sq feet state-of-the-art production facility in Penang, Malaysia

Industry's first

- Tactilis and NEXT first to demonstrate ISO thickness smartcard with ISO 17839 compliant fully flexible fingerprint sensor – Nov 2017

Product status

- Mass production of biometric card with NB-0510-S Chipset (rigid sensor)
- Pilot production of biometric card with NB-0610-S Chipset (flexible sensor)



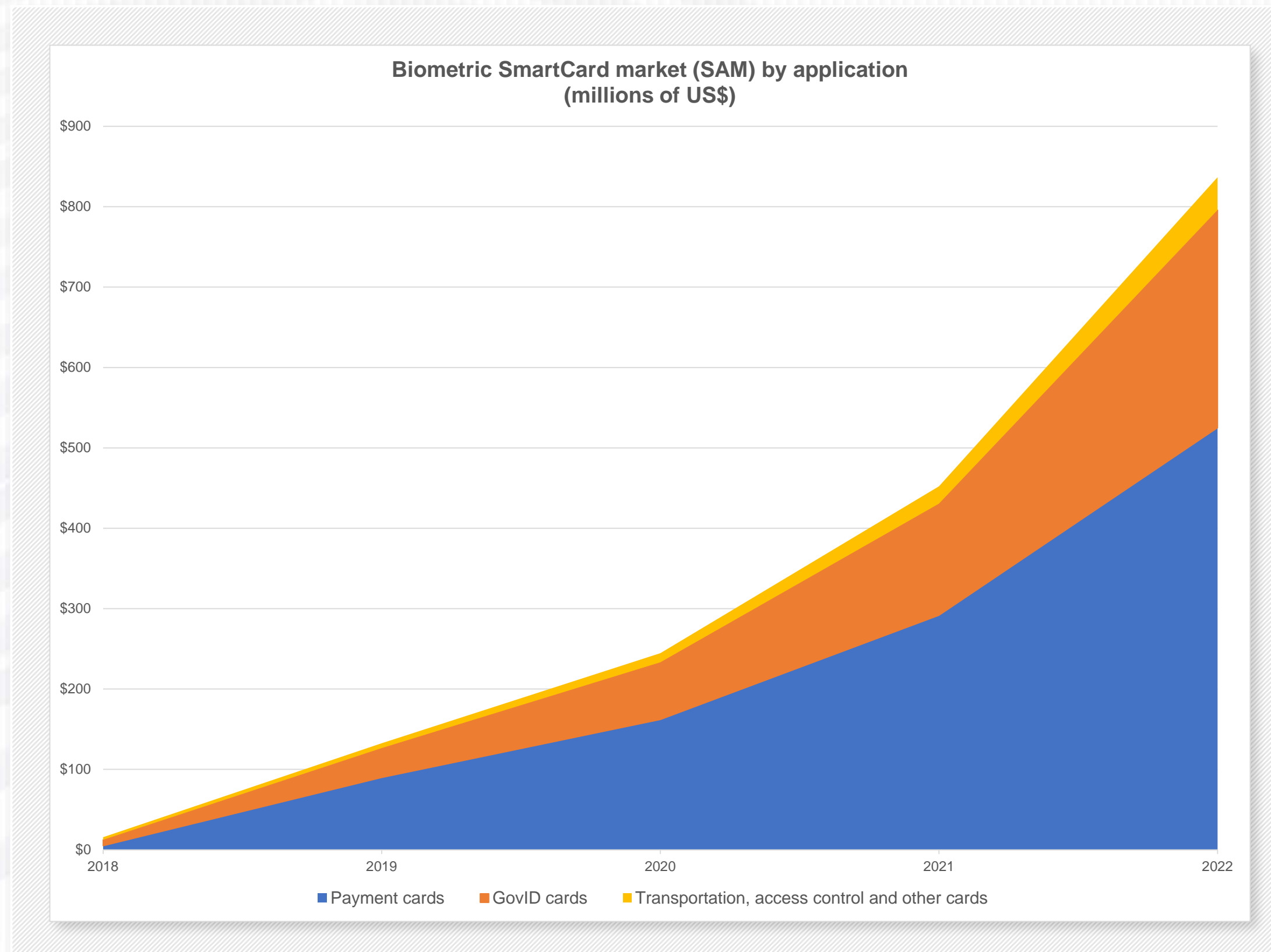
CONFIDENTIAL

Smart Card Products & Roadmap

| PRODUCT / YEAR OF MP | 2017 | 2018 | 2019 | 2020 |
|---|---|--|---|---|
| NB-0510-S Chipset <ul style="list-style-type: none"> A1 ASIC - Complex integration S2 sensor - Rigid sensor Special cards |  | | | |
| NB-0610-S Chipset <ul style="list-style-type: none"> A1 ASIC - Complex integration S2 sensor - Flexible Contact cards | |  | | |
| NB-4410 GEN1 <ul style="list-style-type: none"> Module with MCU for ease of integration A1.5 ASIC - Lower power S2 sensor - Flexible For Contact cards | |  | | |
| NB-4410 GEN2 <ul style="list-style-type: none"> A1.5 ASIC, Lower Power MCU, Low Power Sensor (S3) and PMU Module for Contactless | | |  | |
| NB-4410 GEN3 <ul style="list-style-type: none"> Low Power Sensor (S3) Integrated, Low Power ASIC (A3) Further ease of integration | | | |  |

Why NEXT Will Win in Smart Cards

- Large and flexible sensor – primary factor in secure & enhanced user experience
- Experience working with Tier 1 OEMs
- NEXT roadmap supports smart card market evolution
- NB4410 solution sampling in Q2-18
- Contactless solution ready in time of market expansion
- Intuitive user enrollment directly on card
- Compliant with all smart card ISO standards
- Interoperable with existing card infrastructure



Today's Agenda

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- **Biometric Smart Card Overview**
- **Key Drivers**
- **Technology Trends**

Marc Muller

Director of Technology, Tactilis



Introduction of Tactilis Fingerprint Smart card offer

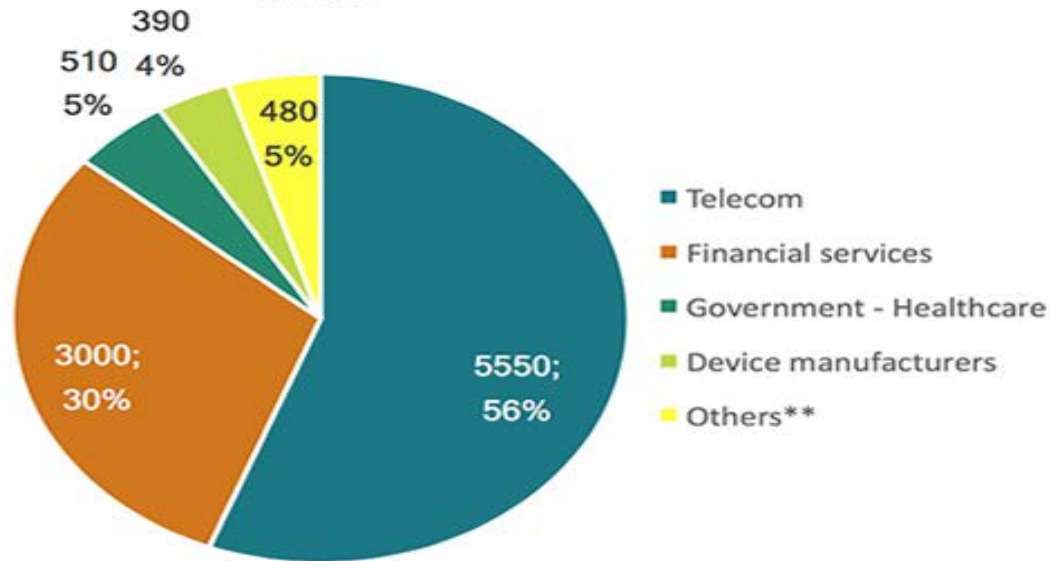
Next Biometrics Capital Markets Day,
Oslo March 1st

- Market overview and trends
- The card offer
- Key Value Propositions
- Use cases
- Success factors
- Key requirements
- Technical challenges
- Manufacturing edge

Worldwide Secure Elements forecasts: 2017-2018

2017 forecasts

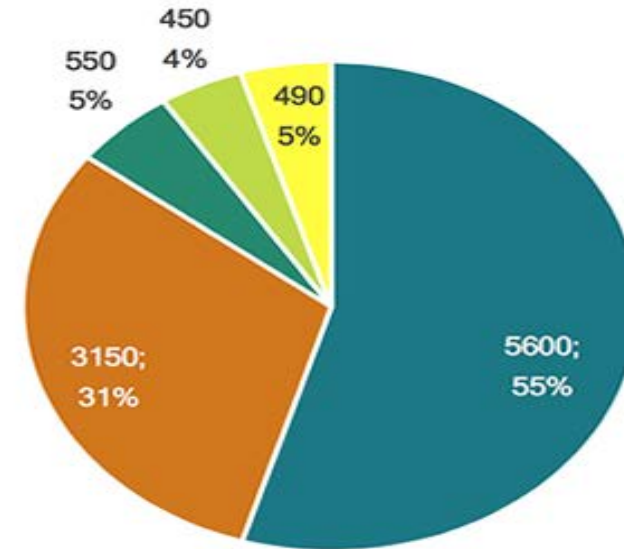
M Units



The market growth will reach
+3.3% in 2017
(+3.1% in 2018)

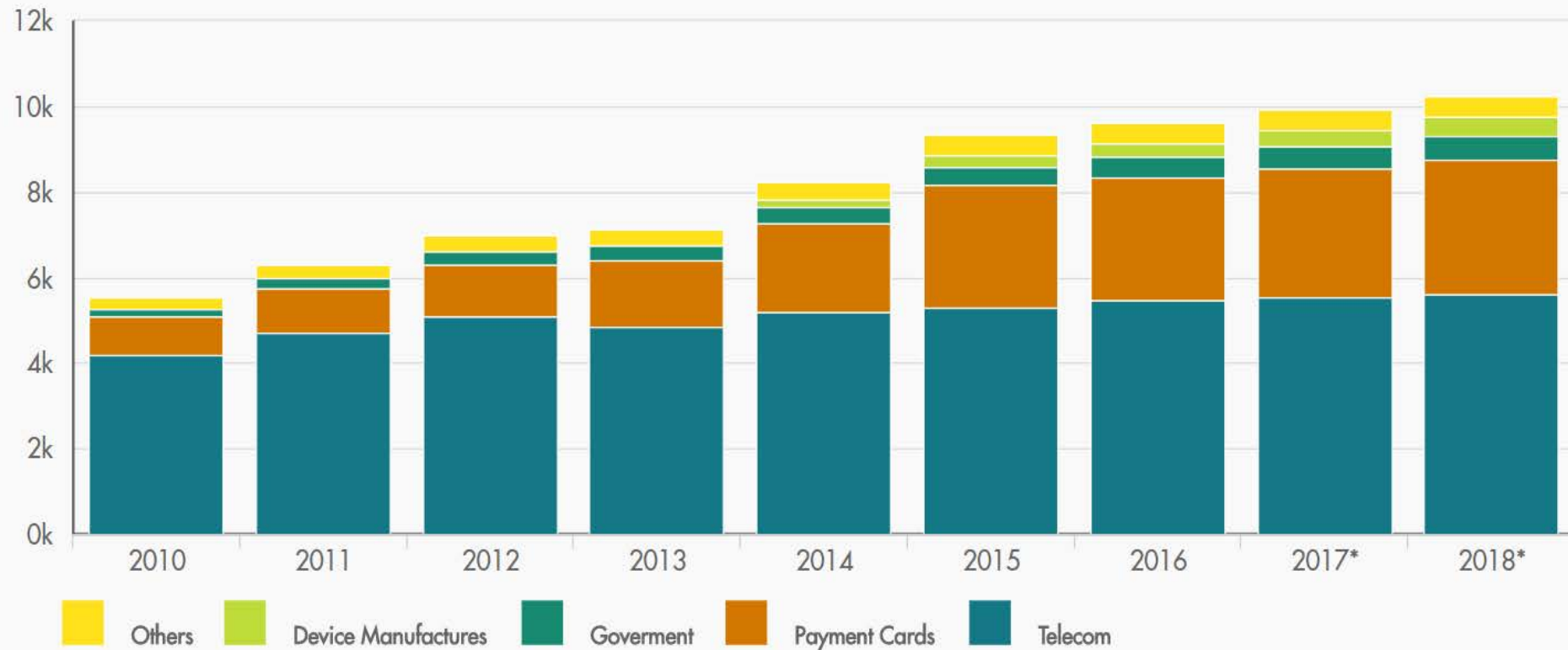
2018 forecasts

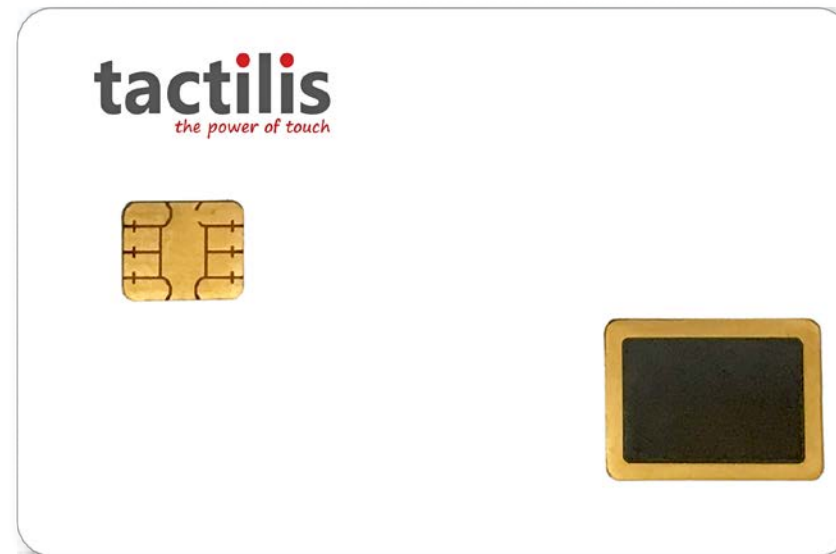
As defined in Q4 2016 – M units

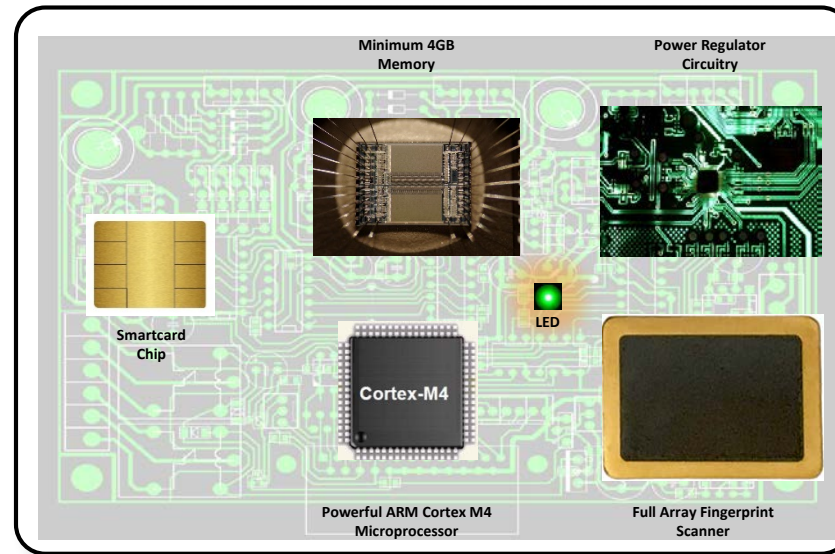


In 2018, more than **10 bn secure**
elements will be shipped
(9.9 bn in 2017)

Secure elements shipments from 2010 to 2016 & 2017-18 forecasts (Millions of units)



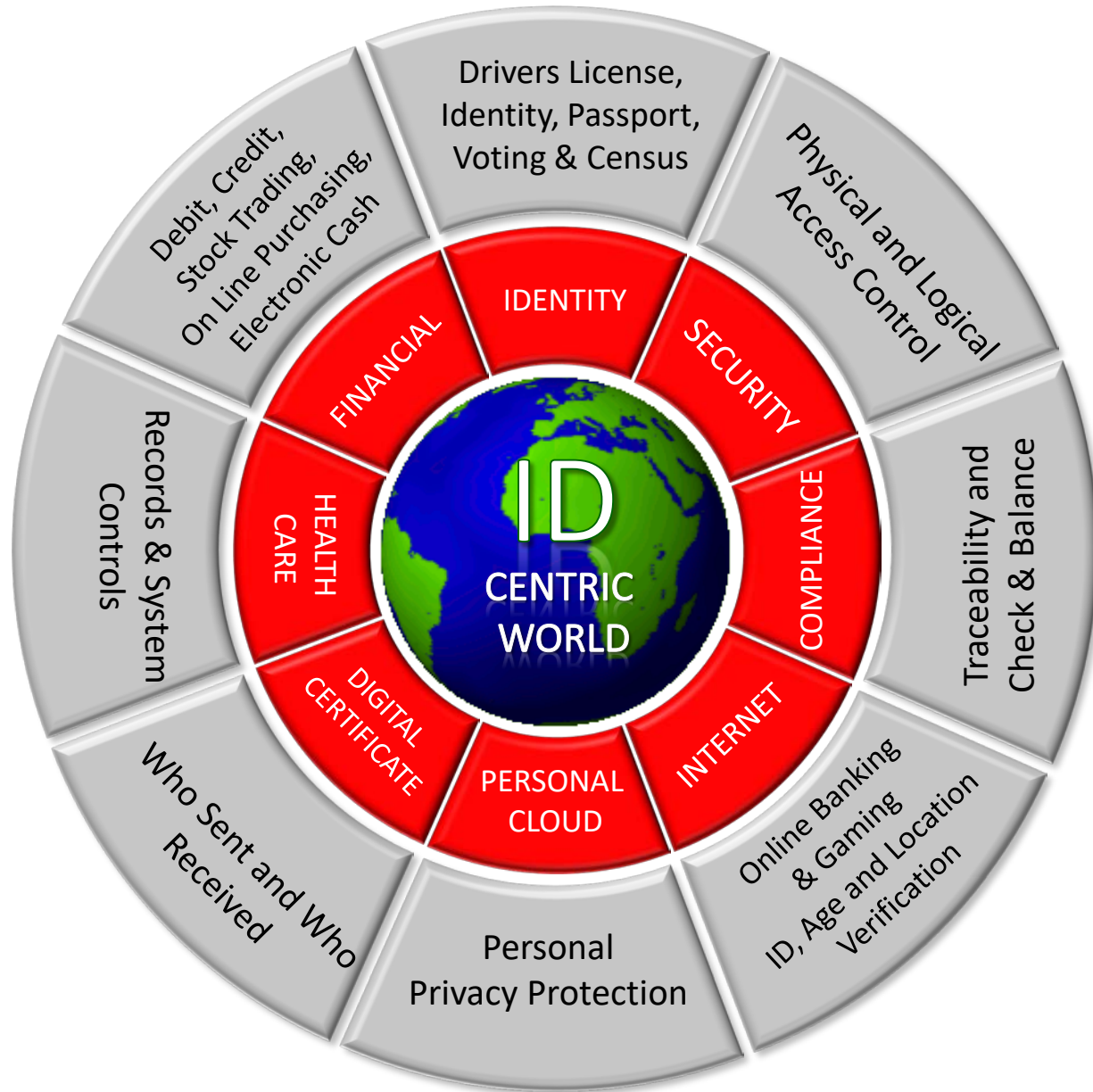




Convenience

Mutual Trust and Security

- PIN and Password elimination
- Manageable security level:
 - Acceptance rate
 - Rejection rate
- Card body



Total Available Market (TAM)
= POPULATION PLUS...

Convenience convenience convenience

- For the User
 - Easy Enrolment/Self Enrolment
 - Fast Verification
 - All-in-one card
- For the Service Providers
 - Seamless deployment
 - End to end solution offer to manage applications
 - Flexible business models
 - CardaaS

- Physical characteristics:
 - Durability test: 3-wheel and rotary stress test
- Certifications:
 - Secure Element: level EAL5+ and up, EMVCo
 - Software: EAL5+ and up
 - Applications: CC, EMCo, FIPS certified Applets
- Software:
 - JavaCard OS and Global Platform Management
- Performances in FAR and FRR

- Sensor selection:
 - Large size
 - Flexible
 - Low cost

SMALL SENSOR



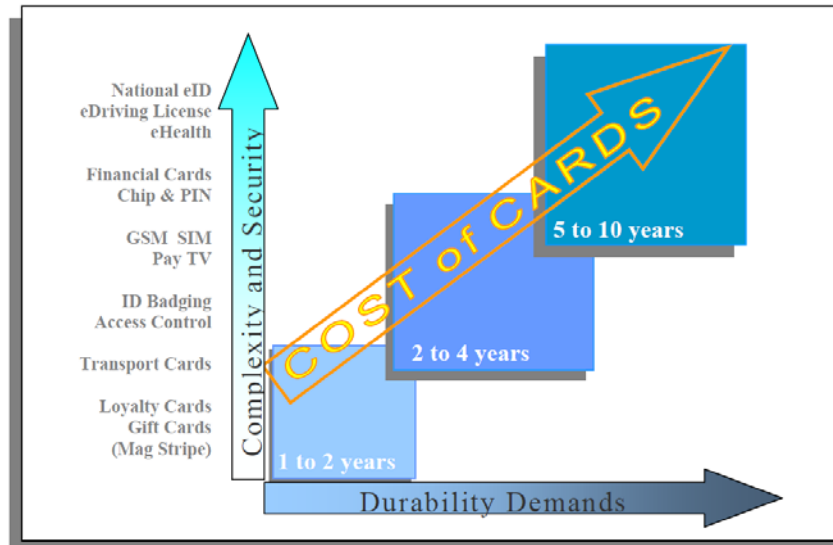
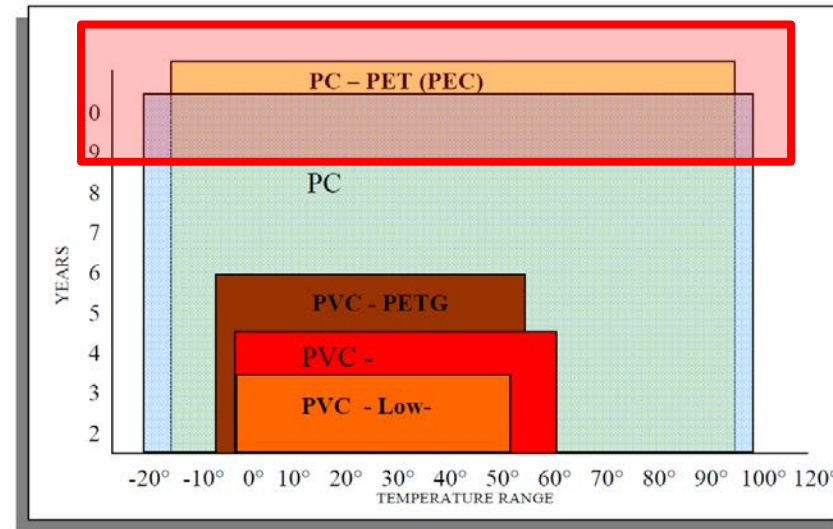
LARGE SENSOR



- **ONE TOUCH ENROLMENT**
- **MULTIPLE TOUCH ENROL & VERIFY**
- **5-8 MINUTIA**
- **20-40 MINUTIA = HIGH SECURITY**
- **ONE TOUCH ENROL & VERIFY**
- **INCREASED SECURITY AT NO EXTRA COST**

- Sensor selection:
 - Large size
 - Flexible
 - Low cost
- Power management:
 - No battery
 - Smart power harvesting
- Form factor:
 - ISO height
 - Component selection
- Lamination:
 - Pressure and temperature
 - Alignment tolerances of inlay and top layers

- Two offers:
 - Inlay ready for lamination
 - Finished card
- Molding
 - Material selection
 - Unique process
- Tamper resistance:
 - No delamination
- Yield Management
- Silicon processing





Let's Connect...

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e: info@tactisltd.com
w: www.tactisltd.com

Manufacturing

Plot 284, Pintasan Kampung Jawa 2,
Bayan Lepas Free Industrial Zone Phase 3,
11900 Bayan Lepas,
Pulau Pinang, Malaysia

Headquarters

16 Collyer Quay,
#29-01 Income At Raffles,
Singapore 049318

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- **Financial Outlook**

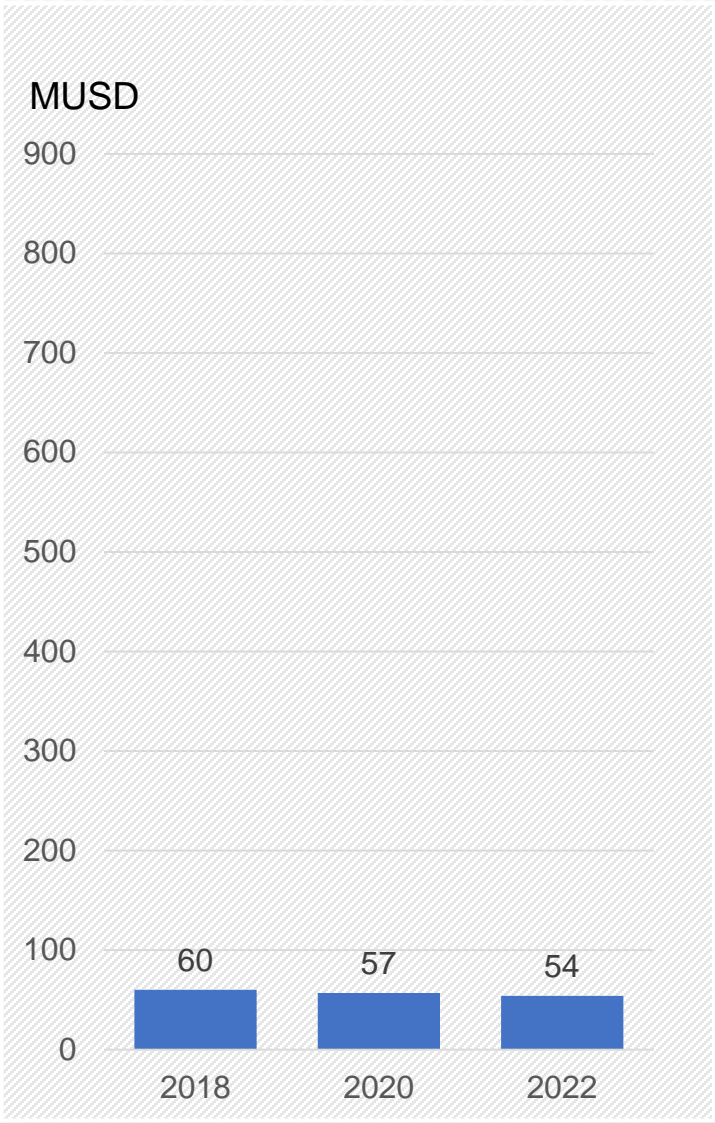
Knut Stålen
Chief Financial Officer

Financial Outlook – Serviceable Available Market (SAM)



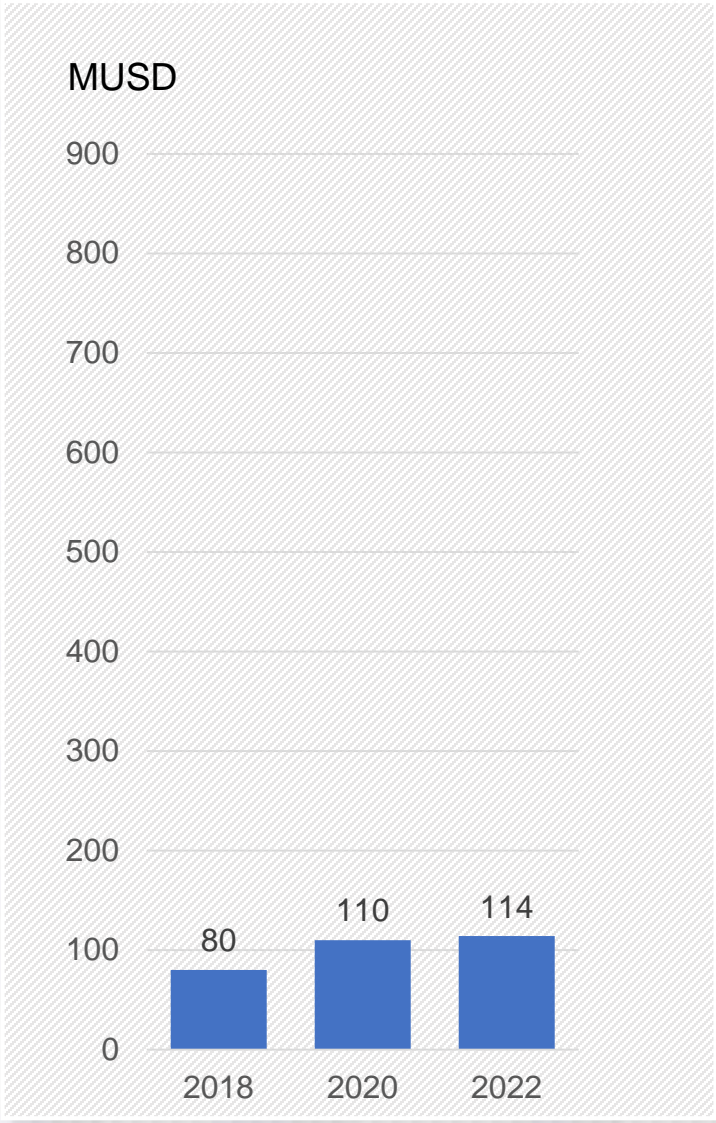
Notebook

CAGR - Flat



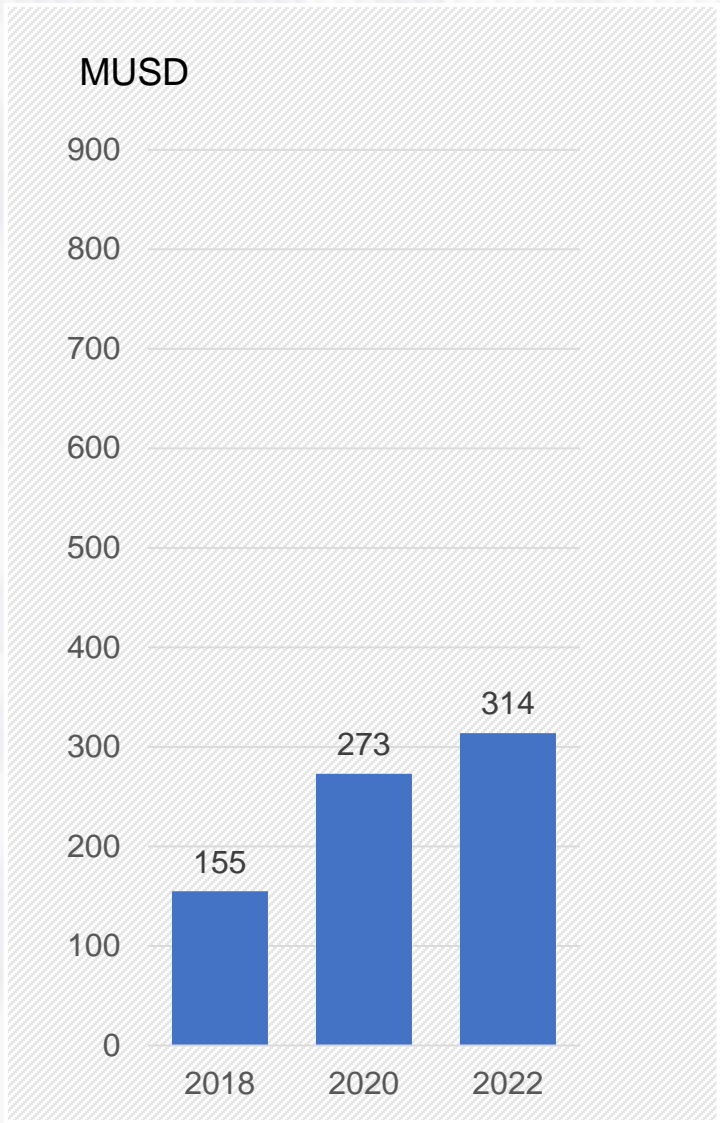
Access Control

CAGR 7%



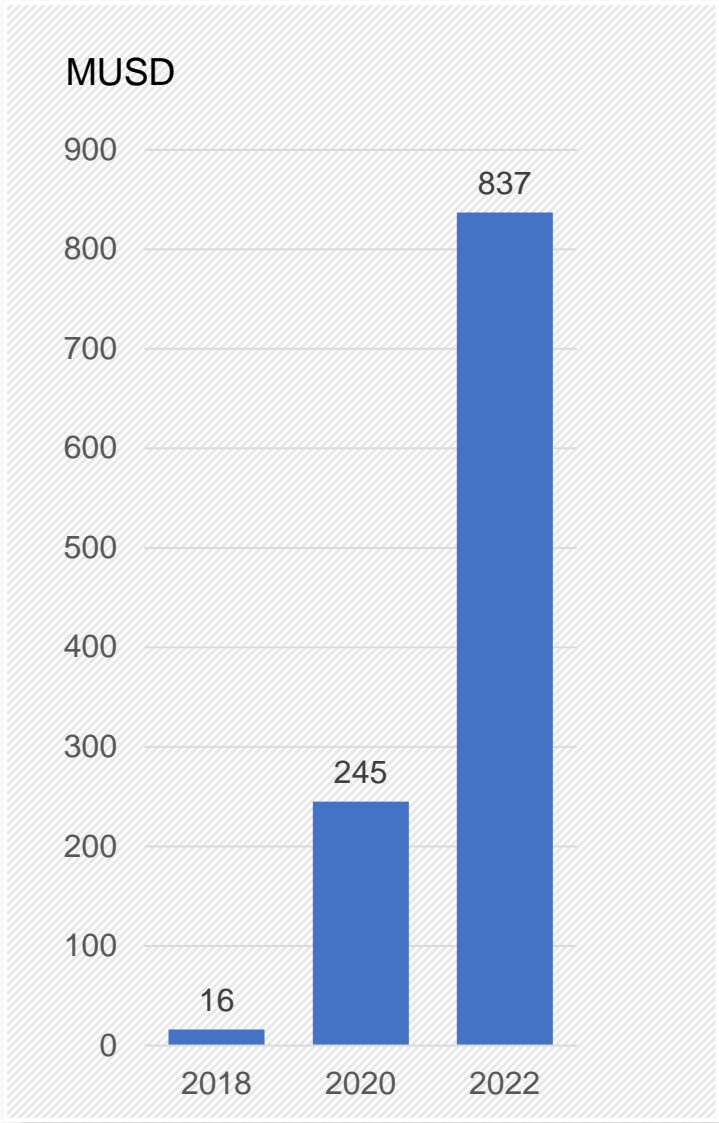
Gov ID

CAGR – 15%



Smartcard

CAGR – 122%



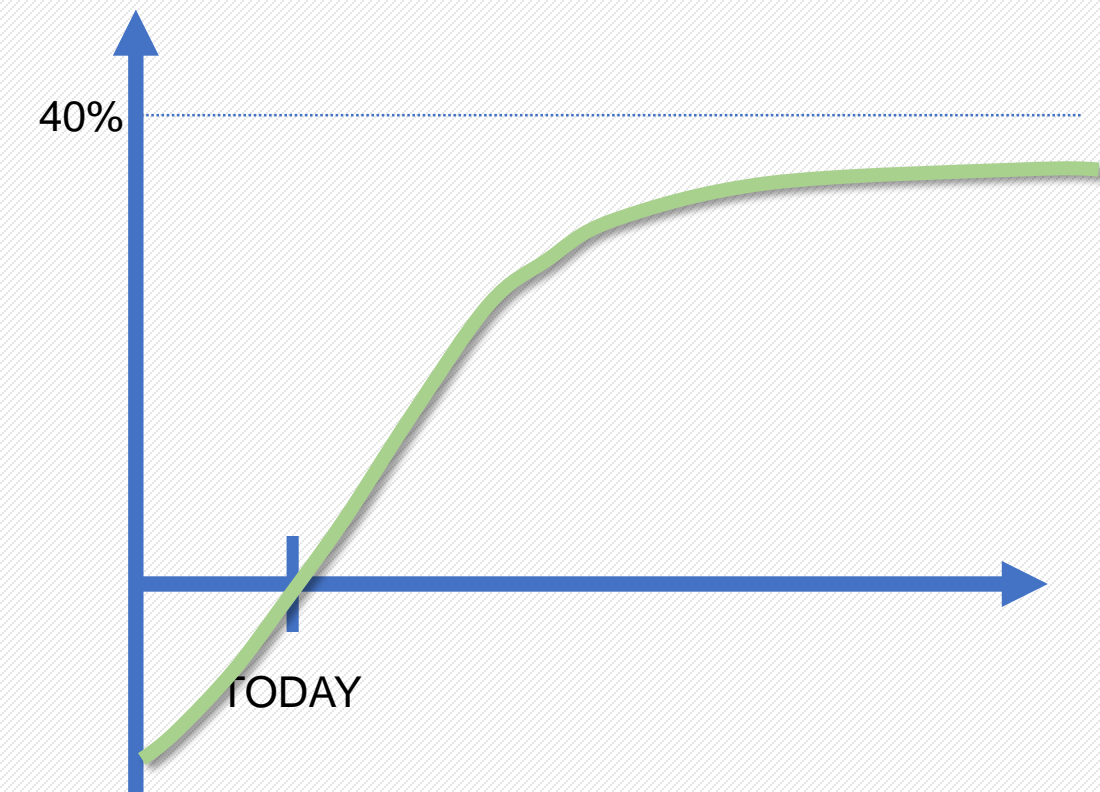
2020 Target Market Share +25%

2020 Target Market Share +25%

Financial Outlook – Gross Margin

- Positive gross margin in January and will pass 20% in the month of February
- Continued focus on reducing costs
 - Maintain yield above 95% to ensure stable, high quality
 - Volume increase will allow further cost savings
- Positive gross margins supports funding of working capital elements

Gross margin



Target gross margin at scaled volumes

| | |
|--------------------------|--------|
| Notebooks | 20-25% |
| Access Control | 35-40% |
| Government ID | 35-40% |
| Smart Cards | 30-35% |
| Long Term Company target | 30-40% |

Cash and Operating Expenses

- NEXT Cash NOK 80M at Year-End 2017
 - Positive contribution margins and increased revenues propelling NEXT into 2H 2018
 - NEXT Board has initiated activities to ensure company financing through 2018
 - Positive gross margins support funding of working capital elements
 - Fabless and asset light model
- Operational expenses
 - Currently 90 employees moving to 100 during 2018
 - Expenses to be slightly higher in coming quarters to fund smart card and government ID solution development



- **Concluding Remarks**

Ritu Favre
Chief Executive Officer

Accomplishments to date



First phase of
flexible sensor
volume capacity



Mass production
and shipments of
new ASIC & flexible
sensor products

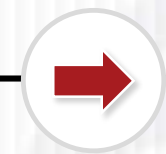


Increased focus
on solutions
development for
smart card and
government ID



Achieved positive
gross margin in
Jan 2018

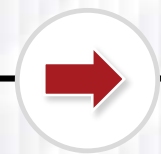
Milestones



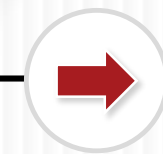
Sample new
smart card
module (4410) in
Q2-18



Customer project
progress in smart
card and government
identification



Sample FAP20 by
Q4 2018



Establish
financial runway
to break even



| | | |
|---------------------------------|---|---|
| Innovative Technology | NEXT Active Thermal™ Principle | <ul style="list-style-type: none"> • Uniquely enables cost efficient large area fingerprint sensors • Increased security and enhanced user experience |
| Differentiated Solutions | Fingerprint modules, readers, subassemblies | <ul style="list-style-type: none"> • Portfolio of fingerprint modules, readers and biometric subassemblies • High value add solutions to customers |
| Proven Supplier | 3.5 million sensors shipped to Tier 1 customers | <ul style="list-style-type: none"> • Core biometric solution expertise established • Secure supply chain for ramping and scaling volume |
| High Growth Focus | Growth markets require large sensors for security | <ul style="list-style-type: none"> • NEXT's products are ideally positioned for next wave of large biometric markets: smart card and government ID |
| Financial Discipline | Improving outlook operating leverage | <ul style="list-style-type: none"> • Achieved positive gross margin • Long-term target: 35-40% |

NEXT's Winning Strategy



**Technology
and cost
advantage**

**Targeting
High Growth
Markets**

**Proven
Track Record**



**Financial Focus
and Discipline**

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