

NEXT BIOMETRICS GROUP ASA

Quarterly Report | Q2 2025



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NEXT Biometrics Group ASA

Quarterly report – Q2 2025

Highlights

- Adjusted revenues of NOK 4.3 m (NOK 18.3 m Q2 2024)
- Adjusted gross profit (%) at 39% (57% Q2 2024)
- Secured 6 new design wins in Q2 2025, bringing our total to 76 design wins by the end of the quarter — up from 55 in Q2 2024, showing solid market traction
- Adjusted EBITDA of NOK -14.2 m in Q2 2025, reflecting the impact of lower revenues, while positioning the company for the future.
- Cash position of NOK 22.1 m as of 30 June 2025 (NOK 40.9 m as per 30 June 2024)
- Successfully launched our FAP30 NEXT Granite Sensor and FAP20 NEXT Basalt L1 Slim to the market — an important step in expanding our global footprint and technology leadership in National IDs, Banking and Finance.

A message from our CEO

Q2 adjusted revenues were NOK 4.3 million and reported revenues were negative NOK 2.2 million. Revenue for the quarter came in below our expectations due slow ramp up from India after the L1 pause and slow sales in China. We have made a negative adjustment of NOK 6.5 million in revenues for Q2 2025 due to expected product returns and discounts due to changing market conditions in China. We expect this price reduction will accelerate sales and reduce inventory for our distributors in China.

Moreover, we have uncovered irregularities in China relating to historical sales, payment terms and order processes. As a result, we have made a preliminary restatement of 2024, which is explained in note 6. Importantly, we plan to repossess the products and to swiftly deliver these products to new or existing customers, some as early as in the third quarter of 2025. Additionally, our revenue pipeline remains healthy. We've also taken measures internally to tighten compliance and ensure we uphold our values, and ways of doing business, across all markets.

Earlier this year, we maintained inventory levels for our distributor partners that reflected the projected requirements of the market. As I shared in my last quarterly update, the market pauses in India, coupled with project integration and certification with some end-customers, have temporarily slowed shipments. Our current focus is clear: We're working closely with our partners to accelerate their product readiness and launch schedules. While this may impact near-term shipments, we expect a strong rebound as distributor stock levels normalise in the second half of this year. To be clear, we expect demand to both resume and accelerate.

Playing a part in this confidence, and something that I'm especially proud of, is the launch of two important new products the last quarter. Both of these solutions position us ahead of the market and at the forefront of innovation in our sector. The first is our next-generation FAP 30 solution, the 'NEXT Granite Sensor', which combines advanced functionality with strong gross margins and is already generating significant interest. Most notably, we've already signed a Memorandum of Understanding valued at NOK 18 million annually, with deliveries starting in the second half of 2025.

The second key product launch is our 'NEXT Basalt - L1 Slim', the thinnest FAP 20-sized sensor of its kind, specifically designed for the Indian market where demand is rapidly accelerating. This product strengthens our competitive edge and is already gaining traction with both existing and new partners. For example, in Q2 we confirmed both a NOK 55-107 million order from ACPL and a NOK 6.3 million purchase order with distributor

XM Holder. Together, these launches represent a major leap forward for NEXT and are expected to be central to our growth in 2025 and beyond.

You may see from the above that we have introduced a new approach to our product naming, based on the natural world and our Nordic heritage. As we gain further momentum, we have also altered how we share announcements with our shareholders and the wider market. Orders below NOK 5 million will now be classified as a 'News Release' and not considered a regulatory update. Orders above that value will be shared as a regulatory 'Press Release'. You can find all of these updates in the Newsroom on our webpage. You can also sign up to our newsletter to stay up-to-date on all of our latest news – just scroll to the bottom of any web page for the 'sign up' button.

Looking ahead, I'm confident. We have the right products and a resilient team determined to deliver. NEXT is uniquely positioned in the high-end fingerprint sensor market and, while we have work to do, we are building a stronger, smarter, and more focused company that is ready for the future.

Given the positive outlook, we have decided to review alternative M&A opportunities. By positioning NEXT as a biometrics solutions consolidator, we can enhance our market position, expand our offering and unlock new revenue streams to benefit our customers, team and shareholders. We will also be able to realise cost efficiencies across operations and product lines. The overall aim is to build a leading biometric hardware and solutions provider that is the go-to partner for OEMs and other customer projects.

Thank you again for being part of this journey.

Ulf Ritsvall, CEO of NEXT Biometrics Group ASA

(amounts in NOK million)	Q2 2025	Q2 2024	Amounts as restated		Full Year 2024
			6 months 2025	6 months 2024	
Total revenues	-2,2	18,3	4,7	31,1	59,0
Adjusted gross profit (%) ¹⁾	NA	57%	NA	56%	45%
Adjusted EBITDA ¹⁾	-14,2	-6,7	-27,8	-15,8	-38,7
Cash - closing balance	22,1	40,9	22,1	40,9	62,9

1) See definition on page 19

Operational review

Q2 2025 adjusted revenues were NOK 4.3 million (reported revenues were negative NOK 2.2 million) compared to NOK 18.3 million in Q2 2024. In addition, NEXT distributors shipped additional products to the market in India, which reduced distributor stock levels in the quarter. As expected, the temporary stop of sensor deployments in India in Q4/Q1 and the subsequent reopening of the market early March led to a slow ramp up of sensor shipments to the India market in Q2.

NEXT's Q2 2025 adjusted gross profit was 39%, vs. 57% in Q2 2024. The adjusted gross profit was lower in Q2 2025 due to the shipped product mix.

6 new design wins were added during the second quarter. The total number of design-wins was 76 customer product integrations as per 30 June 2025, compared to a total 55 as of 30 June 2024.

NEXT continued to work with its OEM customers to integrate NEXT HW and SW into new end products during Q2. The China-ID market continued to be slow in Q2. The India market was growing again in Q2 following the temporary pause of all new business within the Adhaar system, and NEXT shipment volumes to India started a slow ramp up. During the quarter NEXT launched FAP 20 Basalt L1 Slim sensor to the market and announced the first L1 slim order valued at NOK 6.3 million.

NEXT continued R&D activities developing FAP30 sized fingerprint sensors during the quarter. First shipment of FAP30 sensors to end-customers is expected in Q4 2025. The FAP30 product broadens NEXT's product portfolio and makes NEXT a more attractive partner to international OEMs (Original Equipment Manufacturers).

Subsequent to quarter-end, NEXT signed a factoring agreement with a Nordic Bank, which will be implemented during the third quarter.

Interim condensed financial statements as of 30 June 2025 (unaudited)

Statement of comprehensive income

Adjusted revenues for Q2 2025 were NOK 4.3 million (reported revenues were negative NOK 2.2 million) compared to NOK 18.3 million in Q2 2024. The decrease in revenues relative to Q2 2024 was due to revenue adjustments relating to China and slow sales in China and India. Several accounting adjustments were made in the quarter. First, a NOK 1.7 million reduction in revenue was booked for products expected to be returned. Additionally, NEXT also granted NOK 4.8 million in discounts due to changing market conditions in China. These discounts were granted during Q2 2025 related to completed sales in previous periods of products our distributors control and were not part of the original agreements, neither implicitly nor explicitly. Please also see note 2 for further information.

Moreover, NEXT made a preliminary restated 2024 financial accounts with an additional NOK 12.6 million revenue reversal and NOK 3.6 million reduction in other operating expenses. Please see note 6 for additional details.

Cost of materials were NOK 2.6 million in Q2 2025 compared to NOK 8.0 million in Q2 2024.

Payroll expenses, excluding stock option costs, were NOK 8.3 million in Q2 2025 compared to NOK 7.6 million in Q2 2024. Net employee stock option and option social security cost were NOK 1.4 million in Q2 2025 compared to a negative net cost of NOK 1.8 million in Q2 2024. See note 4 for further information on stock option and option social security cost.

Other operating expenses were NOK 4.1 million in Q2 2025 compared to NOK 9.5 million in Q2 2024. The decrease in costs in Q2 2025 from the cost level seen in Q2 2024 is mainly due to a NOK 3.7 million reversal in sales and marketing incentive fees during the quarter. Please see note 4 for further details.

Depreciation and amortization were NOK 1.2 million in Q2 2025 compared to NOK 1.5 million in Q2 2024.

Net financial items were positive NOK 0.03 million in Q2 2025 compared to positive NOK 0.4 million in Q2 2024.

Income tax expense was NOK 0.03 million in Q2 2025, compared to income tax expense NOK 0.03 million in Q2 2024.

EBITDA was negative NOK 18.6 million in Q2 2025, compared to negative NOK 4.9 million in Q2 2024. The lowered Q2 2025 EBITDA is mainly due to slow sales and the revenue adjustments and discounts that were booked in the quarter. Adjusted EBITDA was negative NOK 14.2 million in Q2 2025, compared to negative NOK 6.7 million in Q2 2024.

Loss after taxes for Q2 2025 was NOK 19.7 million compared to a loss of NOK 6.1 million for Q2 2024.

Statement of financial position and cash flow

Cash amounted to NOK 22.1 million as per 30 June 2025, compared to NOK 40.9 million as per 30 June 2024.

Net cash flow from operating activities was negative NOK 16.4 million in Q2 2025, compared to negative NOK 14.0 million in Q2 2024. The negative cash flow in Q2 2025 was mainly due to operating losses.

Net cash flow from investing activities was negative NOK 0.6 million in Q2 2025, compared to negative NOK 0.01 million in Q2 2024. The investments in the quarter are related to the capitalization of internal manpower and costs related to development of new products.

Net cash flow from financing activities was negative NOK 0.5 million in Q2 2025 compared to positive NOK 0.05 million in Q2 2024.

Going concern

The Group's financial statements for Q2 2025 have been prepared on the basis of a going concern assumption. In the view of the board of directors, the Group's limited working capital creates a risk to this assumption. Please see note 1 for further details.

Risk

NEXT manages its risk exposure within the Group in accordance with the policies established by the Board of Directors. Please see the 2024 annual report for more details. For the second half of 2025, NEXT maintains a special emphasis on liquidity risks and the Group regularly monitors and updates its financial position and cash flow forecasts. Management forecasts a tight liquidity situation in the second half of 2025. This is due to several factors, including working capital needs to finance NEXT's expected growth in the second half of 2025 and slower than expected payments on outstanding account receivables in the first half of 2025.

Outlook

We see a clear path to accelerating growth, underpinned by a robust and expanding revenue pipeline. Firstly, new customer wins and signed contracts in India, the U.S., and China are expected to translate into recurring quarterly revenues of at least NOK 25–30 million as we reach full operational momentum. This is anticipated by Q4 2025 or, at the latest, Q1 2026. In addition, we are expecting design-win and large tenders / one-time revenues. Hence, NEXT has three revenue streams driving growth, which combined is expected to make the company reaching close to NOK 50 million per quarter during 2026. The structural demand drivers in our key markets also remain strong, and our product portfolio is well-positioned to capture these opportunities.

Looking further into 2026 we expect further normalisation of the market, and with sustained execution and continued market expansion, we expect revenues to fully reflect the current revenue pipeline. This outlook is based on our confidence in both our market position and our ability to deliver meaningful value creation for our shareholders.

NEXT's product development efforts are key to this. Remarkable work from our product and R&D teams has evolved our patented and proven Active Thermal technology into a sophisticated suite of products, including the FAP 20 Basalt sensor series, including the new L1 Slim, FAP20 China ID, and the FAP 30 Granite Sensor. The company has considerable revenue potential with these products. For most we already have pilot and anchor customers in place, in addition to key product certifications for key markets like India and China. Moreover, we are expecting the certifications to be completed in Bangladesh in the third quarter. Finally, we expect the challenges and delays that we have faced in China to be resolved in the second half of 2025. I will update further on all of this in my next quarterly message.

It is also worth noting that we have started planning for the expected ramp-up of company revenue that the normalisation of our end-customer markets will bring. It is important to review strategic opportunities that can further accelerate our growth journey. The overall aim is to build a leading biometric hardware and solutions provider that is the go-to partner for OEMs and other customer projects. These initiatives will work to enhance our market position further and unlock new revenue streams.

Finally, our R&D efforts in the smartphone space continue to break new ground. Our Active Thermal technology, enabling full-display fingerprint authentication, is a breakthrough that the industry has been striving for. We are currently working on the prototype phase and will then work to secure commercial partnerships. Costs for the current phase of product development remain modest, but the long-term potential for this product is significant.

In summary, while we remain mindful of short-term challenges, we are entering the second half of the year with confidence and optimism. With an expanded product portfolio, growing partner network, and exciting innovations underway, NEXT is well-positioned for sustained growth.

Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half year of 2025, have been prepared in accordance with IAS 34 “Interim Financial Reporting” and give a true and fair view of the Group’s assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the interim report for the first half year of 2025 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining half year of 2025, and major related party transactions.

Oslo, 19 August 2025

CEO and Board of Directors

NEXT Biometrics Group ASA

Ulf Ritsvall (CEO)

Hans Henrik Klouman (Chair)

Emine Lundkvist (Board member)

Roy Tselentis (Board member)

Siri Gommæs Børsum (Board member)

Tove Giske (Board member)

NEXT BIOMETRICS GROUP ASA

Condensed consolidated statement of comprehensive income (unaudited)

Amounts as
restated*

(amounts in NOK 1 000)	Notes	Q2 2025	Q2 2024	6 months 2025	6 months 2024	Full Year 2024
Revenues	2	-2 173	18 319	4 722	31 123	58 995
Cost of materials		-2 578	-7 957	-4 868	-13 591	-32 416
Gross profit (loss)		-4 751	10 362	-146	17 532	26 580
Payroll expenses	4,5	-9 727	-5 824	-18 194	-18 744	-32 791
Other operating expenses	4,5	-4 095	-9 450	-16 316	-17 892	-43 361
EBITDA		-18 572	-4 911	-34 656	-19 104	-49 573
Depreciation and amortization		-1 158	-1 536	-2 340	-3 064	-5 394
Impairment losses			-		-	
Operating profit (loss)		-19 731	-6 447	-36 996	-22 168	-54 967
Net financial items		26	371	-531	663	1 030
Profit (loss) before taxes		-19 705	-6 077	-37 527	-21 505	-53 937
Income tax expenses		-25	26	-25	-32	-197
Profit (loss) after taxes		-19 730	-6 050	-37 552	-21 538	-54 134
Earnings per share (in NOK):						
Basic and diluted		-0,17	-0,06	-0,33	-0,21	-0,50
<i>Other comprehensive income (loss) that may be reclassified subsequently to profit and loss:</i>						
Translation differences on net investments in foreign operations		-2 434	-842	-7 223	2 054	6 369
Other comprehensive income (loss)		-2 434	-842	-7 223	2 054	6 369
Total comprehensive income (loss)		-22 164	-6 893	-44 775	-19 484	-47 765
Profit (loss) after taxes attributable to:						
Owners of the parent company		-19 730	-6 050	-37 552	-21 538	-54 134
Total comprehensive income (loss) attributable to:						
Owners of the parent company		-22 164	-6 893	-44 775	-19 484	-47 765

(*) Please see Note 6 for detailed information with regards to the restatement of the 2024 consolidated statement of comprehensive income and the individual line items that have been adjusted.

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Interim condensed consolidated statement of financial position (unaudited)

Amounts as
restated*

(amounts in NOK 1 000)	Notes	30 Jun 2025	30 Jun 2024	31 Dec 2024
Intangible assets		1 485	1 153	825
Property, plant and equipment		5 752	5 182	7 094
Total non-current assets		7 237	6 334	7 919
Inventories		18 131	19 463	17 672
Accounts receivables	3	33 525	33 930	43 052
Other current assets		8 022	8 094	8 261
Cash		22 100	40 876	62 907
Total current assets		81 778	102 362	131 892
Total assets		89 014	108 696	139 811
Share capital	5	115 155	104 701	115 155
Share premium		70 268	32 853	70 268
Other reserves		37 985	33 011	35 208
Accumulated losses		-155 451	-91 981	-110 674
Total equity		67 957	78 585	109 958
Deferred tax liabilities		-3	34	-
Non-current lease liabilities		1 620	1 285	2 244
Total non-current liabilities		1 617	1 319	2 244
Accounts payables		6 076	5 994	10 910
Income tax payables		9	-	92
Current lease liabilities		2 074	691	1 843
Other current liabilities		11 282	22 107	14 764
Total current liabilities		19 441	28 793	27 609
Total equity and liabilities		89 014	108 696	139 811

(*) Please see Note 6 for detailed information with regards to the restatement of the 2024 balance sheet and the individual line items that have been adjusted.

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Interim condensed consolidated statement of cash flow (unaudited)

			6 months	6 months	Amounts as restated*
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	Full Year 2024
Profit (loss) before taxes	-19 705	-6 077	-37 527	-21 505	-53 937
Share based remuneration	1 904	486	2 777	1 046	3 243
Accrued share option social security cost	-264	-2 220	-1 381	2 240	-1 637
Income taxes paid	-	-	-21	-	-
Depreciation and amortization	1 158	1 536	2 340	3 064	5 394
Impairment losses	-	-	-	-	-
Inventory write downs	-43	-11	-118	15	363
Change in working capital items and other	584	-7 724	-4 781	-13 056	-15 107
Net cash flow from operating activities	-16 366	-14 009	-38 712	-28 195	-61 681
Purchases of property, plant and equipment and intangible assets	-648	-12	-1 070	-12	-597
Net cash flow from investing activities	-648	-12	-1 070	-12	-597
Gross proceeds from issue of shares	-	662	-	2 792	62 442
Payments of transaction costs equity transactions	-	-65	-	-121	-2 314
Payments of lease liabilities	-495	-550	-1 004	-1 083	-2 017
Net cash flow from financing activities	-495	47	-1 004	1 588	58 111
Net change in cash flow	-17 510	-13 974	-40 786	-26 619	-4 167
Cash balance at beginning of period	39 882	54 569	62 907	67 753	67 753
Effects of exchange rate changes on cash	-272	281	-20	-258	-679
Cash balance at end of period	22 100	40 876	22 100	40 876	62 907
Comprising of:					
Cash	22 100	40 876	22 100	40 876	62 907

(*) Please see Note 6 for detailed information with regards to the restatement of the 2024 cash flow statement and the individual line items that have been adjusted.

NEXT BIOMETRICS GROUP ASA

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
Balance as of 31 December 2024 as originally presented		115 155	70 268	35 208	-101 775	118 856
Correction of error (next of tax)					-8 899	-8 899
Restated balance as of 31 December 2024		115 155	70 268	35 208	-110 674	109 958
Profit (loss) after taxes					-37 552	-37 552
Other comprehensive income (loss)					-7 223	-7 223
Total comprehensive income (loss)					-44 775	-44 775
Share based remuneration	4			2 777		2 777
As of 30 June 2025		115 155	70 268	37 985	-155 451	67 957
As of 1 January 2024		104 025	30 858	31 965	-72 498	94 351
Profit (loss) after taxes					-21 538	-21 538
Other comprehensive income (loss)					2 054	2 054
Total comprehensive income (loss)					-19 484	-19 484
Share issues net	4	676	1 995			2 671
Share based remuneration	4			1 046		1 046
As of 30 June 2024		104 701	32 853	33 011	-91 981	78 585

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 four wholly owned active operating subsidiaries: NEXT Biometrics AS (Oslo, Norway), NEXT Biometrics Inc. (Seattle, USA), NEXT Biometrics Taiwan Ltd. (Taipei, Taiwan) and NEXT Biometrics Solutions India Pvt. Ltd. (India). The group also has a 50% ownership in NEXT Biometrics China Ltd. (Shanghai, China), which is controlled by the Group.

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.

In preparing these interim consolidated financial statements, the management has made judgements and estimates about the future that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are based on the experience, best knowledge, information available at the reporting date and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Changes in facts and circumstances may lead to the revision of these estimates on an ongoing basis. Actual future results may differ from the estimates.

These interim financial statements have been prepared in accordance with 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 2024 (Annual Report for 2024). The Annual Report for 2024 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 the Annual Report for 2024 other than the preliminary restatements relating to revenue, cost and balance sheet items listed in note 6. There are no new standards and interpretations effective from 1 January 2025 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 Q2 and first half year of 2025 have been prepared on the basis of a going concern assumption. In the view of the board of directors, the Group's limited working capital creates a risk to this assumption.

This interim financial report has not been subject to audit.

The Board of Directors approved the report on 19 August 2025.

Note 2 – Revenue and segment reporting

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Fingerprint sensor technology	-2 173	18 319	4 722	31 123	58 995
Total revenues	-2 173	18 319	4 722	31 123	58 995

NEXT targets four markets for its technology, which are Office & Notebooks, Payment & Fintech, Access control and 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.

The total reported revenues were negative NOK 2.2 million for Q2 2025. The Group delivered product and recognized revenues in Q2 2025 amounting to NOK 4.3 million. This was offset by negative revenue of NOK 6.5 million, as the Group granted NOK 4.8 million in discounts due to changing market conditions in China and a NOK 1.7 million reduction in revenue for products expected to be returned. The Group's quarterly report has not been audited. There is a risk that the Group may need to adjust its financial accounting following the auditor's review. For example, there is a risk that the NOK 4.8 million discount may need to be reclassified as other operating expenses, and the reduction in revenue or other operating expense may also be required to be booked in an earlier accounting period. Moreover, the NOK 1.7 million reduction in revenue may need to be reclassified to Q1 2025.

Note 3 – Account receivables

			Amounts as restated
(amounts in NOK 1 000)	30 Jun 2025	30 Jun 2024	31 Dec 2024
Accounts receivables - gross	42 475	37 464	53 721
Accounts receivables - loss allowance	-8 950	-3 534	-10 669
Total accounts receivables	33 525	33 930	43 052

			Amounts as restated
(amounts in NOK 1 000)	30 Jun 2025	30 Jun 2024	31 Dec 2024
Not due	3 726	9 175	10 673
30-90 days overdue	2 445	17 535	10 026
90-120 days overdue	-	69	-
120-180 days overdue	11 132	6 767	15 520
180+ days overdue	16 222	383	6 832
Total accounts receivables	33 525	33 930	43 052

The total credit loss allowance provision was NOK 9.0 million as 30 June 2025 (NOK 3.5 million as per 30 June 2024 and NOK 10.7 million as per year end 2024).

The Group has few, but large customers. The allowance for expected credit loss is based on individual assessment of each customer after thorough evaluations, significant judgements as well as discussions with each respective customer.

Note 4 – Operating expenses

(amounts in NOK 1 000)	Q2 2025	Q2 2024	6 months 2025	6 months 2024	Full Year 2024
Salaries, fees	-6 858	-6 233	-14 109	-12 725	-26 169
Share based remuneration (salary part)	-1 708	-414	-2 427	-916	-2 776
Share based remuneration (employer's tax)	264	2 220	1 381	-2 240	1 637
Social security taxes	-948	-883	-2 002	-1 839	-3 600
Other personnel expenses	-476	-514	-1 038	-1 023	-1 883
Total payroll expenses	-9 727	-5 824	-18 194	-18 744	-32 791

(amounts in NOK 1 000)	Q2 2025	Q2 2024	6 months 2025	6 months 2024	Amounts as restated Full Year 2024
Product and marketing costs	-1 808	-1 753	-3 676	-3 406	-6 795
Sales and marketing incentive fees	3 678	-	-	-	0
R&D and business services costs	-4 290	-5 885	-9 334	-10 629	-22 257
R&D and government grants	727	711	1 098	1 028	1 848
Fees to contractors, auditors, lawyers and others	-1 367	-1 355	-2 877	-3 058	-5 382
Allowance for expected credit loss	539	-	539	-	-7 315
Other expenses	-1 379	-1 096	-1 716	-1 697	-3 008
Share based remuneration (operating part)	-195	-72	-350	-130	-452
Total other operating expenses	-4 095	-9 450	-16 316	-17 892	-43 361

Total payroll expenses were NOK 9.7 million in Q2 2025 compared to NOK 5.8 million in Q2 2024. The difference in costs in Q2 2025 relative to Q2 2024 is mainly the difference in share-based remuneration and options social security cost from net gain NOK 1.8 million in Q2 2024 to NOK 1.4 million net cost in Q2 2025.

Total other operating expenses were NOK 4.1 million in Q2 2025 compared to NOK 9.5 million in Q2 2024. The difference in costs in Q2 2025 compared to Q2 2024 is mainly the Q2 2025 sales and marketing incentive fees gain of NOK 3.7 million.

Note 5 – Shares and incentive options

Numbers of shares outstanding

As of 1 January 2025	115 154 535
Share issues	-
As of 30 June 2025	115 154 535

There was no change in the number of shares outstanding during Q2 2025.

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 1.9 million in share based remuneration (salary and operating cost part) relating to employees and contractors. The Group's share-based remuneration (employer tax) cost was negative NOK 0.3 million due to the decrease in the parent company's stock price during Q2 2025. The net costs related to share-based remuneration were net NOK 1.6 million for Q2 2025.

The number of outstanding options increased by 1,307,082 during Q2 2025. The Group had 11,317,161 options outstanding as of 30 June 2025.

Note 6 – Restatement of 2024 annual accounts

The Group has restated revenues for 2024 due to irregularities we uncovered in China relating to historical sales, payment terms and order processes. Those transactions occurred in the second half of 2024, and therefore there were no restatements relating to the first half of 2024 and earlier years. The Group considers that the affected transactions in the second half of 2024 with these selected customers do not meet the necessary attributes for revenue recognition based on the facts and circumstances known at the date of this financial report. As a result, the Company has restated all the 2024 financial statements line items affected. In addition, these errors also affected the sales and marketing incentives calculated, as the accruals were based on an assessment of progress of the achievement of milestones as per 31 December 2024 and when such milestones are expected to be fulfilled.

The preliminary restated financial statements for 2024 included in these interim condensed consolidated financial statements have not been audited. The Group has received a numbered letter from its auditor concerning the above mentioned sales orders in China and that there may be material errors in the financial accounts for 2024 caused by the irregularities or potential fraud that has been uncovered. Moreover, the auditor states that the company's board of directors needs to assess the situation and inform the financial market accordingly.

The Group's board has approved these preliminary restated financial statements for 2024. The Group has contacted Finanstilsynet in order to clarify any potential impacts to the Group's already issued audited financial statements for 2024. Finanstilsynet has received the information and will inform its internal stakeholders. The Group will report any material updates in relation to the Group's previously issued financial statements and the restated financial statements following a full review by the Group's auditors.

First, a NOK 12.6 million reversal in revenue and a NOK 3.7 million reduction in sales and marketing incentive fees (under other operating costs) have been booked in the statement of comprehensive income. The Group plans to try to repossess the shipped products, but there is a risk that the Group does not get the shipped products in return. Hence, the Group has not made any adjustments to cost of materials in the 2024 financial statements. Moreover, the Group has booked NOK 13.7 million reduction in Account Receivables and an increase of NOK 1.1 million in Other current assets related to prepaid China VAT that the company is planning to recover. Additionally, a NOK 3.7 million reduction in other current liabilities was booked in relation to the reversal of sales and marketing incentive fees. The restatements have a total negative equity effect of NOK 8.9 million for the 2024 financial year.

The Group also needed to restate the related line items in the cash flow statement, namely profit before tax and changes in other working capital, resulting in no change in the total cash flow from operations.

The following tables show the amounts previously reported, the adjustments, and the amounts restated in each line item reported in the NEXT Group financial statements for the year ended December 31, 2024:

NEXT BIOMETRICS GROUP ASA

Condensed consolidated statement of comprehensive income (unaudited)

	Amounts as previously reported	Amounts as restated
(amounts in NOK 1 000)	Full Year 2024	Full Year 2024
Revenues	71 574	58 995
Cost of materials	-32 416	-32 416
Gross profit (loss)	39 158	26 580
Payroll expenses	-32 791	-32 791
Other operating expenses	-47 041	3 680
EBITDA	-40 674	-49 573
Depreciation and amortization	-5 394	-5 394
Impairment losses	-	-
Operating profit (loss)	-46 068	-54 967
Net financial items	1 030	1 030
Profit (loss) before taxes	-45 038	-53 937
Income tax expenses	-197	-197
Profit (loss) after taxes	-45 235	-54 134
Earnings per share (in NOK):		
Basic and diluted	-0,42	-0,50
<i>Other comprehensive income (loss) that may be reclassified subsequently to profit and loss:</i>		
Translation differences on net investments in foreign operations	6 369	6 369
Other comprehensive income (loss)	6 369	6 369
Total comprehensive income (loss)	-38 866	-47 765
Profit (loss) after taxes attributable to:		
Owners of the parent company	-45 235	-54 134
Total comprehensive income (loss) attributable to:		
Owners of the parent company	-38 866	-47 765

NEXT BIOMETRICS GROUP ASA

Interim condensed consolidated statement of financial position (unaudited)

(amounts in NOK 1 000)	Amounts as previously reported	Adjustments	Amounts as restated
	31 Dec 2024		31 Dec 2024
Intangible assets	825		825
Property, plant and equipment	7 094		7 094
Total non-current assets	7 919		7 919
Inventories	17 672		17 672
Accounts receivables	56 754	-13 703	43 052
Other current assets	7 138	1 124	8 261
Cash	62 907		62 907
Total current assets	144 471		131 892
Total assets	152 390		139 811
Share capital	115 155		115 155
Share premium	70 268		70 268
Other reserves	35 208		35 208
Accumulated losses	-101 775	-8 899	-110 674
Total equity	118 857		109 958
Deferred tax liabilities	-		-
Non-current lease liabilities	2 244		2 244
Total non-current liabilities	2 244		2 244
Accounts payables	10 910		10 910
Income tax payables	92		92
Current lease liabilities	1 843		1 843
Other current liabilities	18 444	-3 680	14 764
Total current liabilities	31 289		27 609
Total equity and liabilities	152 390		139 811

NEXT BIOMETRICS GROUP ASA

Interim condensed consolidated statement of cash flow (unaudited)

	Amounts as previously reported		Amounts as restated
	Full Year	Adjustments	Full Year
(amounts in NOK 1 000)	2024		2024
Profit (loss) before taxes	-45 038	-8 899	-53 937
Share based remuneration	3 243		3 243
Accrued share option social security cost	-1 637		-1 637
Income taxes paid	-		-
Depreciation and amortization	5 394		5 394
Impairment losses	-		-
Inventory write downs	363		363
Change in working capital items and other	-24 006	8 899	-15 107
Net cash flow from operating activities	-61 681		-61 681
Purchases of property, plant and equipment and intangible assets	-597		-597
Net cash flow from investing activities	-597		-597
Gross proceeds from issue of shares	62 442		62 442
Payments of transaction costs equity transactions	-2 314		-2 314
Payments of lease liabilities	-2 017		-2 017
Net cash flow from financing activities	58 111		58 111
Net change in cash flow	-4 167		-4 167
Cash balance at beginning of period	67 753		67 753
Effects of exchange rate changes on cash	-679		-679
Cash balance at end of period	62 907		62 907
Comprising of:			
Cash	62 907		62 907

Note 7 – Subsequent events

Between 30 June 2025 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 Q2 2025 period nor on the value of the Group's assets and liabilities as per 30 June 2025.

Alternative performance measures

NEXT's financial information has been prepared in accordance with International Financial Reporting Standards (IFRS). 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 adjusted gross profit, Adjusted EBITDA and Adjusted operating expenses.

Gross profit/Gross profit (%)

Gross profit is defined as revenues less cost of materials. Gross profit margin (%) is expressed as a percentage of revenues.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Revenues	-2 173	18 319	4 722	31 123	58 995
Cost of materials	-2 578	-7 957	-4 868	-13 591	-32 416
Gross profit	-4 751	10 362	-146	17 532	26 580
Gross profit (%)	-4 751	10 362	-146	17 532	26 580
Divided by revenues	-2 173	18 319	4 722	31 123	58 995
Gross profit (%)	NA	57%	NA	56%	45%

Adjusted revenues

Adjusted revenues is defined as revenues less non-recurring revenue adjustments.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Revenues	-2 173	18 319	4 722	31 123	58 995
Added back non-recurring revenue adjustments	6 482	-	6 482	-	-
Adjusted revenues	4 310	18 319	11 204	31 123	58 995

Adjusted gross profit / Adjusted gross profit (%)

Adjusted Gross profit is defined as adjusted revenues less cost of materials excluding inventory write-downs. Adjusted Gross profit margin (%) is expressed as a percentage of adjusted revenues.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Adjusted revenues	4 310	18 319	11 204	31 123	58 995
Cost of materials excluding inventory write-downs and non-recurring adjustments	-2 621	-7 968	-5 914	-13 575	-23 154
Adjusted gross profit	1 688	10 351	5 290	17 547	35 841
Adjusted gross profit	1 688	10 351	5 290	17 547	35 841
Divided by adjusted revenues	4 310	18 319	11 204	31 123	58 995
Adjusted gross profit (%)	39%	57%	47%	56%	61%

Cost of materials excluding inventory write-downs and non-recurring gains

Cost of materials excluding inventory write-downs is cost of materials and production service expenses less inventory write-downs and non-recurring gains. Cost of materials non-recurring gains are one-off gains that are not expected to occur in the future.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Cost of materials	-2 578	-7 957	-4 868	-13 591	-32 416
Deducted inventory write-downs and non-recurring adjustments	-43	-11	-1 046	15	9 262
Cost of materials excluding inventory write-downs and non-recurring adjustments	-2 621	-7 968	-5 914	-13 575	-23 154

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. Cost of materials non-recurring gains are one-off gains that are not expected to occur in the future.

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 tax part and operating part), inventory write-downs and sales and marketing incentive fee.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Operating profit (loss)	-19 731	-6 447	-36 996	-22 168	-54 967
Added back depreciation and amortization	1 158	1 536	2 340	3 064	5 394
Added back impairment losses	-	-	-	-	-
EBITDA	-18 572	-4 911	-34 656	-19 104	-49 573
Added back non-recurring revenue adjustments	6 482	-	6 482	-	-
Added back share-based remuneration (salary part)	1 708	414	2 427	916	2 776
Added back share-based remuneration (employer's tax)	-264	-2 220	-1 381	2 240	-1 637
Added back share-based remuneration (operating part)	195	72	350	130	452
Deducted inventory write-downs and non-recurring adjustments	-43	-11	-1 046	15	9 262
Added back sales and marketing incentive fee	-3 678	-	-	-	-
Adjusted EBITDA	-14 172	-6 656	-27 825	-15 802	-38 720

Adjusted operating expenses (Adjusted OPEX)

Adjusted operating expenses (Adjusted OPEX) is defined as salaries and personnel cost and other operating expenses excluding share-based remuneration and sales and marketing incentive fees.

			6 months	6 months	Amounts as restated Full Year
(amounts in NOK 1 000)	Q2 2025	Q2 2024	2025	2024	2024
Operating expenses (OPEX)	13 822	15 274	34 510	36 636	76 152
Deducted share-based remuneration (salary part)	-1 708	-414	-2 427	-916	-2 776
Deducted share-based remuneration (employer's tax)	264	2 220	1 381	-2 240	1 637
Deducted share-based remuneration (operating part)	-195	-72	-350	-130	-452
Deducted sales and marketing incentive fee	3 678	-	-	-	-
Adjusted Operating expenses (Adjusted OPEX)	15 860	17 007	33 115	33 349	74 562

Operating expenses (OPEX)

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

Sales and marketing incentive fees

Sales and marketing incentive fees represent accrued liabilities related to performance fees in connection with progress on sales targets in China. When reaching certain milestones, performance fees are due to an external partner. The sales and marketing fees liability estimate is based on an assessment of progress of the achievement of milestones as per each balance sheet date and when such milestones are expected to be fulfilled.



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.

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