

NEXT BIOMETRICS GROUP ASA

Quarterly Report | Q3 2024



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NEXT Biometrics Group ASA

Quarterly report – Q3 2024

Highlights

- Revenue of NOK 27.6 m (NOK 6.0 m Q3 2023)
- Adjusted gross margin at 52% (37% Q3 2023); improved due to product mix
- 59 accumulated design-wins by end Q3 2024 (44 as per Q3 2023)
- EBITDA of NOK -0.3 m (NOK -17.6 m Q3 2023)
- Adjusted EBITDA¹ of NOK -1.5 m in Q3 2024 (NOK -10.5 m Q3 2023); improved due to increased revenues and gross margin
- Cash position of NOK 45.5 m per 30 September 2024 (NOK 86.2 m as per 30 September 2023)
- NEXT successfully completed a private placement in October 2024, raising gross proceeds of NOK 40.2 m

CEO Statement

As we are now closing the books on Q3, we have an interesting quarter with several important operational developments behind us. During 2024, many efforts have been invested into our sales processes and we are delighted to report our sales efforts on all our markets are progressing well and according to plan.

For Q3, we report revenues of 27.6 MNOK, which is up 360%, compared to Q3 and thus slightly higher than what was communicated in our revenue update that was announced on October 9th. With a reported EBITDA of just negative 0.3 MNOK, we also came very close to our targeted break-even. Gross margin came in strong at 52%.

Our accounts receivable increased considerably and reached a level slightly above 53 MNOK. We believe this to be a temporary effect, since most sales were closed towards the end of the quarter. NEXT expect these effects to decrease by the beginning of Q1 2025.

Our sales efforts progressed according to plan. We are satisfied that NEXT has secured several important contracts and new design-wins in China, India, Bangladesh and Pakistan during the last three months.

In China, we made additional China-ID shipments in Q3, and we continued preparations to form the strategic joint-venture with Wiser in China, which is streamlining our participation in tier-1 tenders and gaining NEXT access to the tier-1 banking and healthcare markets. Wiser and NEXT have set ambitious goals for the co-operation, and we are satisfied that we reached the first JV milestone early Q4 as a part of this co-operation. Our technology is in high demand in China as it is secure and robust throughout the most demanding authentication and verification environments, and we have secured a solid order pipeline that will grow the business going forward.

We also made further progress on the Chinese market: through the collaboration with one of our partners, the partner's products for touch pads are now included in our product offering as well. Our long-term target to develop and successfully integrate our Active Thermal[®] sensors into a touchpad product for the first time also continues and progresses.

In Pakistan, NEXT received its first order after successfully integrating its NEXT's Oyster III biometric reader into NADRA1, which is Pakistan's national ID program. This first order is small, but an important recognition of our technology.

In Bangladesh, we made our second delivery with an order value of 5 MNOK with products relating to the five-year contract worth 95 MNOK with Commlink Infotech LLC. The agreement covers deliveries of NEXT's FAP20 for integration into the Bangladesh National ID program.

We also made additional deliveries to India during the quarter, which together with the China orders, contributed to our strong revenue growth during this quarter. We reiterate our expectation of a strong momentum for NEXT in Q4 and 2025. This momentum is triggered by the impetus from the ongoing generational upgrade in India, with a high volume of tenders, and an increasing demand for biometric solutions. By targeting populous markets like India, Bangladesh, China and Pakistan we are in the right position to reach a higher revenue level.

Subsequent to quarter-end, we completed a private placement of NOK 40 million. The equity raise was performed to secure necessary working capital related to our growing pipeline of orders. I would like to thank all the existing, and new shareholders, who participated in the share issue.

Speaking of orders, I am proud that we have also announced our very first order from a completely new geographical market, Malaysia. NEXT's technology has been used to replace an existing supplier's fingerprint readers and as of this writing the order is already successfully shipped.

We remain confident in our outlook: NEXT is well-positioned for success in the high-end fingerprint sensor market. We are excited about the opportunities for our company in Q4 and 2025.

Ulf Ritsvall, CEO of NEXT Biometrics Group ASA

(amounts in NOK million)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Total revenues	27,6	6,0	58,7	20,1	34,4
Adjusted gross margin (%) ¹⁾	52%	37%	54%	25%	33%
Adjusted EBITDA ¹⁾	-1,5	-10,5	-17,3	-35,4	-43,7
Cash - closing balance	45,5	86,1	45,5	86,1	67,8

1) See definition on page 13

Operational review

4 new design-wins were added during the third quarter. The total pool of design-wins was 59 customer products as per 30 September 2024, compared to 44 as per 30 September 2023.

Q3 2024 revenues increased by 360% compared to Q3 2023. The increase is due to low revenues in Q3 2023 and a substantial increase in shipments of FAP20 and China-ID products compared to the same quarter last year. Moreover, the Q3 revenues increased by 51% sequentially compared to Q2 2024. The main part of revenues in Q3 was related to products targeted for the markets in India, China and Bangladesh.

NEXT's Q3 2024 adjusted gross margin was 52%, vs. 37% in Q3 2023. The increase in gross margin is due to an increased share of FAP20 and China-ID products.

Early 2024, NEXT's FAP20 sensor received the prestigious China ID certification. China ID is a nationwide security requirement similar to India's Aadhaar program, providing NEXT's customers access to otherwise closed market segments. NEXT continued to produce and deliver China-ID products its customers during Q3.

NEXT continued R&D activities developing FAP30 fingerprint sensors during the quarter. The FAP30 products can be applied in high-end applications (high security demands). The first engineering samples are planned to be ready in Q4 2024 and mass production is targeted to start during 2025. The planned launch of FAP30 product broadens NEXT's product portfolio and makes NEXT a more attractive partner to international OEMs (Original Equipment Manufacturers).

Interim condensed financial statements as of 30 September 2024 (unaudited)

Statement of comprehensive income

Revenues for Q3 2024 were NOK 27.6 million compared to NOK 6.0 million in Q3 2023. The increase in revenues relative to Q3 2023 was due to higher FAP20 and China-ID sensor product shipments.

Payroll expenses excluding stock option costs were NOK 7.2 million in Q3 2024 compared to NOK 7.4 million in Q3 2023. Net employee stock option and option social security gain were NOK 1.4 million in Q3 2024 compared to NOK 3.0 million net cost in Q3 2023. See note 4 for further information on stock option and option social security cost.

Other operating expenses were NOK 8.7 million in Q3 2024 compared to NOK 5.5 million in Q3 2023. The increase in costs in Q3 2024 relative to Q3 2023 is mainly due to increased sales team headcount that are hired as contractors and intensified FAP30 sensor R&D efforts.

Depreciation and amortization were NOK 1.1 million in Q3 2024 compared to NOK 1.7 million in Q3 2023.

Net financial items were positive NOK 0.1 million in Q3 2024 compared to positive 0.1 million in Q3 2023.

Income tax expense was NOK 0.1 million in Q3 2024, compared to income tax expense NOK 0.0 million in Q3 2023.

EBITDA was negative NOK 0.3 million in Q3 2024, compared to negative NOK 17.6 million in Q3 2023. The improvement in Q3 2024 EBITDA is due to higher revenues, increased gross margin and lower option and social security costs. Adjusted EBITDA was negative NOK 1.5 million in Q3 2024, compared to negative NOK 10.5 million in Q3 2023.

Loss after taxes for Q3 2024 was NOK 1.4 million compared to a loss of NOK 20.4 million for Q3 2023.

Statement of financial position and cash flow

Cash amounted to NOK 45.5 million per 30 September 2024, compared to NOK 86.1 million per 30 September 2023.

Net cash flow from operating activities was negative NOK 13.5 million in Q3 2024, compared to negative NOK 9.2 million in Q3 2023. The negative cash flow in Q3 2024 is mainly due to increased receivables resulting from significantly higher revenues with more than 90% of the product shipments happening in the last month of the quarter and late payments on accounts receivables from NEXT's customers. Moreover, NEXT has agreed to delay payments on accounts receivable from selected distributors. This is a part of the strategy to secure sufficient availability of products in the distributor supply chain during the critical product introduction and

growth phase in India and China. At the same time, inventory was reduced by NOK 5.5 million during the quarter following a high shipment level and a normalization towards lower inventory levels.

Net cash flow from investing activities was negative 0.6 million in Q3 2024, compared to nil in Q3 2023.

Net cash flow from financing activities was positive 18.8 million in Q3 2024 compared to positive NOK 56.4 million in Q3 2023. The decrease in cash flow from financing can be explained by the equity transactions completed in Q3 2023 and Q3 2024. During Q3 2024 NEXT raised net NOK 19.4 million from the exercise of share options. Please see note 4 for further details on the changes in shares and incentive options. Moreover, NEXT completed a private placement with net proceeds of NOK 56.9 million in Q3 2023.

Going concern

The Group's financial statements for Q3 2024 have been prepared on the basis of a going concern assumption.

Outlook

With our current revenue pipeline and the market opportunities we see especially in India and China, but also the rest of the world, we expect continued sequential revenue growth in Q4 and positive adjusted EBITDA. For 2025 we have a revenue target of NOK 180-200 million. The FAP20 share in the product mix is expected to remain at high levels, and with the continued development of higher gross margin products, NEXT's gross margin is expected to stay above 50% also in 2025.

Our R&D team has identified high-potential new markets where our disruptive Active Thermal technology can set new standards and deliver major value. Once we have a clear cost and timeline as well as a defined product scope, we look forward to presenting the exciting possibilities this project offers.

Oslo, 5 November 2024

CEO and Board of Directors

NEXT Biometrics Group ASA

Ulf Ritsvall (CEO)

Odd Harald Hauge (Chairman)

Emine Lundkvist (Board member)

Petter Fjellstad (Board member)

Siri Gommæs Børsum (Board member)

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Interim condensed consolidated statement of comprehensive income (unaudited)

(amounts in NOK 1 000)	Notes	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Operating revenues	2	27 527	5 979	58 616	19 708	33 717
Other revenues		49	-	82	384	666
Cost of goods sold		-13 340	-3 738	-26 915	-15 167	-22 962
Inventory write downs		4	-4 039	-11	-4 039	-4 042
Gross margin		14 240	-1 798	31 772	887	7 379
Payroll expenses	3,4	-5 804	-10 332	-24 547	-31 786	-42 370
Other operating expenses	3,4	-8 734	-5 477	-26 626	-16 300	-23 218
EBITDA		-297	-17 608	-19 401	-47 199	-58 209
Depreciation and amortization		-1 145	-1 690	-4 209	-5 521	-7 068
Impairment losses		-	-1 139	-	-1 139	-1 139
Operating profit (loss)		-1 442	-20 437	-23 611	-53 859	-66 416
Net financial items		140	57	803	418	918
Profit (loss) before taxes		-1 303	-20 380	-22 808	-53 440	-65 498
Income tax expenses		-66	-44	-98	-141	-234
Profit (loss) after taxes		-1 368	-20 425	-22 906	-53 582	-65 732
Earnings per share (in NOK):						
Basic and diluted		-0,01	-0,22	-0,22	-0,58	-0,69
<i>Other comprehensive income (loss) that may be reclassified subsequently to profit and loss:</i>						
Translation differences on net investments in foreign operations		-412	-949	1 642	2 935	1 170
Other comprehensive income (loss)		-412	-949	1 642	2 935	1 170
Total comprehensive income (loss)		-1 780	-21 374	-21 263	-50 647	-64 562
Profit (loss) after taxes attributable to:						
Owners of the parent company		-1 368	-20 425	-22 906	-53 582	-65 732
Total comprehensive income (loss) attributable to:						
Owners of the parent company		-1 780	-21 374	-21 263	-50 647	-64 562

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Interim condensed consolidated statement of financial position (unaudited)

(amounts in NOK 1 000)	Notes	30 Sep 2024	30 Sep 2023	31 Dec 2023
Deferred tax assets		2	-	-
Intangible assets		961	1 687	1 530
Property, plant and equipment		4 817	8 034	6 738
Total non-current assets		5 779	9 721	8 268
Inventories		13 970	26 030	23 126
Accounts receivables		53 113	3 726	12 303
Other current assets		8 071	10 744	7 451
Cash		45 548	86 150	67 753
Total current assets		120 701	126 650	110 632
Total assets		126 480	136 371	118 900
Share capital	4	109 655	103 996	104 025
Share premium		47 277	48 968	30 858
Other reserves		34 351	31 210	31 965
Accumulated losses		-93 761	-76 746	-72 498
Total equity		97 521	107 428	94 351
Deferred tax liabilities		38	67	-
Non-current lease liabilities		1 101	346	194
Total non-current liabilities		1 139	413	194
Accounts payables		8 204	6 148	5 984
Income tax payables		-	-	33
Current lease liabilities		237	2 117	1 745
Other current liabilities		19 379	20 265	16 594
Total current liabilities		27 820	28 530	24 355
Total equity and liabilities		126 480	136 371	118 900

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Interim condensed consolidated statement of cash flow (unaudited)

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Profit (loss) before taxes	-1 303	-20 380	-22 808	-53 440	-65 498
Share based remuneration	1 340	1 877	2 386	5 141	5 896
Accrued share option social security cost	-2 555	1 144	-315	2 643	4 611
Income taxes paid	-2	-	-2	-69	-26
Depreciation and amortization	1 145	1 690	4 209	5 521	7 068
Impairment losses	-	1 139	-	1 139	1 139
Inventory write-downs	-4	4 039	11	4 039	4 042
Change in working capital items and other	-12 126	1 305	-25 183	-2 734	-13 863
Net cash flow from operating activities	-13 505	-9 187	-41 701	-37 760	-56 630
Purchases of property, plant and equipment and intangible assets	-552	-	-564	-	-13
Net cash flow from investing activities	-552	-	-564	-	-13
Gross proceeds from issue of shares	19 500	60 017	22 292	60 034	60 150
Payments of transaction costs equity transactions	-123	-3 100	-244	-3 100	-3 134
Payments of lease liabilities	-556	-511	-1 639	-1 550	-2 078
Net cash flow from financing activities	18 821	56 407	20 409	55 385	54 938
Net change in cash flow	4 764	47 220	-21 855	17 625	-1 705
Cash balance at beginning of period	40 876	38 625	67 753	69 302	69 302
Translation differences from subsidiaries and effects of exchange rate changes on cash and cash equivalents	-93	306	-350	-775	156
Cash balance at end of period	45 548	86 150	45 548	86 150	67 753
Comprising of:					
Cash	45 548	86 150	45 548	86 150	67 753

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Interim condensed consolidated statement of changes in equity (unaudited)

(amounts in NOK 1 000)	Notes	Share capital	Share premium	Other reserves	Accumulated losses	Total equity
As of 1 January 2024		104 025	30 858	31 965	-72 498	94 351
Profit (loss) after taxes					-22 906	-22 906
Other comprehensive income (loss)					1 642	1 642
Total comprehensive income (loss)					-21 263	-21 263
Share issues net	4	5 630	16 419			22 048
Share based remuneration	4			2 386		2 386
As of 30 September 2024		109 655	47 277	34 351	-93 761	97 521
As of 1 January 2023		91 981	4 049	26 069	-26 099	96 000
Profit (loss) after taxes					-53 582	-53 582
Other comprehensive income (loss)					2 935	2 935
Total comprehensive income (loss)					-50 647	-50 647
Share issues net	4	12 015	44 919			56 934
Share based remuneration	4			5 141		5 141
As of 30 September 2023		103 996	48 968	31 210	-76 746	107 428

Notes to the interim consolidated financial statements

Note 1 – General information and accounting principles

NEXT (the Group) consists of NEXT Biometric Group ASA (the parent company) and its subsidiaries. NEXT Biometrics Group ASA is a public limited liability company incorporated and domiciled in Norway and is listed at Oslo Stock Exchange under the ticker NEXT.

The Group's operations are carried out by the operating subsidiaries. The Group has five wholly owned active operating subsidiaries: NEXT Biometrics AS (Oslo, Norway), NEXT Biometrics Inc. (Seattle, USA), NEXT Biometrics China Ltd. (Shanghai, China), NEXT Biometrics Taiwan Ltd. (Taipei, Taiwan) and NEXT Biometrics Solutions India Pvt. Ltd. (India).

The Group provides advanced fingerprint sensor technology that delivers uncompromised security and accuracy for the best possible user experience in the smart card, government ID, access control and notebook markets.

This report contains forward-looking statements that are based on, among other things, the management current expectations, estimates and projections about global economic conditions, the economic conditions of the regions and industries that are major markets for the Group. All such forward-looking statements are subject to inherent risks and uncertainties, and many factors can cause substantial deviations from what has been expressed or implied in such statements.

These interim financial statements have been prepared in accordance with IFRS[®] Accounting Standards as adopted by the EU per 30 September 2024 and IAS 34 "Interim financial reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2023 (Annual Report for 2023). The Annual Report for 2023 is available at www.nextbiometrics.com.

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of Annual Report for 2023. There are no new standards and interpretations effective from 1 January 2024 that had a significant impact on the Group's consolidated interim financial statements.

As a result of rounding differences, numbers or percentages may not add up to the total.

The Group's interim financial statements for Q3 2024 have been prepared on the basis of a going concern assumption.

This interim financial report has not been subject to audit.

The Board of Directors approved the report on 5 November 2024.

Note 2 – Revenue and segment reporting

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Fingerprint sensor technology	27 527	5 979	58 616	19 708	33 717
Total operating revenues	27 527	5 979	58 616	19 708	33 717

NEXT targets four markets for the technology;

- (i) Office & Notebooks
- (ii) Payment & Fintech
- (iii) Access control
- (iv) Public Security

The available technology is generic into the four markets. Most of NEXT's key IP, including our *NEXT Active Thermal™* is shared and used in all four markets.

Note 3 – Operating expenses

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Salaries, fees	-6 116	-5 883	-18 842	-19 749	-26 507
Share based remuneration (salary part)	-1 163	-1 832	-2 080	-5 039	-5 729
Share based remuneration (employer's tax)	2 555	-1 144	315	-2 643	-4 611
Social security taxes	-703	-1 425	-2 542	-3 343	-3 515
Other personnel expenses	-376	-48	-1 399	-1 011	-2 008
Total payroll expenses	-5 804	-10 332	-24 547	-31 786	-42 370

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Product and marketing costs	-1 797	-1 103	-5 203	-3 250	-4 434
R&D and business services costs	-5 136	-2 875	-15 765	-8 906	-13 232
R&D and government grants	380	381	1 408	1 155	1 754
Fees to contractors, auditors, lawyers and others	-1 085	-859	-4 143	-3 175	-4 331
Other expenses	-920	-976	-2 616	-2 022	-2 807
Share based remuneration (operating part)	-177	-45	-307	-101	-167
Total other operating expenses	-8 734	-5 477	-26 626	-16 300	-23 218

Total payroll expenses were NOK 5.8 million in Q3 2024 compared to NOK 10.3 million in Q3 2023. The difference in costs in Q3 2024 relative to Q3 2023 is mainly the difference in share-based remuneration and options social security cost from net cost NOK 3.0 million in Q3 2023 to NOK 1.4 million net gain in Q3 2024.

Total other operating expenses were NOK 8.7 million in Q3 2024 compared to NOK 5.5 million in Q3 2023. The difference in costs in Q3 2024 relative to Q3 2023 is mainly the increase in R&D and business service costs and product and marketing costs resulting from an enlarged sales team (hired as contractors) and intensified R&D efforts.

Note 4 – Shares and incentive options

Numbers of shares outstanding

As of 1 January 2024	104 024 929
Share issues	5 629 606
As of 30 September 2024	109 654 535

In February and May 2024, 676,083 share options were exercised at an average subscription price of NOK 4.1 per share, corresponding to gross proceeds of NOK 2.8 million.

In August 2024, 233,523 share options were exercised at an average subscription price of NOK 2.77 per share, corresponding to gross proceeds of NOK 0.6 million. Further, in September 2024, 4,720,000 share options were exercised at an average subscription price of NOK 3.99 per share, corresponding to gross proceeds of NOK 18.85 million.

The number of shares outstanding increased by 4,953,523 during quarter three.

Share options:

NEXT has entered into and plans to continue to enter into stock option agreements in order to attract talented and experienced employees.

During the quarter, NEXT booked NOK 1.3 million in stock option cost relating to employees and contractors. The Group's stock option social security cost was negative NOK 2.6 million due to exercises of stock options and the decrease in the parent company's stock price during Q3 2024. The net costs related to stock options and option social security costs were negative 1.2 million for Q3 2024.

There was a decrease of 4,963,523 outstanding options during Q3 2024. The decrease is due to the exercises of employee stock options. The Group had 10,020,579 options outstanding as per 30 September 2024.

Note 5 – Subsequent events

Between 30 September 2024 and the resolution of these condensed consolidated interim financial statements, there has not been any other event which would have had any noticeable impact on NEXT's result for the Q3 2024 period nor on the value of the Group's assets and liabilities as per 30 September 2024.

Alternative performance measures

NEXT's financial information has been prepared in accordance with IFRS® Accounting Standards as adopted by the EU. In addition, it is management's intent to provide alternative performance measures that are regularly reviewed by management to enhance the understanding of NEXT's performance, but not instead of, the financial statements prepared in accordance with IFRS. The alternative performance measures presented may be determined or calculated differently by other companies.

Definitions

Most of these key figures are alternative performance measures according to ESMA's definition. How these key figures are used is described below, as is how they are calculated. The alternative performance measures are used to provide a more comprehensive description of how the operational activities are developing, such as gross margin and EBITDA ex options.

Gross margin/Adjusted Gross margin / Adjusted Gross margin (%)

Gross margin is defined as operating revenue plus other income less cost of goods. Gross margin (%) is expressed as a percentage of operating revenue and other income.

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Operating revenues	27 527	5 979	58 616	19 708	33 717
Other revenues	49	-	82	384	666
Cost of goods sold	-13 340	-3 738	-26 915	-15 167	-22 962
Inventory write-downs	4	-4 039	-11	-4 039	-4 042
Gross margin	14 240	-1 798	31 772	887	7 379
Gross margin	14 240	-1 798	31 772	887	7 379
Divided by operating revenues and other revenues	27 576	5 979	58 698	20 093	34 383
Gross margin (%)	52%	-30%	54%	4%	21%

Adjusted Gross margin is defined as operating revenue plus other income less cost of goods sold plus inventory write-downs. Adjusted Gross margin (%) is expressed as a percentage of operating revenue and other income.

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Operating revenues	27 527	5 979	58 616	19 708	33 717
Other revenues	49	-	82	384	666
Cost of goods sold	-13 340	-3 738	-26 915	-15 167	-22 962
Inventory write-downs	4	-4 039	-11	-4 039	-4 042
Added back inventory write-downs	-4	4 039	11	4 039	4 042
Adjusted gross margin	14 236	2 241	31 783	4 926	11 421
Adjusted Gross margin	14 236	2 241	31 783	4 926	11 421
Divided by operating revenues and other revenues	27 576	5 979	58 698	20 093	34 383
Adjusted gross margin (%)	52%	37%	54%	25%	33%

EBITDA / Adjusted EBITDA

EBITDA is earnings before interest, taxes, depreciation, amortization and impairment losses.

Adjusted EBITDA is equal to EBITDA excluding “share-based remuneration” (salary part, employer’s part and operating part) and inventory write-downs.

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Operating profit (loss)	-1 442	-20 437	-23 611	-53 859	-66 416
Added back depreciation and amortization	1 145	1 690	4 209	5 521	7 068
Added back impairment losses	-	1 139	-	1 139	1 139
EBITDA	-297	-17 608	-19 401	-47 199	-58 209
Added back share-based remuneration (salary part)	1 163	1 832	2 080	5 039	5 729
Added back share-based remuneration (employer's tax)	-2 555	1 144	-315	2 643	4 611
Added back share-based remuneration (operating part)	177	45	307	101	167
Added back inventory write-downs	-4	4 039	11	4 039	4 042
Adjusted EBITDA	-1 517	-10 548	-17 319	-35 376	-43 659

Cost of goods sold (COGS)

Cost of goods sold (COGS) is cost of materials and production service expenses.

Inventory write-downs

Inventory write-downs are costs related to excess inventory in relation to raw materials, semi-finished goods, products and product lines that are discontinued and/or in the process of being discontinued.

Operating expenses (OPEX)

Operating expenses (OPEX) consist of salaries and personnel cost and other operating expenses.

Operating expenses ex. options (OPEX ex. Options)

Operating expenses excluding options (OPEX ex. options) is defined as salaries and personnel cost and other operating expenses excluding share based remuneration.

(amounts in NOK 1 000)	Q3 2024	Q3 2023	9 months 2024	9 months 2023	Full Year 2023
Operating expenses (OPEX)	14 538	15 810	51 173	48 086	65 588
Deducted share-based remuneration (salary part)	-1 163	-1 832	-2 080	-5 039	-5 729
Deducted share-based remuneration (employer's tax)	2 555	-1 144	315	-2 643	-4 611
Deducted share-based remuneration (operating part)	-177	-45	-307	-101	-167
Operating expenses ex. options (OPEX ex. options)	15 753	12 789	49 102	40 302	55 081



NEXT BIOMETRICS GROUP ASA

ABOUT

NEXT provides advanced fingerprint sensor technology that delivers uncompromised security and accuracy for the best possible user experience in the smart card, government ID, access control and notebook markets.

The company's patented NEXT Active Thermal™ principle allows the development of large, high quality fingerprint sensors in both rigid and flexible formats. NEXT Biometrics Group ASA (www.nextbiometrics.com) is headquartered in Oslo, with sales, support and development operations in Seattle, Taipei, Bengaluru and Shanghai

CONTACT

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