



NEXT Biometrics Group ASA

Quarterly report – Q3 2015

Highlights

- Completion of new ultrathin, design-friendly sensor generation
- Implementation of new sensors in all modules
- Final preparation leading to the first Dell announcement
- Negotiations leading to NOK 120 mill private placement by Greenbridge Partners
- Negotiations leading to termination of inventor royalty agreement
- Preparations for listing at Oslo Børs – The main list

Status

Product: NEXT introduced an ultra-thin fingerprint sensor design that enhances product ESD-resistance and removes the need for the large bezels (metallic frames) used in the first generation of NEXT sensors. It allows more flexibility when building the ultra-thin NEXT fingerprint into design-focused devices, such as notebooks, tablets and smartphones. Close to 100% of all on-going customer processes have over the last months been transferred to the new designs. Many customers are in the process of implementing these in their targeted future products.

Sales and market: During Q3 the market has continued a trend where all quality dependent market segments focus on larger sensor sizes whereas the smartphone markets trend towards smaller sizes. Quality dependent markets are markets where both security and convenience are equally important to close a 100% of the population. These markets include traditional markets, high-end smartphones, quality notebooks, smartcards and NEXT-Enabled markets. Combined, these markets are larger than the smartphone segment. Going forward, the company will focus its resources on these attractive market segments.

Sales have, as previously communicated, been insignificant in Q3, due to the above described transition to the new generation of sensors. A major part of company resources were in Q3 allocated to the Dell-project. Dell is the first top-tier Notebook and Tablet manufacturer to fully recognize the fundamental importance of larger sensors. It is anticipated that this customer reference will have a positive impact on company sales going forward.

Financing: The Company has in Q4 secured a private placement of MNOK 120 from Greenbridge Partners, a privately held Investment Company founded by Melker Schörling and Ola Rollén. This placement of 2,000,000 new shares and the exercise of warrants of 93,750 by Icreate Investments Limited, an affiliate of the Foxconn group, resulted in increased funds of MNOK 127.5.

Amounts in NOK million (except per share data)	Q3-2015	Q2-2015	Q3-2014	YTD-2015	YTD-2014	2014
Total revenue	0,2	0,3	1,6	2,9	2,3	6,7
Operating profit (loss)	-30,3	-23,8	-14,7	-76,3	-46,7	-82,6
Net profit (loss) for the period	-29,9	-24,5	-14,4	-74,0	-46,3	-79,7
Opening cash balance	76,0	98,7	-188,9	129,3	69,7	69,7
Net change in cash flows	-30,7	-22,8	-25,4	-84,0	93,8	129,3
Closing cash balance	45,3	76,0	163,5	45,3	163,5	59,5
Total equity	90,1	118,7	190,5	90,1	190,5	161,6
Earnings per share - basic & diluted	-2,64	-2,17	-1,29	-6,54	-4,80	-7,92
Weighted average number of shares (in thousands)	11 318	11 318	11 188	11 318	9 649	10 057

Interim condensed financial statements as of 30 September 2015 (Unaudited)

Profit & loss statement

Revenues

Operating revenue in the third quarter of 2015 was NOK 0.2 million, compared to NOK 0.3 million in the previous quarter and NOK 1.2 million in the third quarter of 2014. The revenue in the third quarter of 2015 all consisted of operating revenue and was generated by shipment of 5,000 sensors.

For the first three quarters of 2015, operating revenue amounted to NOK 2.9 million compared to NOK 1.9 million for the first three quarters of 2014. The revenue for the first three quarters of 2015 was generated by shipment of 61,000 sensors compared to 47,000 sensors for the first three quarters of 2014.

Due to low production volumes and high manufacturing costs, the calculated gross margin is still negative. The Cost of goods sold for these initial delivered sensors are currently included in other operating expenses. Several of the initial cost elements related to production and delivery of these units are one-offs and do not give a clear and relevant cost of goods sold.

Operating expenses

Payroll expenses amounted to NOK 14.4 million in the third quarter of 2015, compared to NOK 10.3 million in the previous quarter and NOK 5.2 million in the corresponding quarter of 2014. Increased research and development (R&D) costs included in payroll expenses, increased operational activity in Asia and share based remuneration cost after new issue of options in the second quarter, were the main reasons for the increase from the previous quarter and the corresponding quarter of 2014.

Payroll expenses for the first three quarters of 2015, amounted to NOK 33.1 million compared to NOK 15.5 million for the first three quarters of 2014. The increase was mainly due to higher R&D costs and increased operational activity in Asia.

Other operating expenses amounted to NOK 15.5 million in the third quarter of 2015, compared to NOK 13.5 million in the previous quarter and NOK 10.9 million in the corresponding quarter of 2014. R&D costs included in other operating expenses increased to NOK 7.6 million in the third quarter of 2015, compared to NOK 4.8 million in the previous quarter and NOK 5.4 million in the corresponding quarter of 2014.

Other operating expenses amounted to NOK 44.9 million for the first three quarters of 2015 compared to NOK 33.2 million for the first three quarters of 2014.

Total R&D expenses, included in both payroll and other operating expenses, amounted to NOK 38.7 million for the first three quarters of 2015 compared to NOK 28.7 million for the first three quarters of 2014 (see note 4).

Depreciation, amortisation and investments

Depreciation and amortisation amounted to NOK 0.7 million in the third quarter of 2015 compared to NOK 0.2 million in the third quarter of 2014. For the first three quarters of 2015 depreciation and amortisation amounted to NOK 1.2 million compared to NOK 0.2 million for the first three quarters of 2014.

Investments amounted to NOK 0.9 million in the third quarter of 2015 compared to NOK 0.4 million in the third quarter of 2014. Investments for the first three quarters of 2015 amounted to NOK 17.8 million compared to NOK 0.9 million for the first three quarters of 2014. The main investment in the first three quarters of 2015 was the coating machine with a capacity of 1.2 million units per month and a total investment of NOK 15.5 million completed in the second quarter of 2015.

Net financial items

Net financial items amounted to a net income of NOK 0.5 million in the third quarter of 2015 compared to a net cost of NOK 0.7 million in the previous quarter and a net income of NOK 0.3 million in the third quarter of 2014. The increase in net income from the previous quarter was mainly related to foreign exchange gains compared to foreign exchange losses. For the first three quarters of 2015 net financial items amounted to a net income of NOK 1.9 million compared to a net income of NOK 0.4 million for the first three quarters of 2014. The increase was mainly due to foreign exchange gains.

Net profit (loss) for the period

Net loss in the third quarter of 2015 was NOK 29.9 million compared to a loss of NOK 24.5 million in the previous quarter and a loss of NOK 14.4 in the third quarter of 2014.

Net loss for the first three quarters of 2015 amounted to NOK 74.0 million compared to a loss of NOK 46.3 million for the first three quarters of 2014. The increased loss was mainly due to increased R & D costs and production ramp up cost. Next Biometrics is exposed to currency effects, as we report in NOK while most our transactions are in USD. As NOK has weakened in 3Q compared to the first half of 2015, this has had a significant impact on our reported cost in NOK in the third quarter. Parts of the increased costs in 3Q are due to this currency effect.

NEXT operated at a loss and did not incur deferred or payable income taxes for the first three quarters of 2015 or in 2014.

Cash flow and balance sheet

Cash and cash equivalents

Cash and cash equivalents amounted to NOK 45.3 million by the end of the first three quarters of 2015 compared to NOK 129.3 million by the end of 2014. The operations, including investments, consumed cash in an amount of NOK 30.6 million in the third quarter of 2015 compared to NOK 22.8 million in the previous quarter and NOK 26.0 in the third quarter of 2014.

Total amount for the first three quarters of 2015, including investments, amounted to NOK 83.9 million compared to NOK 77.0 million for the first three quarters of 2014.

The cash consumed for the first three quarters of 2015 was mainly related to the loss of NOK 74.0 million and inventory build-up of NOK 6.4 million.

Equity

Equity amounted to NOK 90.1 million at the end of the third quarter of 2015 compared to NOK 161.6 million by the end of 2014 and NOK 190.5 million by the end of the first three quarters of 2014.

Outlook

- New generation modules to generate orders
- Further expansions within the Notebook & Tablet markets
- “NEXT-Enabled Markets” to generate high volume / long term business
- Increased focus on SmartCard projects

The private placement and the exercise of warrants in November 2015 gave total gross proceeds of NOK 127.5 million. NEXT has adequate equity and liquidity to support operations for more than 12 months from the date of this report.

Oslo, November 23, 2015
Board of directors
NEXT Biometrics Group ASA

NEXT Biometrics Group ASA

Condensed interim statements of comprehensive income (unaudited)

30 September 2015

Amounts in NOK 1,000	Notes	2015 1.7-30.9	2014 1.7-30.9	2015 1.1-30.09	2014 1.1-30.09	2014 1.1-31.12
PROFIT AND LOSS						
Revenue						
Operating revenue	3	199	1 243	2 867	1 925	6 306
Other revenue	3	0	375	0	375	375
Total revenue		199	1 618	2 867	2 300	6 681
Operating expenses						
Payroll expenses	4	14 373	5 242	33 077	15 506	21 914
Other operating expenses	4	15 470	10 914	44 944	33 215	66 781
Total operating expenses		29 843	16 156	78 021	48 721	88 695
Profit (loss) before tax, depreciations and amortisation		-29 644	-14 539	-75 154	-46 421	-82 014
Depreciations and amortisation	5,6	692	202	1 180	242	596
Operating profit (loss)		-30 336	-14 741	-76 334	-46 663	-82 609
Net financial items	7	468	303	2 365	357	2 918
Net profit (loss) for the period		-29 868	-14 439	-73 970	-46 306	-79 691
Earnings per share - basic and diluted	9	-2,64	-1,29	-6,54	-4,80	-7,92
Other comprehensive income						
Items that will be reclassified to profit and loss						
Exchange rates differences		-72	-36	-99	-21	-105
Total other comprehensive income		-72	-36	-99	-21	-105
Total comprehensive income for the period		-29 940	-14 474	-74 068	-46 326	-79 797
Total comprehensive income for the period attributable from:						
Owners of the parent company		-29 940	-14 474	-74 068	-46 326	-79 797
Total		-29 940	-14 474	-74 068	-46 326	-79 797

Condensed interim statements of financial position (unaudited)

Amounts in NOK 1,000		30.sep.15	30.sep.14	31.des.14
ASSETS				
Non-current assets				
Intangible assets	5	6 972	7 296	7 215
Machinery and office equipment	6	18 820	982	1 960
Total non-current assets		25 792	8 278	9 175
Current assets				
Inventory		23 570	29 375	17 154
Receivables				
Account receivables		865	1 753	3 770
Other receivables		10 281	6 798	19 568
Total receivables		11 146	8 551	23 338
Cash and cash equivalents		45 282	163 531	129 265
Total current assets		79 998	201 457	169 758
Total assets		105 791	209 735	178 933
EQUITY AND LIABILITIES				
Equity				
Share capital	8	11 318	11 188	11 318
Share premium		268 155	272 558	268 155
Other paid in capital		19 136	15 185	16 594
Retained earnings		-208 525	-108 473	-134 457
Total equity		90 083	190 457	161 609
Liabilities				
Non-current liabilities				
Other non-current provisions	7	7 292	7 498	7 147
Total non-current liabilities		7 292	7 498	7 147
Current liabilities				
Accounts payable		4 076	7 135	5 121
Public duties payable		153	294	465
Other current liabilities		4 187	4 352	4 590
Total current liabilities		8 415	11 781	10 177
Total liabilities		15 707	19 278	17 323
Total equity and liabilities		105 791	209 735	178 933

NEXT Biometrics Group ASA

Condensed interim statements of cash flow (unaudited)

Amounts in NOK 1,000	Notes	2015 1.7-30.9	2014 1.7-30.9	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Cash flows from operating activities						
Profit (loss) before taxes		-29 868	-14 439	-73 970	-46 306	-79 691
Share based remuneration (equity part)		1 308	1 129	2 542	2 998	4 407
Depreciations and amortisation	5,6	692	202	1 180	242	596
Change in working capital items		-1 881	-12 576	4 161	-33 007	-37 382
Net cash flows from operating activities		-29 750	-25 683	-66 087	-76 073	-112 070
Cash flows from investing activities						
Purchase of tangible assets		-847	-362	-17 797	-882	-2 133
Net cash flows from investing activities		-847	-362	-17 797	-882	-2 133
Cash flows from financing activities						
Change in non-current debt		0	49	0	148	0
Share issue net of expenses		0	676	0	170 631	173 845
Net cash flows from financing activities		0	726	0	170 779	173 845
Translation differences		-72	-36	-99	-21	-105
Net change in cash flows		-30 669	-25 355	-83 983	93 804	59 537
Opening cash balance		75 951	188 886	129 265	69 728	69 728
Closing cash balance		45 282	163 531	45 282	163 531	129 265

Condensed interim statements of changes in equity (unaudited)

Amounts in NOK 1,000	Notes	Share capital	Share premium	Other paid-in capital	Retained earnings	Total Equity
Balance 1 July 2015		11 318	268 155	17 829	-178 585	118 716
Shares issue	8	-	-			-
Share based compensation				1 308		1 308
Translation differences					-72	-72
Net profit (loss)					-29 868	-29 868
Balance 30 September 2015		11 318	268 155	19 136	-208 525	90 083
Balance 1 July 2014		11 188	271 881	14 056	-93 999	203 126
Shares issue	8	-	676			676
Share based compensation				1 129		1 129
Translation differences					-36	-36
Net profit (loss)					-14 439	-14 439
Balance 30 September 2014		11 188	272 558	15 185	-108 473	190 457
Balance 1 January 2015		11 318	268 155	16 594	-134 457	161 609
Shares issue	8	-	-			-
Share based compensation				2 542		2 542
Translation differences					-99	-99
Net profit (loss)					-73 970	-73 970
Balance 30 September 2015		11 318	268 155	19 136	-208 525	90 083
Balance 1 January 2014		8 788	104 326	12 187	-62 147	63 154
Shares issue	8	2 400	168 231			170 631
Share based compensation				2 998		2 998
Translation differences					-21	-21
Net profit (loss)					-46 306	-46 306
Balance 30 September 2014		11 188	272 558	15 185	-108 473	190 457
Balance 1 January 2014		8 788	104 326	12 187	-62 147	63 154
Shares issue	8	2 530	171 315			173 845
Share based compensation				4 407		4 407
Translation differences					-105	-105
Net profit (loss)			-7 486		-72 205	-79 691
Balance 31 December 2014		11 318	268 155	16 594	-134 457	161 609

Notes to the condensed interim financial statements

30 September 2015 (Unaudited)

1. General information

NEXT BIOMETRICS GROUP ASA ("NEXT") is a public limited liability company incorporated and domiciled in Norway. NEXT Biometrics Group ASA is the parent company of the Group whose headquarter is located in Oslo, Norway, with subsidiaries in Shanghai, Seattle, Taipei and Prague. NEXT's shares were listed at Oslo Axxess market place at Oslo Stock Exchange 25 June 2014. NEXT is in the process of applying for transfer to Oslo Stock Exchange main list.

The operations of the Group are carried out by the Group's operating subsidiaries. As per the end of the first three quarters of 2015, the Group has five wholly owned operating subsidiaries: NEXT Biometrics AS (Norway) and its subsidiaries NEXT Biometrics Inc (Seattle, USA), NEXT Biometrics China Ltd (Shanghai, China), NEXT Biometrics Taiwan Ltd (Taipei, Taiwan) and NEXT Biometrics s.r.o (Prague, Czech Republic).

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

2. Basis of preparation, accounting policies

This condensed interim financial report for the first three quarters of 2015 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed interim financial report should be read in conjunction with the annual financial statements for 2014.

The IFRS accounting policies applied in this condensed interim financial report are consistent with those applied and described in the annual financial statements for 2014.

The going concern assumption has been applied when preparing this financial report. In 2014 NEXT raised additional funds to enable NEXT to enter the commercial phase. By the end of the first three quarters of 2015 NEXT had earned revenue from commercial volumes, but still at modest levels.

NEXT made a private placement in 2015, which in addition to the exercise of warrants, gave total new funds of NOK 127.5 million. NEXT will have adequate equity and liquidity for going concern for longer than 12 months from the date of this report.

This interim financial report has not been subject to audit.

The board of directors approved the report on 23 November 2015.

3. Revenue and segment reporting

Operating revenue - Per business segment (amounts in NOK)	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Fingerprint sensor technology	2 866 676	1 924 805	6 306 414
Total	2 866 676	1 924 805	6 306 414

NEXT have grouped its activities into 4 main market segments;

(i) Smartphones & Tablets, (ii) Notebooks & Accessories, (iii) Existing/Traditional markets and (iv) NEXT Enabled markets.

The core technology (sensor and ASIC) is generic to the four markets. Since NEXT has limited revenues, it is operating and reporting only in one business segment; *Fingerprint sensor technology*.

For the first three quarters of 2015, 61,000 sensors were shipped, with 52,000 sensors in the first quarter, 4,000 sensors in the second quarter and 5,000 sensors in the third quarter. For the year 2014 more than 150,000 sensors were shipped to customers.

4. Operating expenses

Payroll expenses (amounts in NOK)	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Share based remuneration (salary part)	2 375 214	1 969 253	3 001 961
Share based remuneration (employer's tax)	-110 134	-876 254	-1 907 640
R&D related payroll expenses	19 466 897	8 268 337	11 061 540
Other payroll expenses	11 344 914	6 144 302	9 758 505
Total	33 076 891	15 505 637	21 914 366

Other operating expenses (amounts in NOK)	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Share based remuneration (operating part)	166 829	1 028 907	1 405 382
R&D related operating expenses	19 189 271	20 387 922	27 703 940
Other expenses *	25 588 070	11 798 082	37 671 394
Total	44 944 170	33 214 910	66 780 716

Total - Operating expenses	78 021 061	48 720 547	88 695 082
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*Cost of goods sold is included in other expenses.

5. Intangible assets

The company entered into a royalty agreement on 8 May 2008 regarding NEXT Biometrics Group ASA right to use the patent described as the *Active Thermal Sensing Principle*. This purchase was recognized at net present value and included in the opening balance as of 1 January 2012. The book value is depended on the successful development of the fingerprint technology in the parent company and in the subsidiaries. On 8 October 2015, NEXT and Ngoc Minh Dinh agreed to terminate the royalty payment part of the agreement, against a one-time payment of NOK 9,500,000. For further information see note 7 and note 11

	2015	2014	2014
Purchase of patent (amounts in NOK)	1.1-30.9	1.1-30.9	1.1-31.12
Cost - Opening balance	7 458 255	7 458 255	7 458 255
Additions	0	0	0
Disposals at cost	0	0	0
Currency adjustments	0	0	0
Cost - Closing balance	7 458 255	7 458 255	7 458 255
Accumulated depreciation - Opening balance	243 204	0	0
Depreciation	243 204	182 403	243 204
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	0	0	0
Accumulated depreciation - Closing balance	486 408	182 403	243 204
Book value - Closing balance	6 971 847	7 275 852	7 215 051

The patent is amortized over the patent life from the time revenue was recognized. The provision connected to this purchase is recognized as long-term provision.

In addition, other intangible assets amounting to NOK 20 thousand were included in the balance by the end of the first three quarters of 2014, total intangible assets were thus NOK 7,295 thousand.

6. Tangible assets

Machinery and equipment (amounts in NOK)	2015	2014	2014
	1.1-30.9	1.1-30.9	1.1-31.12
Cost - Opening balance	3 535 656	1 161 523	1 161 523
Additions	17 539 126	876 189	2 116 481
Disposals at cost	0	0	0
Currency adjustments	508 240	70 394	257 652
Cost - Closing balance	21 583 021	2 108 105	3 535 656
Accumulated depreciation - Opening balance	1 575 766	1 061 698	1 061 698
Depreciation	936 819	0	272 511
Accumulated depreciation of disposed items	0	0	0
Currency adjustments	250 200	64 344	241 557
Accumulated depreciation - Closing balance	2 762 785	1 126 042	1 575 766
Book value - Closing balance	18 820 236	982 063	1 959 890
Depreciation period (straight line) years	3-10	3-7	3-7

7. Provisions

Royalty payments

NEXT Biometrics Group AS and board member Ngoc Minh Dinh entered into a royalty agreement on 8 May 2008 regarding the company's right to use the patent described as the *Active Thermal Sensing principle*.

Royalty payments (amounts in NOK)	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Opening balance	7 546 803	7 649 839	7 649 839
Time value	145 230	147 723	196 964
Additional	0	0	0
Payment	0	0	-300 000
Closing balance	7 692 033	7 797 562	7 546 803

Presented as:	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Current liability	400 000	300 000	400 000
Non-current liability	7 292 033	7 497 562	7 146 803
Closing balance	7 692 033	7 797 562	7 546 803

After the balance sheet day, on 8 October 2015, NEXT and Ngoc Minh Dinh agreed to terminate the royalty payments. The agreement was initially designed to ensure Ngoc Minh Dinh's a minimum payment for development of the technology regardless of his ownership in the Company. Ngoc Minh Dinh was thus entitled to a royalty equal to 5% of the Company's gross margin. Based on the improved cash position of the Company resulting from the private placement, the Company and Ngoc Minh Dinh have agreed that it is in the best interest of both parties to terminate the annual payment under the agreement against a one-time payment of NOK 9,500,000. This was settled 6 November 2015.

NEXT does not have any contingent assets or contingent liabilities except royalty liabilities. NEXT has not issued any guarantees.

8. Shares and incentive options

Shares	2015 1.1-30.9	2014 1.1-30.9	2014 1.1-31.12
Opening balance	11 317 665	8 787 665	8 787 665
Share issue(s)	0	2 400 000	2 400 000
Exercised financial options	0	0	130 000
Closing balance	11 317 665	11 187 665	11 317 665

In 2015, the Company has issued no new shares by the end of the third quarter of 2015.

On 2 November 2015, the Company's Extraordinary General Meeting (EGM) passed a resolution to increase the Company's share capital by NOK 2,000,000, by issuance of 2,000,000 new shares. This equals to approximately 17.5% of the Company's share capital. Iskossala Ltd, an affiliate of Greenbridge Partners subscribed for these 2,000,000 new Shares at the Subscription Price of NOK 60 per share, in total NOK 120,000,000.

Icreate Investments Limited, an affiliate of the Foxconn group, exercised on 4 November 2015, a total of 93,750 unconditional warrants issued on 9 June 2014, each giving the right to subscribe for and be allotted one new share in the Company. The subscription price per warrant was NOK 80 per share, in total NOK 7,500,000. After this exercise, a total of 281,250 conditional warrants remain outstanding.

After the private placement of 2,000,000 new shares and the exercise of warrants of 93,750 the Company's share capital is NOK 13,411,415, divided into 13,411,415 shares with a par value of NOK 1 per share.

Share options

At the Annual General Meeting (AGM) 16 May 2014 the Board of Directors was granted authorization to increase the Company's share capital by up to NOK 1 393 000 for the company's option program.

Options	2015	2014	2014
	1.1-30.9	1.1-30.9	1.1-31.12
Opening balance	1 299 876	1 275 332	1 275 332
Grant of incentive options	136 500	49 868	224 544
Exercised incentive options	0	0	-130 000
Forfeited incentive options	-53 000	-60 000	-60 000
Expired incentive options	0	-10 000	-10 000
Closing balance	1 383 376	1 255 200	1 299 876

In the second quarter of 2015 the board of directors resolved to grant a total of 136 500 new share options, in accordance with the Company's share option program at a strike price of NOK 47 per share.

The following primary insiders were granted share options in the second quarter of 2015:

- Tore Etholm-Idsøe (CEO) was granted 20,000 options (396 000)
- Matias Troccoli (CTO) was granted 17,500 options (186 377)
- Robert Muller (Chief Technologist Systems) was granted 10 000 options (60,470)
- Campbell Kan (VP of Operations and Asia Sales) was granted 27,000 options (27,000)
- Charles Ng (VP of sales EMEA) was granted 10,000 options (30,000 options)

After this option exercise and grant of new options, the total number of options outstanding are 1,383,376 and the remaining amount under the board authorization is NOK 1,283,000.

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

Options	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
	01.01.2015 - 30.9.2015		01.01.2014 - 31.12.2014		01.01.2013 - 31.12.2013	
Outstanding at the beginning of period	1 299 876	28,65	1 275 332	25,46	843 201	14,40
Granted	136 500	47,00	224 544	47,63	437 931	47,06
Exercised	-	-	-130 000	25,00	-5 800	50,00
Cancelled	-	-	-	-	-	-
Forfeited	-53 000	53,58	-60 000	25,00	-	-
Expired	-	-	-10 000	75,00	-	-
Adjusted quantity	-	-	-	-	-	-
Modification / Dividends	-	-	-	-	-	-
Outstanding at the end of period	1 383 376	29,50	1 299 876	28,65	1 275 332	25,46
Vested options	1 010 200	20,50	970 210	19,63	925 277	18,92
Weighted Average Fair Value of Options Granted during the period	136 500	24,49	251 544	26,26	437 931	24,55
Intrinsic value outstanding options at the end of the period	857 700	22 508 351	857 700	29 369 951	1 224 332	63 385 569
Intrinsic value vested options at the end of the period	857 700	22 508 351	827 710	29 055 056	915 277	51 892 999

9. Profit (loss) per share

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

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

	2015	2014	2014
1 January - 30 September	1.1-30.9	1.1-30.9	1.1-31.12
Profit (loss) attributable to the shareholders (NOK)	-73 969 710	-46 305 694	-79 691 090
Number of ordinary shares issue at 30 Sept./31 Dec.	11 317 665	11 187 665	11 317 665
Weighted average basic number of shares	11 317 665	9 649 203	10 057 062
Weighted average diluted number of shares	12 621 792	10 912 806	11 323 499
Profit (loss) per share, basic and diluted (NOK)	-6,54	-4,80	-7,92

10. Risk management

A description of risk factors can be found in Note 2 of NEXT Biometrics Group ASA's 2014 annual report.

11. Events occurring after the balance sheet date

NEXT Biometrics Group ASA and board member Ngoc Minh Dinh entered into a royalty agreement on 8 May 2008 regarding the company's right to use the patent described as the *Active Thermal Sensing principle*. On 8 October 2015, NEXT and Ngoc Minh Dinh agreed to terminate the royalty payments, against a one-time payment of NOK 9,500,000. This was settled on 6 November 2015.

On 2 November 2015 the EGM resolved to issue 2,000,000 new shares in a private placement directed at Greenbridge Partners. Iskossala Ltd, subscribed at a price of NOK 60 per share, in total NOK 120 million.

Icreate Investments Limited, an affiliate of the Foxconn group, exercised on 4 November 2015, a total of 93,750 unconditional warrants issued on 9 June 2014, each giving the right to subscribe for and be allotted one new share in the Company. The subscription price per warrant was NOK 80, in total NOK 7,500,000.

After the private placement of 2,000,000 new shares and the exercise of warrants of 93,750 the Company's share capital is NOK 13,411,415, divided into 13,411,415 shares with a par value of NOK 1 per share.