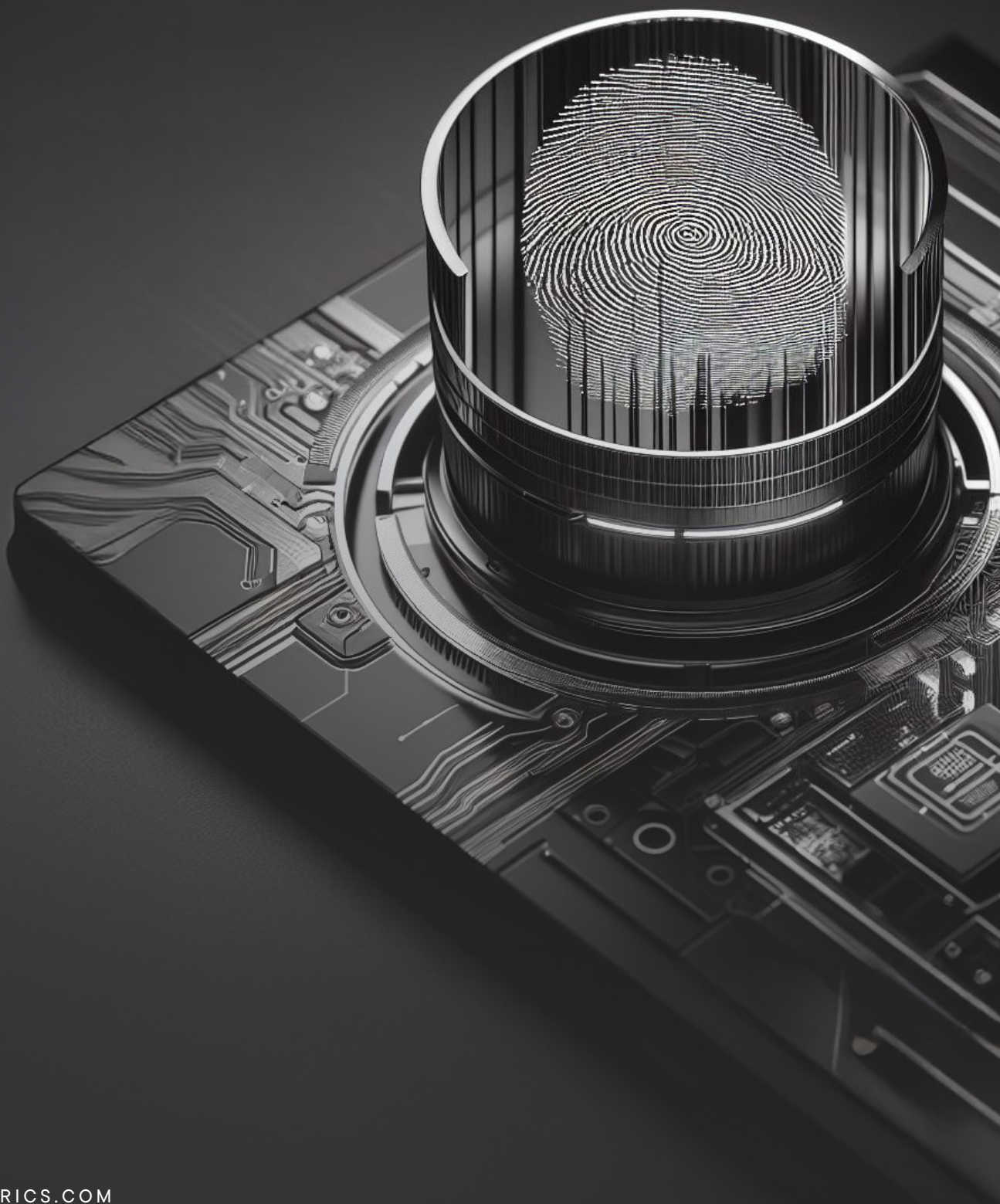


Annual Report

2024

NEXT BIOMETRICS GROUP ASA



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Letter from the CEO

2024: Transformation Achieved

Product milestones, organizational growth, and strong financial performance – NEXT Biometrics (NEXT) had a transformational 2024. We delivered on our commitments to customers and on the continued enhancement of our product portfolio. The results? A remarkable 108% revenue growth, solidified partnerships, and a strengthened market position, opening up access to the most attractive, high-tier tenders and business areas.

DEAR SHAREHOLDER,

2024 has been an exciting and transformational year. In our 2023 Annual Report I promised that 2024 would bring growth to our organization, increase the speed of NEXT's innovation and continue the enhancement of our innovative product portfolio. Despite the challenges we have faced, I am proud that NEXT has managed to stay on this path.

Integrations in Action – NEXT's Impact in Society

The fight against the ever-increasing number and sophistication of security threats aimed at nations, governments and corporations continues. Millions of people in Africa and Asia, for example, still cannot access the basic services and benefits they are entitled to. Meanwhile, governments are struggling to efficiently administer to citizens' needs and support with services – often due to poverty and non-existent, or poorly functioning, national ID systems. For example, India clearly grapples with the dual challenge of securing a sufficient security level for its ID program and providing a system that is low cost. Still, it is evident that providing a high security level for its ID program is the overarching priority exemplified by the recent L1 freeze resulting in heightened security standards and fewer equipment providers that can satisfy these requirements. Hence, our purpose of providing secure authentication through easily integrated biometrics is more important than ever.

I am immensely proud that our work is also concretely improving lives, securing societies, and paving the way for the next generation of biometric security.

Expanding and Enhancing the Portfolio

In 2024, we continued our focus on research and development, continuing to lead on biometric innovation.

We set out to further develop NEXT's product portfolio, aligning it with the evolving needs of our customers and market dynamics. FAP20 has long been a flagship product for us, highly regarded for its slim form-factor and compatibility with the leading digital identity platforms. Recognizing its potential, this year we focused on enhancing its capabilities.

We have consistently issued updates about FAP20's progress during this year. To provide a wider view of our work, I have highlighted a few achievements on a more strategic level below.

- In 2024, we signed a Memorandum of Understanding (MoU) with NEXT's long-term partner ACPL to jointly develop a new product which targets the growing government ID market and different national ID programs in Asia, South America, and Africa. The MoU includes a commitment by ACPL to place purchase orders amounting to at least 35 MNOK over a period of 18 months. We aim to have progressed to launch phase and first delivery of this new product in late 2025.
- Another important development during 2024 was securing NEXT's first design-win in the touchpad sector. The customer's end-user product is a medical keyboard aimed at industrial use, with NEXT supplying the customer with fingerprint modules and touchpads for the keyboard. We aim to deliver this medical keyboard in 2025.

We are also continuing to develop our offering in the PC and Laptop segments, initially through adding one of our Partner's touchpad products alongside our own. Our vision for the future is to develop and sell a new fingerprint touchpad product of our own.

- A new member of the FAP family also emerged in 2024 as we demonstrated the first engineering samples of our new FAP30 fingerprint sensor. We are delighted to see that the market's reception has exceeded all expectations. The FAP30 product is a complementary offering to the FAP20 solution, functioning as a more sophisticated, high-tier product targeting the most demanding environments and use cases. Typical use cases for FAP30 include government and national ID programs, access control and corporate applications. The solution's strong Liveness features – the sensor's ability to detect real fingers and stop fake fingers from authenticating – have driven strong interest from the market. Following product demonstrations, we have inked a multi-year MoU for the FAP30, valued at approximately 18 MNOK per year. This MoU is of strategic importance for NEXT. Not only does it ensure the market introduction of the FAP30 sensor, but the device will also target attractive sectors, such as the law enforcement and banking industries in Europe and South Africa, as well as the growing MOSIP (Modular Open Source Identity Platform) market in Asia and Africa.

Navigating Challenging Markets

India and China were our largest geographical markets in 2024. Our growth in India was characterized by an increase in the number of outstanding tenders, especially in the banking and finance sectors. This momentum was driven by the generational security upgrade of Aadhaar, triggering vendors to upgrade devices and verify the compliance of integrations. NEXT is already Aadhaar compliant, with the latest L1 certification, and our strategic focus in India is to further strengthen our market position to increase our market share long-term.

Our work in India in 2024 continued in line with our plans until late Q4, when the UIDAI (Unique Identity

Authority of India) placed a temporary ban on the enrollment of all new L1 devices. The UIDAI's ban followed a security incident at a competitor and did not concern NEXT's technology. However, the pause had a knock-on effect for all vendors with Aadhaar compliance as it was effective until all vendors have undergone further testing. This delayed NEXT's deliveries and resulted in heavily reduced revenues in the fourth quarter.

Despite these temporary challenges, we continued executing on our strategy across India and Asia. In 2024 we grew our organization, focusing on our key business areas such as customer support and presales, where we doubled our headcount.

In China, one short-term goal for 2024 was for NEXT's FAP20 sensor to become China-ID certified. Like India's Aadhaar system, without this certification we cannot penetrate the most attractive business segments. At the start of 2024, NEXT received its China ID certification and it also expanded its footprint to the medical insurance, healthcare and access control markets. The final months of 2024 were slow in China, mostly driven by temporary delays with a software project integration and overall slowness in the business climate. In addition to the market segments mentioned above, NEXT is also targeting customers in the point of sale and fintech segments in China. The process of improving NEXT's position in the value-chain and transforming from vendor sensor to a solutions provider continued through the year.

As I look back upon the year, I am immensely proud of what we have achieved together at NEXT. Despite challenging economic conditions, we have managed to drive impressive growth. And this is only the beginning – we will continue to lead, deliver solutions, and pave the way for biometrics in 2025.

Thank you.

Ulf Ritsvall

2024

NEXT Biometrics at a glance

NEXT provides advanced fingerprint sensor technology that delivers uncompromised security and accuracy for the best possible user experience in the banking & finance, government ID, access control and laptop & notebook market areas. NEXT Biometrics Group ASA is headquartered in Oslo, with sales, support, and development operations in Seattle, Taipei, Tokyo, New Delhi and Shanghai.

Technology & Product Development

NEXT Biometrics is a pioneer in the field of Active Thermal® technology. NEXT's unique Active Thermal® technology offers high-security authentication using ultra-thin sensors with high image quality and low energy consumption.

Compared to competing technologies, Active Thermal sensors offer many advantages: Secure, future-proof, Cost-effective performance & integration, Excels in demanding environments.

NEXT's sensor solutions have steadily gained momentum in the industry. This is due to their large, thin FAP-standardized sensing area combined with high image quality, high security level and low energy consumption. The products are used in various applications such as point of sales terminals (POS), readers, Notebooks and Access solutions.

Its Active Thermal® technologies are certified by entities including Aadhaar, ChinaID, FBI-PIV, MOSIP and NIBSS, and has been implemented in countries including Bangladesh, China, Ghana, India, Malaysia, Pakistan, U.S. and Vietnam.

In 2024, we continued our focus on research and development as part of our technology leadership. We set out to further develop NEXT's product portfolio, aligning it with the evolving needs of our customers. Our FAP20 has long been a flagship product, highly regarded for its slim form-factor and compatibility with the leading digital identity platforms. Recognizing its potential, during the year we focused on enhancing its capabilities.

In addition, the Group has a technology roadmap that includes the development of a FAP30 sensor product targeted at high-end governmental ID applications that is planned to be launched in 2025. Moreover, the roadmap also contains a new product that targets the smartphone market. The planned smartphone product includes fingerprint authentication on the full display screen of a phone.

Sales & Marketing

The Group has a dedicated global sales force that has established relationships with stakeholders in different ecosystems active in focused market segments. The company has a diversified customer base, which includes Biometric technology companies, POS manufacturers, biometric HW manufacturers and Government ID providers.

NEXT's ongoing business development efforts are expected to bring additional volumes from new use cases and targeted niche applications.

Manufacturing

NEXT has established outsourced production with strong partners in Asia with proven ability to produce large volumes of high quality and robust sensors for mass market deployment, which is highly recognized and appreciated by existing and potential new customers. The Group can increase production capacity rapidly when needed.

Report from the Board of Directors

A global leader in fingerprint sensor technology

NEXT Biometrics Group ASA ("Parent Company") is a public limited liability company incorporated and domiciled in Norway, with headquarters in Stortorvet 7, 0155 Oslo, Norway. The Parent company and its subsidiaries ("NEXT" or "the Group") provides advanced fingerprint sensor technology that delivers uncompromised security and accuracy for the best possible user experience in the areas of Government ID, Access control, Laptop&Notebook and Banking&Finance.

NEXT's fingerprint sensors are unique, using thermal conductivity to read the fingerprint image, as opposed to capacitive, ultra sonic or optical sensing. This patented sensing principle allows designs uniquely compatible with low temperature polysilicon production processes ("LTPS") used in high-end displays. This enables significantly lower production costs for the Group's fingerprint sensors compared to competing sensor technologies. The Group has developed and markets a portfolio of fingerprint sensors, sensor modules and readers, which may be incorporated into a wide range of products and solutions.

The Group has four wholly owned subsidiaries: NEXT Biometrics AS (Norway) and its subsidiaries NEXT Biometrics Inc. (Seattle, USA), NEXT Biometrics Taiwan Ltd. (Taipei, Taiwan) and NEXT Biometrics Solutions India Pvt. Ltd. (Bengaluru, India). In addition, the group has control over and a 50% shareholding in NEXT Biometrics China Ltd. (Shanghai, China). In 2024 the Group sold 50% of the shares in NEXT Biometrics China Ltd. (NEXT China) at zero cost to the external party. A certain part of shares in NEXT China is transferred back to NEXT Biometrics AS at zero cost as a part of the agreement with the external party. Hence, there is no minority interest in relation to NEXT China. See [note 16](#) for further details. All five subsidiaries in the Group are consolidated into Group accounts.

NEXT Biometrics Group ASA's shares are listed on the Oslo Stock Exchange.

Highlights 2024

Key 2024 developments in NEXT:

- Revenues for 2024 of NOK 71.6 million compared to NOK 34.4 million in 2023
- Gross profit of 55% for 2024 compared to 21% in 2023
- Adjusted gross profit¹ of 55% for 2024 compared to 33% in 2023
- Adjusted EBITDA¹ of NOK -35.1 million in 2024 compared to NOK -43.7 million in 2023
- 18 new design-wins in 2024 and accumulated 64 design-wins as per December 2024, which will contribute to future revenues
- Break-through in China with launch of new China ID product and FAP30 engineering samples demonstrated to partners and customers

¹ Please see section [Alternative Performance measures](#) on page 80 for further details



Business overview

Biometric fingerprint sensing technology continues to gain traction across the world. Biometric technology is used in Laptop and Governmental projects and businesses have deployed the technology in medical services, devices for financial inclusions such as pension payments, point of sale devices (POS), office and facility access, voting registration and time and attendance solutions.

The Group has developed products, established its manufacturing platform and sales and marketing to establish a business with significant footprint and customers in key markets such as Banking & Finance, Government ID, Access control, Laptops, and POS solutions. The Group has a unique proven technology that outperforms competitive solutions in key markets from form factor (size and thickness), biometric performance, quality, standard compliance and unit cost. As per end of 2024, NEXT has biometrics distributors with presence in the Americas, Asia, Europe and Africa. NEXT is represented in major large and growing biometric markets with high-security needs and extensive use of biometrics.

In India, the Aadhaar program has registered more than one billion people fingerprints. This provides access to different governmental services and benefit systems. NEXT's local partners will certify their products, which include NEXT's FAP20 sensors. Hence, the Indian authorities' generational upgrade of India's national Aadhaar program and our local partners are expected to trigger strong demand for NEXT sensors in 2025 and later years.

In China, security remains a strong market driver and being the world's most biometrics enabled country, the interest in our FAP20 sensor, including our liveness feature, has been strong. Early 2024, we announced that one of our other partners got awarded the China ID certification for the FAP20 sensor and NEXT has already received multiple orders in China, which were shipped during the year.

In the Americas, NEXT has two distributors covering US, Mexico and Brazil. The focus in these markets is to replace current installed base of bulky and expensive optical fingerprint products.

In the Laptop market the Group is working to increase the run rate revenues from existing clients. The Group is also working on new business opportunities with additional laptop manufacturers, focusing both on developing new opportunities with standard sensors and the FAP20 higher security implementations.

The Group is working on a new FAP30 product, which will offer outstanding image quality and built-in anti-spoofing, which provides unmatched capability to detect a live finger. The larger-sized FAP30 is naturally also an important feature that ensures a more complete picture of the fingerprint. The FAP30 sensor can easily be fitted into and integrated into various system requirements and surroundings. The Group has presented product samples to interested customers and the customer feedback has been very positive and the addressable market is sizeable. The FAP30 product is expected to be launched in 2025.

Sustainability and transparency

NEXT meets the authorities' requirements for sustainability reporting and further information can be found in [Corporate Social Responsibility Report](#) (see page 24). Reporting required by the Norwegian Transparency Act for the 2023 financial year was published in the 2023 financial reporting section on the company's website in June 2024 (www.nextbiometrics.com/investors/financial_reports_presentations/). Transparency act reporting for 2024 will be published at the latest on 30 June 2025 at the same web site location.



Financial summary – The Group

Comprehensive income

Revenues were NOK 71.6 million in 2024 compared to NOK 34.4 million in 2023.

Gross profit was NOK 39.2 million (55%) in 2024 compared to a gross profit of NOK 7.4 million (21%) in 2023.

Adjusted Gross profit was NOK 39.5 million (55%) in 2024 compared to an adjusted gross profit of NOK 11.4 million (33%) in 2023.

Payroll expenses were NOK 32.8 million in 2024, compared to NOK 42.4 million in 2023. Average number of employees were 23 in 2024 compared to 24 employees in 2023. The Group had 24 employees at the end of 2024, compared to 23 employees at the end of 2023. Share-based remuneration, including related accrued social security tax, included in payroll expenses was, NOK 1.1 million in 2024, compared to NOK 10.3 million in 2023. The decrease in share based remuneration cost in 2024 is due to the lower number of options awarded in 2024 and negative social security remuneration cost resulting from the decrease in the company's stock price and lowered social security cost for future periods from 19.1% to 14.1%. Research and development (R&D) expenses included in payroll expenses were NOK 6.5 million in 2024 compared to NOK 6.4 million in 2023.

Other operating expenses were NOK 47.0 million in 2024, compared to NOK 23.2 million in 2023. R&D expenses included in other operating expenses were NOK 4.2 million in 2024, compared to NOK 2.6 million in 2023. Moreover, allowance for expected credit loss was NOK 7.3 million in 2024, compared to NOK 0.5 million in 2023. See [note 13](#) for more details.

Total R&D expenses, included in both payroll and other operating expenses, were NOK 10.7 million in 2024, compared to NOK 9.0 million in 2023.

The Group's expenses in 2024 were mainly related to developing the FAP30 product and fingerprint sensor improvements.

Depreciation, amortization and impairment were NOK 5.4 million in 2024, compared to NOK 8.2 million in 2023. The decrease in 2024 is due to the impairment losses booked in 2023 and assets reaching the end of their depreciable life.

Net financial items amounted to a net gain of NOK 1.0 million in 2024, compared to a net gain of NOK 0.9 million in 2023. The gains in 2024 were related to currency gains and interest income.

Income tax cost was NOK 0.2 million in 2024, compared to NOK 0.2 million in 2023.

EBITDA for the Group was negative NOK 40.7 million in 2024, compared to negative NOK 58.2 million in 2023.

Adjusted EBITDA for the Group was negative NOK 35.1 million in 2024, compared to negative NOK 43.7 million in 2023.

Loss after taxes for the Group was NOK 45.2 million in 2024, compared to NOK 65.7 million in 2023.

In the outlook section of NEXT's 2023 annual report it was stated that the company expected increased number of design-wins, increased revenues, and improved profitability. During 2024 NEXT increased its number of design-wins in line with expectations. Revenues in 2024 increased by 108%. Still, the revenue growth was lower than the stated growth target in the 2023 annual report due to project and governmental approval delays relating to key customer projects in India and China.



Changes in accounting policies

The accounting policies applied in preparation of the financial statements for 2024 are consistent with those applied in the preparation of Annual Report for 2023.

Financial position and cash

Total assets as of 31 December 2024 amounted to NOK 152.4 million, compared to NOK 118.9 million as of 31 December 2023.

Total equity was NOK 118.9 million at the end of 2024 compared to NOK 94.4 million at the end of 2023.

The Group had non-current liabilities of NOK 2.2 million and current liabilities of NOK 31.3 million at the end of 2024, compared to non-current liabilities of NOK 0.2 million and current liabilities of NOK 24.4 million at the end of 2023.

Cash amounted to NOK 62.9 million at the end of 2024 compared to NOK 67.8 million at the end of 2023.

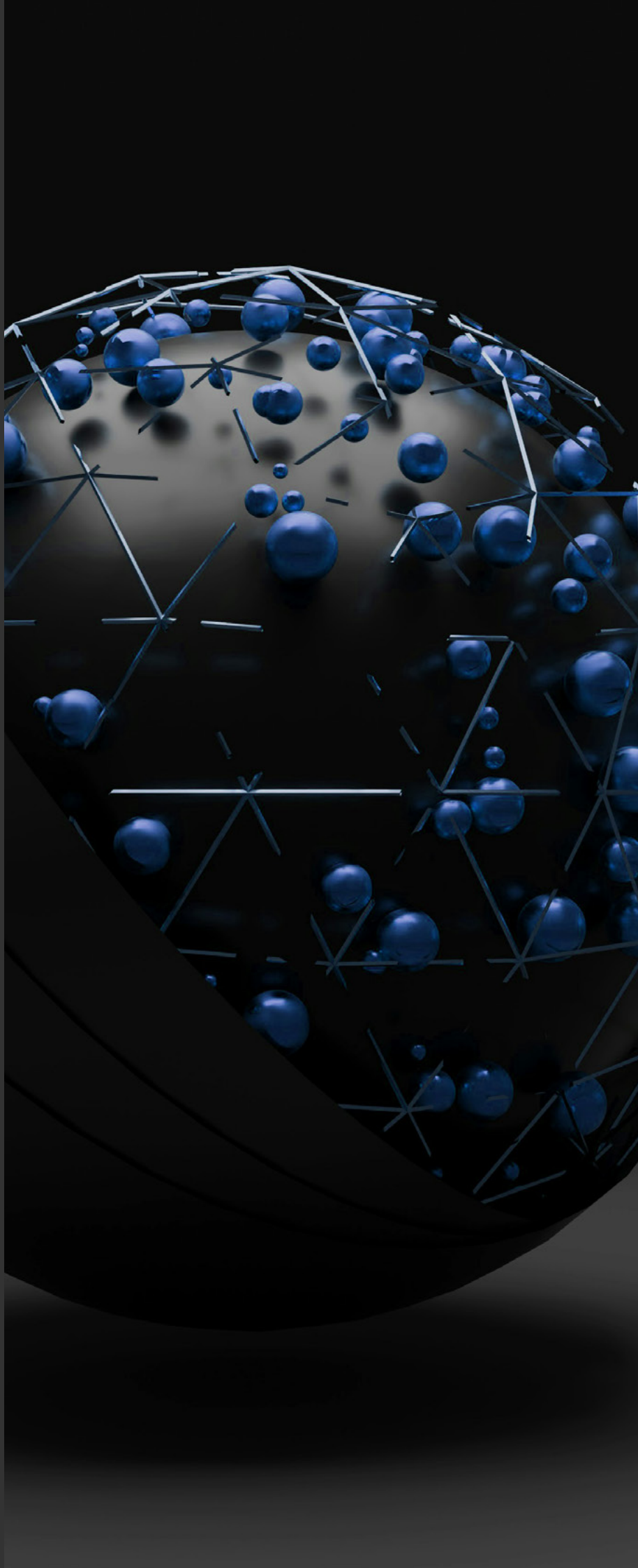
The Group had gross account receivables of NOK 67.4 million at the end of 2024 compared to NOK 15.3 million at the end of 2023. Account receivables net of credit loss allowance provisions was NOK 56.8 million as of 31 December 2024 (NOK 12.3 million in 2023).

Cash flow

Net cash flow from operating activities was negative with NOK 61.7 million in 2024 compared to negative NOK 56.6 million in 2023. The loss after taxes for the Group was improved by NOK 20.5 million from 2023 to 2024. Still, the lowered loss in 2024 compared to 2023 was offset by net cash flow from working capital changes of negative NOK 24.9 million in 2024. Hence, the decline in cash flow in 2024 relative to 2023 is mainly due to increased working capital partially offset by lowered loss after taxes in 2024.

Net cash flow from investing activities was negative NOK 0.6 million in 2023 compared to negative NOK 0.0 million in 2023.

Net cash flow from financing activities was positive NOK 58.1 million in 2024 as a result of the share issue that was performed in October 2024. Net cash flow from financing activities was positive NOK 54.9 million in 2023.



Financial summary – The Parent Company

Comprehensive income

Total revenues for the parent company were NOK 9.5 million in 2024 compared to NOK 8.9 million in 2023. The revenues were mainly resulting from management fees and royalties charged to the subsidiary NEXT Biometrics AS.

Payroll expenses including share-based remuneration for the parent company were NOK 11.8 million in 2024, compared to NOK 21.1 million in 2023. The decrease is mainly resulting from lower number of options awarded in 2024 reducing share-based remuneration and a reduction in the NEXT share price and lowered social security cost for future periods from 19.1% to 14.1%, which triggered negative share-based remuneration social security costs in 2024. There were 4 employees in the parent company at year-end 2024, compared to 4 employees at the end of 2023.

Other operating expenses for the parent company was NOK 7.7 million in 2024 compared to NOK 6.7 million in 2023.

Depreciation and amortization for the parent company was NOK 1.4 million in 2024 compared to NOK 1.3 million in 2023.

Net financial income was NOK 1.8 million in 2024 compared to a net financial income of NOK 1.9 million in 2023.

The parent company had a loss before taxes in 2024 and 2023. Hence, no payable taxes incurred. No deferred tax assets have been recognized during 2024 and 2023.

Loss after taxes for 2024 was NOK 9.6 million compared to NOK 18.2 million in 2023.

Financial position and cash

Total assets as of 31 December 2024 amounted to NOK 369.5 million, compared to NOK 318.5 million as of 31 December 2023.

The parent company had NOK 7.6 million in current liabilities at the end of 2024, compared to NOK 10.6 million at the end of 2023.

Cash amounted to NOK 47.9 million at the end of 2024 compared to NOK 40.1 million at the end of 2023.

Cash flow

Net cash flow from operating activities was negative NOK 7.7 million in 2024, compared to negative NOK 10.7 million in 2023. Net cash flow from investments was negative NOK 44.0 million in 2024 compared to negative NOK 43.2 million in 2023. Net cash flow from financing was positive NOK 59.5 million in 2024 compared to positive NOK 56.5 million in 2023.

Equity and allocation of profit (loss) after taxes

Equity for the parent company was NOK 361.7 million at the end of 2024 compared to NOK 307.9 million at the end of 2023.

The Board of Directors proposes that the loss after taxes of the parent company of NOK 18.2 million to be booked to the share premium account.



Next shares and share capital

NEXT ASA's shares are listed at Oslo Stock Exchange's main list with ticker NEXT. The 2024 year-end closing price was NOK 6.88, down from NOK 7.1 at the end of 2023. During 2024, the shares traded in the range of NOK 6.4 to NOK 9.0.

The issued share capital of the parent company at the end of 2024 amounted to NOK 115.2 million consisting of 115,154,535 ordinary shares, each share having a par value of NOK 1. At the end of 2024, there were a total of 3,391 registered shareholder accounts, compared to 4,079 at the end of 2023.

NEXT raised gross proceeds of NOK 40.15 million in a private placement that was completed in October 2024. NEXT also issued new shares in relation to exercise of employee share options in 2024, which resulted in total gross proceeds of NOK 22.29 million. Please see [note 18](#) in group consolidated financial statement for further details.

The Group has entered into, and plan to continue to enter into, stock option agreements to attract talented, experienced and highly valued employees. As per 31 December 2024, NEXT has 10,020,579 share options outstanding. Please see [note 18](#) in group consolidated financial statement for further details.

Financial risk, capital management

NEXT is exposed to certain financial risks related to exchange rates and interest levels. These are, however, insignificant compared to the business risk. NEXT's business risk may be summarized in:

- a - NEXT currently has higher costs than revenues and has negative cash flow from operations.
- b - NEXT's business plan assumes additional revenue from existing and new products under development.
- c - Revenue from NEXT's products depends, among other things, on market factors which are not controlled by NEXT.
- d - Competing companies' products have entered the commercial stage, and the competitive situation for NEXT's products is constantly changing.
- e - NEXT's intended markets are undergoing rapid technological changes.

NEXT manages its liquidity passively, which means that funds are placed in floating-interest bank accounts. The majority of cash is held in Norwegian kroner at parent company level and is distributed when appropriate to the affiliates. This is both to have control of the overall liquidity situation and to manage expense levels in the affiliates.

NEXT has financial liabilities related to office leases in multiple locations as per 31 December 2024.

NEXT's sales and production cost are in US dollars. Other operating expenses are mainly in Norwegian kroner (NOK) and US dollars (USD), depending on the location. Equity transactions are in NOK. In the parent company, the majority of the cost and all equity transactions are in NOK. NEXT does not use financial instruments to hedge this risk.

The Group is exposed to credit risk. NEXT sells its sensors to leading international distributors and original equipment manufacturers of electronic components, primarily based in Asia, Europe and North America. The Group's accounts receivables increased during 2024 as a result of increased revenues and slow collection of account receivables. Moreover, the group increased its allowance for expected credit loss in 2024. Please see [note 13](#) and [20](#) for further details. The majority of the Group's receivables are currently not credit insured. Late 2024, the Group entered into a credit insurance policy with a major insurance company whereby account receivables credit losses for qualified credits will be covered within certain limits.

Liability insurance

The Group has directors and officer's liability insurance with a NOK 50 million total coverage, and it covers legal costs, emergency costs and multiple other types of contingency costs.

Employees

At the end of 2024, the Group had 24 employees (2023: 23), of which 6 are women (2023: 5). Additionally, the Group has individual technical/scientific specialists working at its premises on a contract basis. The average female proportion of group employees was 25% in 2024 (2023: 20.7%).

The parent company had 4 employees by the end of 2024. There were 3 male employees and 1 female employee at year-end. The average female proportion of parent company employees was 25% in 2024 (2023: 21%). There are currently 4 members of the board, of which 2 are women.

The parent company had no long-term leave of absence due to illness or any work-related incidents or accidents resulting in material damage or personal injury during 2024. The average sickness absence rate in the parent company was 1.1% in 2024 compared to 0% in 2023.

Corporate governance

NEXT's guidelines for corporate governance are in accordance with the Norwegian Accounting Act §3-3b and seek to comply with the Norwegian code of Practice for Corporate Governance, dated 14 October 2021. Please see separate annual report section "Corporate Governance Report" for more information.

Social responsibility, environment and climate impact

NEXT's guidelines for social responsibilities are in accordance with the Norwegian Accounting Act §3-3c. Please see separate annual report section "Corporate Social Responsibility Report" for more information on social responsibilities, environment, climate impact and working environment. The Group does not own or operate manufacturing facilities. Manufacturing is done through third parties. Climate impact and potential risk is low in the short to medium term. Please see [note 21](#) for further details on climate risks.

Going concern

In accordance with § 3-3a of the Norwegian Accounting Act, the Board of Directors confirms that the financial statements have been prepared under the assumption of going concern.

Subsequent events

Between 31 December 2024 and the resolution of these financial statements, there has not been any event which have had any noticeable impact on the Group's or the parent company's result for 2024 or the value of the Group or the parent company's assets and liabilities as of 31 December 2024.

Outlook

The Board of Directors wishes to highlight that any forward-looking statements and assessments are subject to substantial uncertainty, and actual developments may differ materially from current expectations.

Based on signed orders and current market visibility, NEXT is targeting a revenue of NOK 180–200 million for 2025. We expect continued growth for our flagship sensor FAP20 in India and China. Moreover, with NEXT's new FAP30 sensor launching in the second half of 2025 we expect this to provide significant additional revenue growth. As a result, NEXT expects the majority of its 2025 revenue in the second half of the year.

We expect the overall business environment and momentum in our key markets, such as China, to be slow in the first half of the year. We expect business conditions to pick-up pace, however, and be strong in the second half of the year. Another positive development is the reopening of the India Aadhaar market, with continued enrollment of L1 devices expected to contribute a significant part of NEXT's revenues in 2025.

Within R&D, NEXT recently presented a new project which uses NEXT Active Thermal technology to enable fingerprint authentication on a full display screen. This is an innovation that many market segments like smartphone and access markets have attempted to achieve for a long time without success. This project will benefit both our existing product portfolio, in addition to enabling us to target a vast new market. The first phase will focus on production of a prototype, and we will then engage end customers to sign partner agreements. Following NEXT's R&D announcement of the project, external parties have approached us to discuss opportunities for co-operation. Multiple non-disclosure agreements have been signed, one of which is with a major global technology company.

Moving into 2025, NEXT is strategically positioned with a compelling product lineup, established partnerships, and a solid financial foundation. This paves the way for continued revenue growth and strong cash flow.

The board of directors of NEXT Biometrics Group ASA

Oslo, 10 April 2025

/Sign/

Odd-Harald Hauge
Chair

/Sign/

Emine Lundkvist
Board member

/Sign/

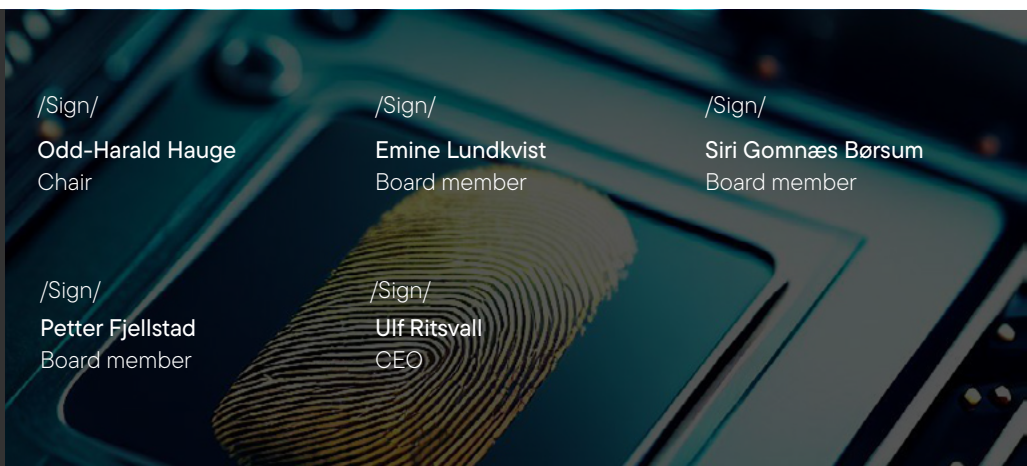
Siri Gommæs Børsum
Board member

/Sign/

Petter Fjellstad
Board member

/Sign/

Ulf Ritsvall
CEO



Corporate Governance Report

1 | INTRODUCTION

For NEXT Biometrics Group ASA ("NEXT" or the "Company"), good corporate governance is about doing the right things, and doing the things right. The manner in which the Company is managed is vital to the development of the Company's value over time. The Company's corporate governance framework has been designed to provide a foundation for value creation, business risk reduction, and to ensure good control mechanisms. NEXT believes in open and honest communication with the shareholders, and interaction between shareholders, the board of directors and the Company's management. NEXT aims to show

respect and responsibility for shareholders as well as with all stakeholder groups, such as co-operating partners, customers, suppliers, employees and authorities. NEXT is subject to corporate governance reporting requirements according to section 3-3b of the Norwegian Accounting Act and the continuing obligations of stock exchange listed companies at Oslo Stock Exchange. Further, NEXT's board of directors endorses "The Norwegian Code of Practice for Corporate Governance" (the "Code"), most recently revised in October 2021 and issued by the Norwegian Corporate Governance Policy Board. The Code is available at <http://www.nues.no/>.

2 | NEXT'S IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

NEXT aspires to comply with the recommendations of the Code. Taking into account the size and maturity of the Company, there may be deviations from the Code. If the Code is deviated from, the deviation is described and explained in the relevant

section of this report. The Company's policies, instructions and internal processes are continuously developed. A review of the Company's corporate governance policy is performed annually to ensure continued compliance with the Code.

3 | BUSINESS

NEXT's business is clearly described in the Company's articles of association: "The objective of the company is to conduct research, development and commercialization of security products, participation and investment in companies conducting similar activities as well as other activities that will naturally fall under this". The Company's articles of association are available at the Company's homepage, www.nextbiometrics.com.

Basic corporate values

The Company has formulated three basic corporate values to form a guideline for the Company's business operations: (i) innovative business models, (ii) close client relationship and (iii) global reach. "The ethical and corporate social responsibility guideline" has been set out in accordance with these values.

Ethics and corporate social responsibility

The Company has implemented ethical and corporate social responsibility guidelines, in accordance with its basic corporate values. Moreover, the Company promotes and ensures sustainable business operations and supply chain. Additional information is included in the sections related to specific Environmental, Social, and Governance matters in this report.



4 | EQUITY AND DIVIDENDS

Capital structure

The board of directors and the management of the Company seek, at all times, to have a sound relation between the Company's capital structure and the Company's objectives, strategies and risk profile. The board shall immediately take adequate steps should it be apparent at any time that the Company's equity or liquidity is less than adequate.

Dividend policy

It is a long-term objective of the Company to generate returns to shareholders in the form of dividends and capital appreciation, at a level which is at least equal to other investment possibilities with comparable risk.

Since NEXT is in a growth-phase, no dividend has been paid so far. Further, no dividend has been proposed for the coming year. When the Company reaches a steady state position, NEXT intends to establish a clear and predictable dividend policy, which will form the basis for any proposals on dividend payments to be resolved by the general meeting.

Authorizations to the board of directors

The annual general meeting, held on 16 May 2024, gave the board authorization to increase the Company's share capital by up to NOK 20,889,000 to enable the Company to conduct share issues in an effective manner. The board of directors was also granted authorization to deviate from the shareholders' preferential rights when using the authorization.

Moreover, the board of directors was given an authorization to increase the Company's share capital for the option program by up to NOK 11,980,658, out of which NOK 1,660,000 can be used to issue shares to board members under options granted to board members in 2019, 2020 and 2022. The authorization covers capital increases by way of contributions in kind but does not cover capital increases in connection with mergers, and the board may decide that the shareholders' pre-emption right to the new shares can be deviated from. The authorization is limited in time until the 2025 general meeting or 30 June 2025, whichever comes first.

As of 31 December 2024, there are no further authorizations granted to the board of directors, neither to increase the share capital by issuing new shares, nor to the Company to purchase its own shares. Any future authorizations given will be limited in time until the next general meeting, in accordance with the Code.

5 | EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

Class of shares

The Company has one class of shares and there are no voting restrictions. Each share represents one vote and equal rights at the Company's general meeting. The par value per share is NOK 1.00.

Pre-emption rights of existing shareholders

NEXT's existing shareholders have pre-emption rights to subscribe for shares in the event of a share capital increase, unless otherwise indicated by special circumstances. Any decision to deviate from the pre-emption rights of existing shareholders shall be justified. The justification for such decisions shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

Transactions with close associates

The Company's significant shareholders, a shareholder's parent company, board members, executive personnel and close associates of any such parties are considered to be related parties.

All transactions with related parties will be carried out in accordance with the arm's length principle.

All transactions with related parties that are not immaterial will be publicly disclosed by NEXT. In the event that such a transaction occurs, the board will arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Norwegian Public Limited Companies Act.

If NEXT should carry out any transaction in its own shares, this will be carried out either through the stock exchange or at prevailing stock exchange prices to ensure equal treatment of all shareholders.

Other than this, the board is not aware of any transactions in 2024 between the Company and the shareholders, a shareholder's parent company, directors, executive personnel or parties closely related to such individuals that qualify as material transactions.

6 | SHARES AND NEGOTIABILITY

The shares in the Company are freely transferable, and the Company's articles of association contain no restrictions on transferability, ownership, trading or voting.



7 | GENERAL MEETINGS

The general meeting is the Company's supreme governing body, and all shareholders are guaranteed participation and the opportunity to exercise their rights.

The Company's board takes steps to ensure that the shareholders can participate in the general meetings of the Company. The board of directors will ensure that:

- the resolutions and any supporting information distributed are sufficiently detailed, comprehensive and specific to allow shareholders to form a view on all matters to be considered at the general meeting;
- members of the board of directors, the chair of the nomination committee and the auditor (if the items to be considered are of such a nature that the auditor's attendance must be regarded as essential) are present at the general meeting;

- the general meeting is able to elect an independent chairperson for the general meeting; and
- that shareholders are able to vote on each independent matter, including on each individual candidate nominated for election.

Shareholders are encouraged to give notice of their intention to attend the AGM, with a deadline as close to the date of the General Meeting as possible, typically one day in advance.

Shareholders who are unable to attend the general meeting in person will be given the opportunity to, and encouraged to, vote by proxy or through written voting in a period prior to the general meeting. The Company will in this respect provide information on the procedure for representation at the general meeting and prepare a proxy form/written voting form that makes voting on each individual matter possible. The Company will nominate a person to act as a proxy for the shareholders.

8 | NOMINATION COMMITTEE

Article 6 of the Company's articles of association sets out the requirements for the nomination committee.

Composition

The nomination committee shall consist of two to three members, where all members, including the chair, are elected by the general meeting, which also have approved guidelines for the duties and remuneration of the nomination committee. The nomination committee members shall be independent of the board of directors and executive management. The members are elected for a period of up to two years.

The current nomination committee was elected at the annual general meeting on 16 May 2024 for the period until the annual general meeting in 2025. All of the members of the nomination committee have been selected to consider the interests of shareholders in general and are independent from both the Company's executive management and the Company's board of directors. As of 31 December 2024, the nomination committee consisted of Jon Frode Vaksvik (chair), Haakon M. Sæter and Hans Herman Horn.

NEXT is not aware of the existence of any agreements or business partnerships between the Company and any third parties in which members of the nomination committee have direct or indirect interests.

Instructions and work

Instructions to the nomination committee were last revised by the general meeting held on 16 May 2014. The nomination committee is responsible for seeking out and nominating qualified candidates for the board of directors and the nomination committee, and for proposing the remuneration to be paid to the board of directors and the nomination committee, including an explanation of how it came to its recommendations. The nomination committee gathers input from shareholders, the board of directors and the Company's executive personnel as part of its work on proposing candidates for election to the board.

The Company provides information on the membership of the committee.

9 | THE BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Composition of the board of directors

The articles of association state that the Company's board of directors should comprise three to nine board members elected by the general meeting. The chair of the board is elected by the general meeting and among the Company's board.

NEXT emphasizes that the board shall have requisite competency to independently evaluate the cases presented by the executive management team as well as the Company's operation. It is also considered important that the board can function well as a body of colleagues.

As of 31 December 2024, the board of directors comprises the following four members:

- Odd Harald Hauge
- Petter Fjellstad
- Emine Lundkvist
- Siri Gomnæs Børsum

All of the abovementioned board members are elected for the period until the annual general meeting in 2025.

A presentation of the board can be found on the Company's website.

The board's independence

NEXT believes that it is in the best interests of the Company and its shareholders to have independent directors and applies the Code's list of criteria for evaluating whether a director is considered independent.

Two out of the four board members are women, and none of the members of the Company's executive management or main business connections are members of the board of directors. The members

of the board of directors are independent of the Company's main shareholders. The composition of the board ensures that it can attend to the common interests of all shareholders and meet the Company's need for expertise, capacity and diversity, and that it can operate independently of any special interests.

Each independent director who experiences a change in circumstances that could affect such director's independence is obligated to deliver a notice of such change to the chair of the board.

Members of the board are encouraged to own shares in the Company.

Election of the board of directors

The general meeting appoints the members of the board of directors based on the proposal from the Company's nomination committee. The chair of the board is elected by the general meeting.

It is the Company's view that directors who have developed a valuable insight into the Company and its operations over time make important contributions to the board. On this background, the Company does not wish to establish time limits in relation to the term of office for board members. However, directors are elected each year.

To ensure that the board continues to generate new ideas and operate effectively, the board evaluates and assesses its performance on an annual basis.

A member of the board is entitled to retire prior to the end of his or her term of appointment if special circumstances arise. If possible, the board and the nomination committee shall be given reasonable prior notice thereof.



10 | THE WORK OF THE BOARD OF DIRECTORS

The board's responsibilities

Norwegian law lays down the tasks and responsibilities of the board of directors. These include the overall management and supervision of the Company. This means that the board bears the ultimate responsibility for managing the Company and for monitoring its administration and business activities. The board is responsible for establishing internal control systems and for ensuring that the Company operates in compliance with the adopted value platform and Code of Ethics. The directors of the board shall discharge their duties in a loyal manner.

The fundamental responsibility of the directors is to oversee day-to-day management and evaluate strategy, to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. The board is also to oversee such matters as are required by statutory law, the Company's articles of association, policies, instructions and procedures as well as resolutions of the general meeting. It is the duty of the board to oversee the management's performance to ensure that the Company operates in an effective, efficient and ethical manner in order to produce value for the Company's shareholders. The board also evaluates the Company's overall strategy and monitors the Company's performance against its operating plan.

The board is responsible for supervising strategic, financial and execution risks and exposures associated with the Company's business strategy, product innovation and sales road map, policy matters, significant litigation and regulatory exposures, and other current matters that may present material risk to the Company's financial performance, operations, infrastructure, plans, prospects or reputation, acquisitions and divestitures. Further, the board shall ensure that the ongoing activities of the Company are subject to adequate control.

Annual plan

The board of directors sets an annual plan for its work, with particular emphasis on financial objectives, strategy and implementation. This plan covers the follow-up of the Company's operations, internal control, strategy development and other issues.

Instructions for the board of directors

The board of directors has implemented instructions for its own work. The board's instructions are subject to review every second year and are revised as needed. The current instruction was revised 5 November 2024.

The instructions cover the following items: appointment of the board of directors; board member independence; tenure and retirement; by-election; the duties of the board; committees; takeovers; allocation of the work within the board; the working procedures of the board; meeting – including meeting plan; quorum; disqualification; majority requirements; categories of decision; minutes; safety procedures and duty of confidentiality; information concerning the work of the board; evaluation of the work of the board and board committees; directors' liability insurance; liability for damages; new board members or CEO awareness of instructions; waiver and amendment; approval of transactions with related parties and communications with shareholders.

Instruction for the CEO

There is a clear segregation of duties between the board of directors and the executive management. The board has prepared a set of instructions for the CEO. The current instruction was revised 5 November 2024.

The CEO shall follow the guidelines and instructions issued by the board of directors. The CEO is responsible for the day-to-day management of the Company, pursuant to section 6-14 in the Norwegian Public Limited Companies Act. The CEO ensures that the board receives relevant information in an accurate, sufficient, and timely manner in order to allow the board to carry out its duties. The CEO represents the Company externally in matters that form part of the day-to-day management. The day-to-day management does not cover matters of extraordinary nature or of major importance. However, the CEO is authorized to decide on matters of extraordinary nature or major important cases, where the decisions of the board of directors cannot be awaited without serious detriment to the Company. The board of directors must be notified of the decision as soon as possible.

Financial reporting

The board is responsible for ensuring the integrity of financial information. The board evaluates the integrity of the Company's accounting and financial reporting systems, including the audit of the Company's annual financial statements by the independent auditors, and that appropriate disclosure controls and procedures and systems of internal control are in place.

Quarterly and annual financial reports are reviewed and approved at board meetings and form the basis for external financial reporting.

In connection with the presentation of the year-end financial statements, the CEO and the CFO declare that the accounts have been prepared in accordance with generally accepted accounting principles, and that to the best of their knowledge all information is accurate and no material information has been omitted.

Board meetings

The board shall deliberate matters and make decisions in meetings, unless the chair of the board finds that the matter may be presented in writing or be dealt with in another satisfactory manner.

The directors are free to consult the Company's executives as needed. Any board member or the CEO can require specific matters to be deliberated on by the board. The CEO shall, in consultation with the chair of the board, prepare matters to be deliberated by the board. Any matter shall always be prepared and presented in such a manner as to provide the board with a satisfactory basis for making its decision.

The CEO has a right and a duty to attend the board's deliberation of matters, unless otherwise determined by the board with respect to each individual matter. The CEO is not entitled to cast votes. Other participants are called in as needed.

Conflicts of interest and disqualification

The board of directors ensures that members of the board of directors and executive personnel make the Company aware of any material interest that they may have in items to be considered by the board of directors.

A member of the board or the executive management may not participate in the discussion or decision of issues of such special and prominent interest to the person in question, or to any closely related party of said person, that the board member or member of the executive management must be regarded as having a distinct personal or financial interest in the matter. This is in compliance with section 6-27 of the Norwegian Public Limited Companies Act.

Chair of the board of directors

The chair of the board of directors ensures that the board of directors operates well and carries out its duties. In addition, the chair of the board of directors also has certain specific duties in respect of the general meeting. Matters to be considered by the board are prepared by the chief executive in collaboration with the chair, who chairs the meetings of the board.

Board Committees

The board has appointed a separate audit committee. The committee shall prepare, draw up and present items for consideration by the board as a whole.



Audit Committee

The Company's audit committee is governed by the Norwegian Public Limited Companies Act and a separate instruction adopted by the board.

A majority of the members shall have qualifications in accounting or auditing. The principal tasks of the audit committee are:

- prepare the board of directors' supervision of the Company's financial reporting process;
- monitor the systems for internal control and risk management;
- have continuous contact with the Company's auditor regarding the audit of the annual accounts;
- review and monitor the independence of the Company's auditor, including in particular the extent to which services other than auditing provided by the auditor or the audit firm represent a threat to the independence of the auditor;
- monitor the Company's compliance with applicable legal and regulatory requirements;
- handle and investigate concerns raised by the Company's employees related to the internal revision or audit; and
- evaluate the audit committee's activities.

The audit committee consists of Petter Fjellstad (Chair) and Emine Lundkvist.

Remuneration Committee

The remuneration committee draws up guidelines and proposals for senior executive remuneration. The Company's remuneration policy, including remuneration to the CEO and the senior executives, are dealt with at one of the board meetings and accounted for in the Board's annual report.

The remuneration committee consists of Odd Harald Hauge (Chair) and Siri Gomnæs Børsum.

The board of director's evaluation of its own work

The board shall annually evaluate its activities, performance and competence, and has adopted a self-assessment questionnaire for the purpose thereof. The assessment results shall be submitted to the nomination committee.



11 | RISK MANAGEMENT AND INTERNAL CONTROL

It is ultimately the responsibility of the board of directors to ensure that NEXT has sound internal controls and risk management systems appropriate to the Company's size and business. The board, and the management, have increased focus on risk management and internal controls. The board of directors forms its opinion on the Company's internal controls and risk management systems based on the information presented to it by the management.

The executive management closely monitors the main risk factors, to ensure the Company has proper guidelines, processes and internal controls in place. The board of directors conducts annual reviews of the Company's most important areas of exposure to risk and such areas' internal control arrangements.

NEXT has experienced finance and accounting personnel, who continuously strive to improve routines and internal control systems. Initiatives are

ongoing to ensure risks are efficiently managed, and that key controls are in place to achieve financial goals, operational goals, and compliance with regulations. The Company's internal controls and systems also cover the Company's corporate values, ethical guidelines and principles of corporate social responsibility.

The size of the Group's operations and limited staff size necessarily lead to dependence on key individuals and a limitation on the possible implementation of internal control risk reduction measures.

The Norwegian entities of NEXT have an internal risk management, finance and accounting function. The board presents an in-depth review of NEXT's financial status in the "Report from the board of directors" as part of this annual report.

12 | REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration of the board reflects the board's responsibility, expertise, time commitment and the complexity of the Company's activities.

The general meeting approves the remuneration paid to the board of directors each year. The nomination committee prepares the proposed remuneration to the general meeting.

The remuneration of the board of directors is not linked to the Company's performance. The current board members were granted share options in 2019, 2020 and 2022, which were approved at the annual

general meetings held in 2019, 2020 and 2022. Moreover, the board members' options awarded in 2020 were extended to June 2026 at the 2023 annual general meeting. The Company deviates from the Code by granting options to board members.

For more details on the remuneration to the board, please refer to [note 19](#) in the annual financial statements. Except for the one deviation above, the Company does not deviate from the Code in relation to remuneration of the board of directors.

13 | REMUNERATION OF EXECUTIVE MANAGEMENT

The board establishes guidelines for the remuneration of the executive management team setting out the main principles applied in determining the salary and other remuneration of the executive management team. The general meeting approved the remuneration guidelines in May 2024. The guidelines are available on the Company's website.

The main principle in the Company's policy for remuneration is that the leading employees should be offered competitive terms to attract and retain the competence that the Company needs.

The general meeting has approved the Company's share option programs.

For details regarding remuneration to the executive management, see [note 19](#) in the annual financial statements, and for details regarding share option arrangements, see [note 18](#) in the annual financial statements.

The Company deviates from the Code by not having a cap on the performance-related remuneration

14 | INFORMATION AND COMMUNICATIONS

NEXT believes in open and honest communication with the shareholders, and interaction between shareholders, the board of directors and the Company's management. The board of directors and the executive management team assign considerable importance to giving the shareholders and other stakeholders relevant and current information about the Company and its activity areas.

Regular information is published through annual reports, quarterly reports, press releases, notices to the stock exchange and investor presentations in accordance with what is deemed appropriate from time to time. Information on value drivers and risk factors is provided through the interim reporting,

which will enable investors to evaluate NEXT's performance and risk.

The CEO is responsible for investor relations and is the main contact person of the Company for the capital market. All communication is done solely in the English language.

All reports and notices are issued and distributed according to the rules and regulations of the Oslo Stock Exchange. Information relevant to investors is published at Oslo Stock Exchange and made available on the Company's website. Shareholder information, including a financial calendar and information about webcasts, is available on www.nextbiometrics.com/investors

15 | TAKE-OVERS

The Company has established guidelines for the board on how it will act in the event of a take-over bid. The board will handle take-over bids in accordance with Norwegian law, including the Norwegian Securities Trading Act and the Code. The Company has not been subject to any take-over bids in 2024.

There are no defense mechanisms against take-over bids in the Company's articles of association nor any underlying steering document. In corporate take-over or restructuring situations, the board shall

exercise due and proper care so that all shareholder values and interests are preserved. During the course of a take-over process, the board and management shall ensure that the shareholders are treated equally, and that the Company's business activities are not disrupted unnecessarily. The board has a particular responsibility to ensure that shareholders are given sufficient information and time to form a view on the offer. The board of directors otherwise concurs with what is stated in the Code regarding this issue.

16 | AUDITOR

The Company's auditor is elected by the general meeting and is fully independent from the Company. From 2024, RSM Norge AS is the Company's auditor. NEXT represents a small share of the auditor's business. NEXT does not obtain significant business or tax planning advice from its auditor. For further information, see [note 19](#) to the group financial statements.

The board of directors is responsible for ensuring that the board and the audit committee are provided with sufficient insight into the work of the auditor. In this regard, the board of directors ensures that the auditor submits the main features of the plan for the audit of the Company to the audit committee annually. The board of directors invites the auditor to participate in board meeting(s) that deal with the annual accounts. At these meetings, the auditor (i) reports on any material changes in the Company's accounting principles and key aspects of the audit, (ii) comments on any material estimated accounting figures, and (iii) reports all material matters on which

there has been disagreement between the auditor and the executive management of the Company.

The audit committee shall at least once a year perform a review of the Company's internal control procedures with the auditor, including weaknesses identified and proposals for improvement. The board and the audit committee shall review periodically the use of the auditor for services other than the audit. At least once a year, the audit committee and the board will meet the auditor without the presence of the CEO or other members of executive management.

At the annual general meeting, the board shall present a review of the auditor's compensation as paid for audit work required by law and remuneration associated with other assignments.

In connection with the auditor's presentation to the board of the annual work plan, the board considers if the auditor to a satisfactory degree also carries out a control function.

ARTICLES OF ASSOCIATION FOR NEXT BIOMETRICS GROUP ASA

Per 31 December 2024

§ 1 – THE COMPANY NAME

The name of the company is NEXT Biometrics Group ASA. The company is organised as a public limited liability company.

§ 2 – BUSINESS OFFICE

The company's registered office is in Oslo municipality.

§ 3 – BUSINESS ACTIVITIES

The objective of the company is research and development, and commercialisation of safety products, trade and investment in such companies and what is connected with such business.

§ 4 – SHARE CAPITAL

The company's share capital is NOK 115,154,535 divided into 115,154,535, each with a nominal value of NOK1. The company's shares shall be registered in the Norwegian Central Securities Depository.

§ 5 – BOARD OF DIRECTORS

The Company's board of directors shall consists of 3 – 9 members as appointed by the general meeting.

§ 6 – NOMINATION COMMITTEE

The company shall have a nomination committee. The nomination committee shall consist of two or three members appointed by the general meeting. The members of the nomination committee, including the director, shall be elected by the general meeting. The nomination committee shall be elected for a period of two years, if not other period is decided upon by the general meeting.

The nomination committee makes recommendations to the general meeting regarding election of board members and members to the nomination committee, and regarding remuneration to the board members and members of the nomination committee. The general meeting shall resolve the remuneration to the members of the nomination committee. The general meeting may lay down guidelines for the nomination committee.

§ 7 – SIGNATORY RIGHTS

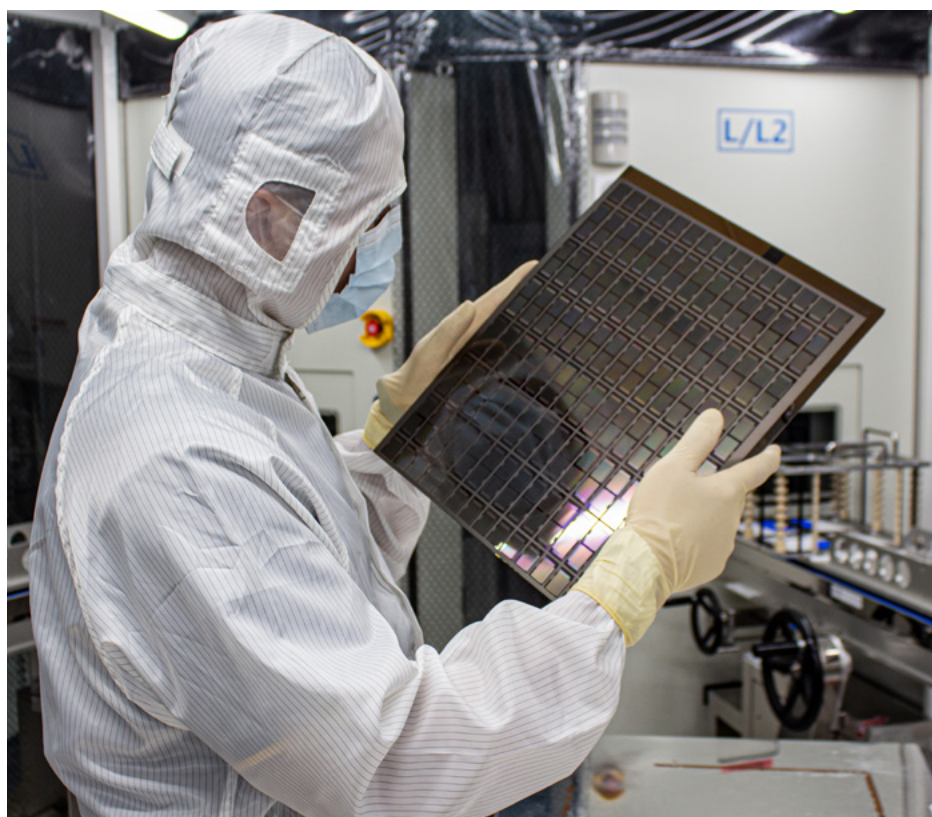
Two board members jointly have the right to sign on behalf of the company. The board of directors may give power of procuration.

§ 8 – GENERAL MEETING

Documents regarding matters to be discussed at the general meeting of the company, also applying documents that, pursuant to law, shall be included in, or attached to the notice of the general meeting of shareholders, can be made available at the company's website. The requirement regarding physical distribution shall then not apply. A shareholder may in any case request to be sent documents that shall be discussed at the general meeting.

The shareholder may vote in writing, including by way of electronic communication in advance in a period prior to the general meeting. The board of directors may establish guidelines for such advanced voting. It shall be stated in the notice for the general meeting the guidelines laid down. At the ordinary general meeting the following matters shall be addressed and decided upon:

1. Approval of the annual accounts and annual report, including the distribution of dividends.
2. Other matters that pursuant to law or the articles of association must be dealt with at the general meeting.



Corporate Social Responsibility Report

This review of NEXT Biometrics Group ASA ("NEXT" or the "Group")'s corporate social responsibility principles and practice is prepared in compliance with Section 3-3c of the Norwegian Accounting Act.

NEXT's business consists of research & development, commercialization and manufacturing of fingerprint technology and products for a variety of uses. NEXT works closely with world class manufacturing subcontractors and distribution partners. NEXT is committed to be a good corporate citizen and demonstrate integrity and high ethical standards in all its business dealings.

NEXT's board and management are committed to maintaining high ethical standards and have implemented guidelines with regards to values and ethics. The purpose of these standards and guidelines is to create a sound corporate culture and to preserve the integrity of NEXT by helping employees to promote standards of good business practice. NEXT's Ethical and Social Responsibility Guidelines were last approved by the board on 5 November 2024 and applies to all employees of the Group. They also apply to anyone who holds a position of trust in the Group (including membership of boards) and hired consultants acting on behalf of the Group. They aim to provide guidance to our people for a common platform.

NEXT has also established a Supplier Code of Conduct that requires NEXT Biometrics Group suppliers to conduct business in a responsible manner, based on the duty to respect human rights, labor rights, protect health, safety and the environment, prevent corruption and in general, apply sound business practices. NEXT's Supplier Code of Conduct was last updated and approved by the Board on 5 November 2024.

The Group strives for a business culture characterized by openness. Openness is a prerequisite for motivation, trust, confidence and safety at work. Everyone shall feel confident to raise any concern, small or large, with their manager or another colleague.

The Ethical and Corporate Social Responsibility Guidelines support NEXT's vision, core values and principles. The guidelines are instrumental for NEXT's approach to human rights, fair working environment and equal rights, health and safety, environment, business ethics and anti-corruption. The Group regularly reviews the guidelines and take steps to update and educate the organization.

Human rights

In addition to following national rules and regulations, NEXT conducts its business in line with fundamental international rules. Including those described in international human rights conventions such as the UN Convention on Human Rights and the labour rights conventions of the International Labour Organization (ILO).

The Group respects the right to freedom of association and opposes any form of child labour, forced labour or discrimination. NEXT practices equal opportunities and rights and encourage all business relations to follow the same principles. Any violations of basic human rights are unacceptable to the Group.

It is our goal to have no form of human rights abuse or labor issue at any stage related to production of our products.

Fair working environment

NEXT has a personnel policy designed to prevent discrimination on the grounds of race, color, gender, sexual orientation, age, disability, language, religion, legitimate political or other opinions, national or social origin, property, birth or other status.

The Group employs many different nationalities from a diversity of cultures and has built an international mindset for years. Employees are encouraged to treat each other and business contacts with respect and act according to local laws and regulations, as well as to pay attention to local values and norms for social conduct.

The Group does not tolerate degrading treatments towards any employee. The Group's employees are encouraged to report any incident of discrimination to their nearest leader or through the applicable whistle-blow channels through our HR department.

NEXT's board and management seek to create a working environment that is pleasant, stimulating, safe and beneficial to all employees. The working environment complies with the existing rules and regulations. The board has not found reason to implement special measures. No employee in the group has suffered work-related injury resulting in sick leave. No accidents nor incidents involving the assets of the Group have occurred. The parent company had no long-term leave of absence due to illness or any work-related incidents or accidents resulting in material damage or personal injury during 2024. The average sickness absence rate in the parent company was 1.1% in 2024 compared to 0% in 2023.

Equal rights

All facilities are equally well equipped for females and males. Traditionally, fewer women than men have graduated in NEXT's fields of work, and the candidates available for recruiting have often predominantly been males. The management structure reflects the composition of the technical staff. Of the 24 employees in the NEXT group at the end of 2024, 6 are women. At year-end 2024, the parent company has 4 board members, of which 2 are women. The parent company complies with Norwegian legal requirement with respect to gender representation in the board of directors.

Raising awareness of employees on human rights and labor principles and relevant issues are regularly done by internal training and as part of the introduction program for new employees.

Health and Safety

Health and safety are an indispensable component in all the Group's activities. All hazards and risks to health and safety must be avoided. Generally, NEXT's business involves low safety risk in the day-to-day activities, without use of heavy machinery or equipment that can cause damage or injuries. As a fables biometrics company, production has been outsourced to specialized manufacturers. NEXT is concerned for safety of employees in third party factories and it is an integral part of the evaluation criteria which the Group applies ahead of being classified as a "NEXT certified vendor/partner".

None of the processes in use by the suppliers are known to be of particular hazard to the staff.

Environment and climate impact

NEXT does not own or operate manufacturing facilities. Manufacturing is done through third parties that comply with the ISO 14001 environmental standard, among others. Consequently, there is little pollution associated with the Group's operations. NEXT seeks to limit resource consumption, prevent unnecessary environmental pollution including optimizing transportation of goods, and manage waste in an environmentally friendly and resource efficient manner.

NEXT climate impact and potential risk is low in the short to medium term. The Group is not impacted by physical climate risk such as potential flooding or general increase in the sea level. Moreover, NEXT does not face any potential liabilities due to damage caused by climate change. Still, NEXT is likely to be impacted by the regulatory and technological changes that are to be implemented (in the future) to reach a carbon neutral society, which may lead to long term increased electronic component purchase and manufacturing costs.

Business ethics & anti-corruption

The Group's operations depend on the trust of contractual parties, the authorities, shareholders, employees and society in general. In order to gain trust, the Group is dependent upon professionalism, expertise and high ethical standards in all aspects of the Group's work. This applies to the way the Group operates and to the conduct of each individual. All employees are therefore expected to behave with care, integrity and professionalism and abstain from actions that may weaken trust in the Group.

The NEXT Biometrics' Ethical and Corporate Social Responsibility Guidelines contain guidelines for ethical behaviour in business relations. These clearly states that NEXT strongly oppose all forms of corruption or bribery. NEXT encourages reporting of suspected misconduct; a «whistle-blower» communication channel. NEXT adheres to national and foreign antitrust laws.

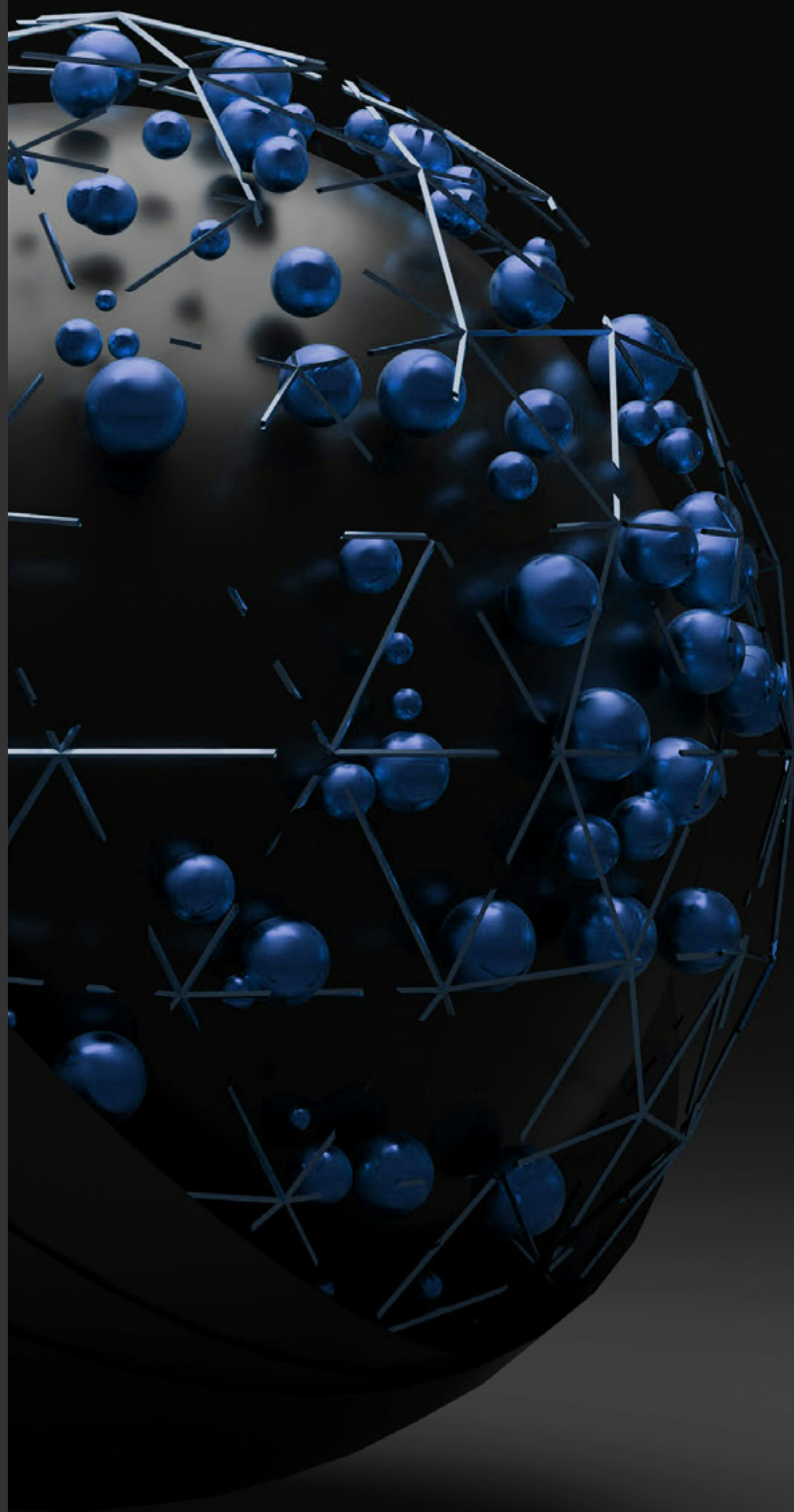
No one may receive benefits for themselves or for others from the Group's business contacts if such benefits are based on the employment relationship. Correspondingly, no one shall give such benefits to the Group's business contacts. The guidelines explicitly govern conflict of interests, gifts and money laundering. Business courtesies of modest value, conforming to normal social customs and not

intended for influence, are not considered bribes. All gifts with an estimated value of more than NOK 1,000 must be reported to the Group's CFO, who will keep a log over such gifts and assess whether the relevant gift can be retained or provided, based on a case-by-case evaluation.

NEXT has to date not been accused of, or involved in, any cases pertaining to any form of corruption or bribery. NEXT encourages each employee to report on possible censurable incidents. NEXT's employees have an obligation to report on criminal activity and on incidents which could endanger life or health. The board of directors and management are not aware of any breach of our code of conduct.

Raising awareness of the guideline has been the Group's main action with regard to this area. The Group is not aware of any breach of the implemented guideline. The Group does not have any other guidelines or actions regarding Corporate Social Responsibility due to the limited size and resources of the parent company. The Group will continue to have focus on these guidelines and incorporate them into our company culture. The Group will do this by updating and educating the organization.

Financial Statements Group



Group | Consolidated statement of comprehensive income

1 January - 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Revenues	<u>3,24</u>	71,574	34,383
Cost of materials	<u>12,24</u>	-32,416	-27,004
Gross profit		39,158	7,379
Payroll expenses	<u>4,18</u>	-32,791	-42,370
Other operating expenses	<u>5,6</u>	-47,041	-23,218
Depreciation and amortization	<u>10,11</u>	-5,394	-7,068
Impairment losses	<u>10,11</u>	-	-1,139
Total operating expenses		-85,227	-73,795
Operating profit (loss)		-46,068	-66,416
Financial income	<u>7</u>	1,482	1,054
Financial expenses	<u>7</u>	-119	-62
Net currency gains (losses)	<u>7</u>	-332	-74
Net financial items		1,030	918
Profit (loss) before taxes		-45,038	-65,498
Income tax expenses	<u>8</u>	-197	-234
Profit (loss) after taxes		-45,235	-65,732
Earnings per share (in NOK)			
Basic and diluted	<u>9</u>	-0.42	-0.69
Other comprehensive income (loss) that may be reclassified:			
Translation differences on net investments in foreign operations		6,369	1,170
Other comprehensive income (loss)		6,369	1,170
Total comprehensive income (loss)		-38,866	-64,562
Profit (loss) after taxes attributable to:			
Owners of the parent company		-45,235	-65,732
Total comprehensive income (loss) attributable to:			
Owners of the parent company		-38,866	-64,562

The consolidated financial statements should be read in conjunction with the accompanying notes.

The Group has changed selected 2023 comparatives in order for the financial statements to be more in line with accounting practice. See [note 24](#) for details.

Group | Consolidated statement of financial position

As of 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Intangible assets	<u>10</u>	825	1,530
Property, plant and equipment	<u>11</u>	7,094	6,738
Total non-current assets		7,919	8,268
Inventories	<u>12</u>	17,672	23,126
Accounts receivables	<u>13</u>	56,754	12,303
Other current assets	<u>14</u>	7,138	7,451
Cash	<u>15</u>	62,907	67,753
Total current assets		144,471	110,632
Total assets		152,390	118,900
Share capital	<u>18</u>	115,155	104,025
Share premium		70,268	30,858
Other reserves		35,208	31,965
Accumulated losses		-101,775	-72,498
Total equity		118,857	94,351
Non-current lease liabilities	<u>17</u>	2,244	194
Total non-current liabilities		2,244	194
Accounts payables		10,910	5,984
Income tax payables	<u>8</u>	92	33
Current lease liabilities	<u>17</u>	1,843	1,745
Other current liabilities	<u>16</u>	18,444	16,594
Total current liabilities		31,289	24,355
Total equity and liabilities		152,390	118,900

The board of directors of
NEXT Biometrics Group ASA

Oslo, 10 April 2025

/Sign/

Odd-Harald Hauge
Chair

/Sign/

Emine Lundkvist
Board member

/Sign/

Siri Gomnæs Børsum
Board member

/Sign/

Petter Fjellstad
Board member

/Sign/

Ulf Ritsvall
CEO

Group | Consolidated statement of cash flow

1 January - 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Profit (loss) before taxes		-45,038	-65,498
Share based remuneration	<u>4,5</u>	3,243	5,896
Share based payments social security expense	<u>4</u>	-1,637	4,611
Income taxes paid	<u>8</u>	-	-26
Depreciation and amortization	<u>10,11</u>	5,394	7,068
Impairment losses	<u>10,11</u>	-	1,139
Change in inventories	<u>12</u>	5,817	3,852
Change in accounts receivables	<u>13</u>	-44,452	-6,042
Change in accounts payables		4,926	-1,792
Change in other working capital items and other		8,807	-6,590
Interests received	<u>7</u>	1,400	1,054
Interests paid	<u>7</u>	-141	-303
Net cash flow from operating activities		-61,681	-56,630
Purchase of property, plant and equipment and intangible assets	<u>10,11</u>	-597	-13
Net cash flow from investing activities		-597	-13
Net proceeds from issue of shares	<u>18</u>	60,129	57,016
Payment of lease liabilities	<u>17</u>	-2,017	-2,078
Net cash flow from financing activities		58,111	54,938
Net change in cash flow		-4,167	-1,705
Cash balance as of 1 January		67,753	69,302
Effects of exchange rate changes on cash		-679	155
Cash balance as of 31 December		62,907	67,753
Comprising of:			
Cash	<u>15</u>	62,907	67,753

Group | Consolidated statement of changes in equity

1 January - 31 December

Attributable to owners of the parent company

(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					-45,235	-45,235
Other comprehensive income (loss)					6,369	6,369
Total comprehensive income (loss)		-	-	-	-38,866	-38,866
Share issues	<u>19</u>	11,130	51,313			62,442
Share issue costs	<u>19</u>		-2,314			-2,314
Share based remuneration	<u>19</u>			3,243		3,243
Transfer of loss to share premium			-9,589		9,589	-
As of 31 December 2024		115,155	70,268	35,208	-101,775	118,857
As of 1 January 2023		91,981	4,049	26,069	-26,099	96,000
Profit (loss) after taxes					-65,732	-65,732
Other comprehensive income (loss)					1,170	1,170
Total comprehensive income (loss)		-	-	-	-64,562	-64,562
Share issues	<u>19</u>	12,044	48,106			60,150
Share issue costs	<u>19</u>		-3,134			-3,134
Share based remuneration	<u>19</u>			5,896		5,896
Transfer of loss to share premium			-18,163		18,163	-
As of 31 December 2023		104,025	30,858	31,965	-72,498	94,351

Incremental costs directly attributable to the issue of ordinary shares are recognized as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Notes to financial statement – Group

NOTE 1 | GENERAL INFORMATION

NEXT Biometrics Group ASA ("Parent company") is a public limited liability company, incorporated and domiciled in Norway, with headquarter in Stortorvet 7, 0155 Oslo, Norway. The Parent company and its subsidiaries ("NEXT" or "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.

The Group has five operating subsidiaries. The following four are owned 100%: NEXT Biometrics AS (Norway) and its subsidiaries NEXT Biometrics Inc. (Seattle, USA), NEXT Biometrics Taiwan Ltd. (Taipei, Taiwan) and NEXT Biometrics Solutions India Pvt. Ltd. (Bengaluru, India). NEXT Biometrics China Ltd. (Shanghai, China) is a company that is controlled by the Group and that NEXT Biometrics AS owns 50% of the share capital as per 31/12/2024 following a transaction where the Group sold 50% of the shares in NEXT Biometrics China Ltd. (NEXT China) in 2024 for zero cost. The Group has an obligation to repurchase 50% as a part of an agreement with an external party. Hence, the Group controls the subsidiary and will acquire the remaining shares in the entity at zero cost. Consequently, the subsidiary is fully consolidated, and no minority interest is recorded in the balance sheet of the Group. Please see [note 16](#) for further details regarding this arrangement. All of the five Group subsidiaries are consolidated into the Group financial accounts.

NEXT ASA's shares are listed on the Oslo Stock Exchange.

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 activities that will naturally fall under this

The financial statements have been approved for issuance by the Board of Directors on 10 April 2025 and is subject to approval by the Annual General Meeting on 9 May 2025.

Changes in accounting policies

The accounting policies applied in preparation of the financial statements for the year ended 31 December 2024 are consistent with those applied in the preparation of the prior year financial statements.

New and amended standards and interpretations adopted by the Group as of 1 January 2024.

The new amendments to IAS 1 concerning new disclosure requirements relating to liabilities with covenants and convertible debt is not applicable for the group.

There are no new amendments applicable for the annual reporting period commencing 1 January 2024 that have been adopted by Next Biometrics Group.

New and amended standards and interpretations not yet adopted.

IFRS 18 Presentation and Disclosure in Financial Statements is effective for periods beginning on or after 1 January 2027.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, and introduce new requirements to help achieve comparability across companies. Although IFRS 18 will not affect the recognition or measurement of items in the financial statements, changes are expected to be made to the Group's presentation of the Consolidated statement of comprehensive income.

Management is currently assessing the detailed implications of applying the new standard to the Group's consolidated financial statements.

NOTE 2 | SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU per 31 December 2024.

Going concern

The Board of Directors confirms that the financial statements have been prepared under the assumption of going concern.

Currency

These financial statements are presented in Norwegian kroner, which is also the Parent company's functional currency. Except for Next Biometrics AS, which is based in Norway and that uses USD as its functional currency, each entity within the Group utilizes the local currency of its domicile and operational base as its functional currency.

Property, plant and equipment

Property, plant and equipment are held at cost less accumulated depreciation and impairment losses. When assets are sold or disposed, the gross carrying amount and accumulated depreciations are reversed. Any gain or loss on the sale or disposal is recognized in the profit and loss.

Inventory

Raw materials, work in progress and finished products are valued at the lower of cost and net realizable value after deduction for obsolescence. Costs are determined using the FIFO and average cost method.

Cash flow

The cash flow statement has been drawn up in accordance with the indirect method and reports cash flows during the period classified by operating, investing and financing activities.

Significant estimates and judgements

Preparation of financial statements in accordance with IFRS requires that the management makes judgements and prepares estimates and assumptions which have an impact on the recognized amounts for assets, liabilities, revenue and costs. Estimates and related assumptions have been based on the management's best knowledge of past and recent events, experience and other factors which are considered reasonable under the circumstances. Actual results may deviate from such assumptions. Estimates and underlying assumptions are subject to continuous evaluation.

Critical accounting estimates for the Group are:

Share-based remuneration:

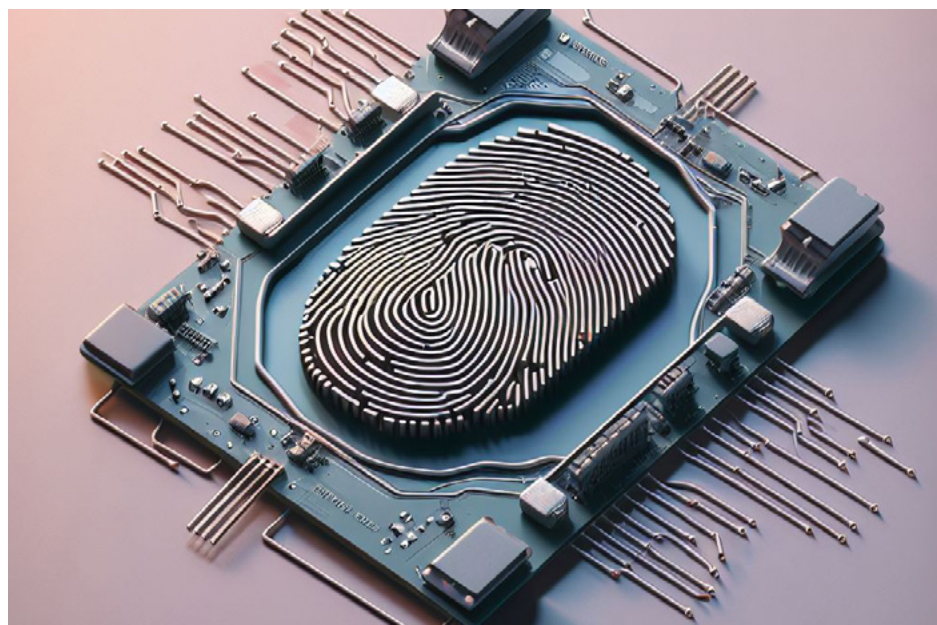
The cost of options granted to employees and employee option social security costs are classified as employee costs while cost of options granted to consultants/contractors are classified as other operating costs. Please see [note 18](#) for further details.

Research and development expenses/ Intangible assets:

Research costs are expensed as incurred. An intangible asset arising from the development expenditure on an individual project is recognized only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention and capability of completing the development and realize the assets, and the net future financial benefits of use or sale.

Expected credit loss on account receivables:

The Group recognizes loss allowances for expected credit loss on account receivables, which are measured at amortized cost. The Group applies a provision matrix to calculate expected credit loss (ECL). The provision matrix is based on historical losses and forward-looking information and is updated at each reporting date. In addition, the trade receivables are grouped in customer segments that have a similar credit risk profile. During 2024 the amount of significant overdue receivables has increased. The Group has a limited operating history with several of its major customers, which makes it more challenging to establish expected credit loss estimates for these receivables. This fact, together with the significant amount of trade receivables overdue at year-end 2024, makes estimated ECL a critical estimate.



NOTE 3 | Revenues and segment reporting**Accounting principle**

The Group manufactures and sell fingerprint sensor technology hardware and software, both to distributors and end-customers. The sales contract and terms of delivery depends on the customer, but most products are shipped ex-works. In accordance with IFRS 15, revenue is recognized when control of the product is transferred to the customer. Typically when the customer picks up the products as per

contract, the Group has delivered and transferred the products, there is no unfulfilled obligation that could affect the customer's acceptance of the products. The goods are predominately sold based on fixed prices. No significant element of financing is deemed present as the sales are normally made with a credit term of 30-90 days upon delivery, which is consistent with market practice.

(amounts in NOK 1,000)	2024	2023
Fingerprint sensor technology	71,252	33,717
Other revenues	322	666
Total operating revenues	71,574	34,383

The Group targets four customer groups and application areas for the technology:

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

The same generic fingerprint sensor technology and products is used for all customers. Most of the Group's key IP, including our NEXT Active Thermal™ is shared and used in all products. The employees in the Group work across all products and customers. The R&D personnel are focused on technology, rather than specific customer groups such as Office & Notebooks or Public Security. Based on this, the Group consider that we only operate within one business segment, and therefore also report only within one business segment, "Fingerprint sensor technology".

The Group's property, plant and equipment (PPE) mainly consist of a specialized coating machine that is located in Taipei, Taiwan. The remaining part of the Group's PPE consists of R&D test equipment located in Seattle, USA and Taipei, Taiwan.

The Group's revenues, both in 2024 and in 2023, were mainly related to customers geographically located in Asia (Japan, Singapore, China, Taiwan and India). The Group has 4 major customers, which represent 25% (0%), 20% (17%), 12% (63%) and 11% (0%) of revenues in 2024 (2023 in brackets).

All of the group's revenue is point in time type of revenue.

Other revenue of NOK 0.3 million mainly relates to sale of electronic components and other fees.



NOTE 4

Payroll expenses

(amounts in NOK 1,000)	2024	2023
Salaries, fees	-26,169	-26,507
Share based remuneration (salary part)	-2,776	-5,729
Share based remuneration (employer's tax)	1,637	-4,611
Social security taxes	-3,600	-3,515
Pension contribution	-652	-804
Other personnel expenses	-1,231	-1,204
Total payroll expenses	-32,791	-42,370
Average numbers of employees	23	24

The cost for share based remuneration (employer's tax) was negative NOK 1.6 million in 2024 compared to a cost of NOK 4.6 million in 2023. The negative cost in 2024 is due to reduction in the liability for share option social security tax mainly triggered by a reduction in the Group's stock price and lowered social security cost for future periods from 19.1% to 14.1%. Please refer to [note 18](#) for further information on the Group's option program.

The Group employed an average number of employees of 23. In addition, the company has 15 contractors who are working for the company on a part time or full time basis.

The parent company, NEXT Biometrics Group ASA, provides a contribution-based pension insurance scheme for all employees. The scheme satisfies the mandatory service pension ('OTP') in Norway.

NEXT Biometrics Inc has a 401-K plan for its employees, which allows employees to save for retirement with pre-tax funds. The company currently does not contribute to this plan but pays for its administration. NEXT Biometrics Taiwan Ltd offers an employee pension plan with an annual contribution of 6% of the salary, but capped at TWD 9,000 per month per employee (NOK 3,100 per month).

NEXT Biometrics China Ltd and NEXT Biometrics Solutions Pvt Ltd have no local pension plans.

Termination benefits

Termination benefits are payable when the employment is terminated by the Group before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when the Group can no longer withdraw the offer.



NOTE 5

Other operating expenses

(amounts in NOK 1,000)	2024	2023
Product and marketing costs	-6,795	-5,225
Sales and marketing incentive fees	-3,631	-
Business services costs	-18,084	-9,841
R&D costs	-4,173	-2,600
R&D and government grants ¹	1,848	1,754
Fees to contractors, auditors, lawyers and others ²	-5,382	-4,331
Allowance for expected credit loss	-7,315	-462
Other expenses ³	-3,057	-2,345
Share based remuneration (operating part) ⁴	-452	-167
Total other operating expenses	-47,041	-23,218

The Group's business service costs increased from NOK 9.8 million in 2023 to NOK 18.1 million in 2024 largely due to transfer of personnel from hired employees to contractors, increased number of contractors in the areas of sales, product and marketing as well as due to higher sales incentive bonuses and travel activity.

¹ R&D grants and other government grants are related to Skattefunn grants in 2023/2024.

² Fees to contractors, auditors, lawyers refers to amounts paid the company's contractors and service providers who are working for the company on a part time or full time basis.

³ Other expenses include software expenses, IT cost, insurance fees, non deductible VAT and stock exchange related fees.

⁴ Share based remuneration (operating part) refers to share options granted to contractors (see [note 18](#) for further information).



NOTE 6

Research and development cost

Cost related to research and development is only recognized on projects we are confident will amount to either a new product or a substantially improved existing product. In general, research costs are expensed when incurred. Research expenditures is only capitalized when research and development cost can be measured reliably and confidently. Internal and external research and development performed in 2024 do not meet the Group's capitalization criteria.

The reported research and development (R&D) costs includes external project costs for work and material purchased from various companies and institutions. The payroll cost of R&D staff is included in payroll, and any capitalization reported as a credit on a separate line. The major parts of the R&D costs are related to development and substantial improvement of the sensor technology as well as production trials and pilot production of new sensor modules.

Expensed R&D costs for the Group amounted to NOK 10.7 million in 2024 (2023: NOK 9.0 million), of which NOK 6.5 million (2023: NOK 6.4 million) is presented in payroll expenses and NOK 4.2 million (2023: NOK 2.6 million) in other operating expenses.

Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as a reduction in expense. When the grant can be viewed as payment for a deliverable or performance of service, it is recognized as other revenue.

The subsidiary NEXT Biometrics AS' estimated R&D public grant in connection with SkatteFUNN (Norwegian Government tax deduction for research and development in the innovative business sector) for 2024 is NOK 1.8 million (2023: NOK 1.5 million). The total amount is presented as part of "Other current assets" in the balance sheet and has correspondingly led to a reduction in other operating expenses. The grant is subject to final approval by the tax authorities.

NOTE 7

Financial items

(amounts in NOK 1,000)	2024	2023
Interest income	1,400	1,054
Interest income on sub-leases (see note 17)	81	-
Total financial income	1,482	1,054
Interest expenses	-2	-157
Interest expenses leases (see note 18)	-139	-146
Other financial expenses	22	241
Total financial expenses	-119	-62
Realized currency gains (losses)	-273	-62
Change in unrealized currency gains (losses)	-59	-12
Net currency gains (losses)	-332	-74
Net financial items	1,030	918

NOTE 8

Income taxes

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax has been calculated based on the temporary differences between the recorded and tax values, as well as on any tax loss carry-forward at the balance sheet closing date. Any temporary differences increasing or reducing tax that will or may reverse in the same period, have been netted.

A deferred tax asset will be recognized when it is probable that the Group will have sufficient profit for tax purposes to utilize the tax asset. At each balance sheet date, the Group reviews its unrecognized deferred tax assets and the value it has recognized. The Group recognizes an unrecognized deferred tax asset to the extent that it has become probable that the Group can utilize the deferred tax asset. Similarly, the Group will reduce its deferred tax asset to the extent that it can no longer utilize it.

Deferred tax and deferred tax assets are measured on the basis of the expected future tax rates.

Deferred tax assets related to losses carried forward is recognized when it is probable that the loss carried forward may be utilized. Evaluation of probability is based on historical earnings, expected future margins and the size of the order backlog. Future events may lead to these estimates being changed. Such changes will be recognized when reliable new estimates can be made.

The subsidiary NEXT Biometrics AS has applied for R&D public grant funds in connection with SkatteFUNN (Norwegian Government tax deduction for research and development in the innovative business sector) in 2023 and 2024. The amount for 2024 is NOK 1.8 million. Please see [note 6](#) and [14](#) for further details.

(amounts in NOK 1,000)	2024	2023
Current taxes (entities located in Norway)	-	-
Current taxes (International subsidiaries*)	197	196
Change in deferred taxes (International subsidiaries*)	-	38
Total income tax expenses	197	234

* Subsidiaries in Taiwan, USA, India and China

Income tax expense reconciliation:

(amounts in NOK 1,000)	2024	2023
Profit (loss) before taxes	-45,038	-65,498
Expected income tax expenses at Norwegian nominal tax rate (22%)	-9,908	-14,410
Difference between local tax rates and Norwegian nominal tax rate	-336	-72
Effect of change in local tax rates	-	-
Tax effect of permanent differences	-189	-29
Change in deferred tax assets not recognized	10,513	14,417
Prior year underaccrual/(overaccrual) of income tax	-5	-5,132
Other	123	5,460
Actual income tax expenses	197	234
Effective tax rate	0%	0%

Note 8 Continued

Deferred tax related to the following temporary differences:

(amounts in NOK 1,000)	2024	2023
Property, plant and equipment	-1,801	-2,971
Inventories	-16,938	-17,200
Accounts receivables and other assets	-10,133	-2,932
Lease liabilities	-875	-430
Other temporary differences	-1,865	-7,193
Tax losses carried forward	-1,368,912	-1,320,961
Total temporary differences and tax losses carried forward	-1,400,524	-1,351,686

Deferred tax assets (amounts in NOK 1,000)	2024	2023
Property, plant and equipment	396	654
Inventories	3,726	3,784
Accounts receivables and other assets	2,229	645
Lease liabilities	192	95
Other temporary differences	410	1,614
Tax losses carried forward	301,161	290,611
Deferred tax assets not recognized	-308,115	-297,403
Deferred tax assets(-)/liability(+) in the balance sheet	-	-

As of 31 December 2024, NOK 1 369 million (2023: NOK 1 321 million) of tax losses carried forward are related to the Norwegian companies with no limitations in expiry date.

Due to a history of losses, deferred tax assets are not recognized.

The following table illustrates the deferred tax balance recognized in the statement of financial position:

(amounts in NOK 1,000)	2024	2023
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Net deferred taxes as of 31 December	-	-



NOTE 9

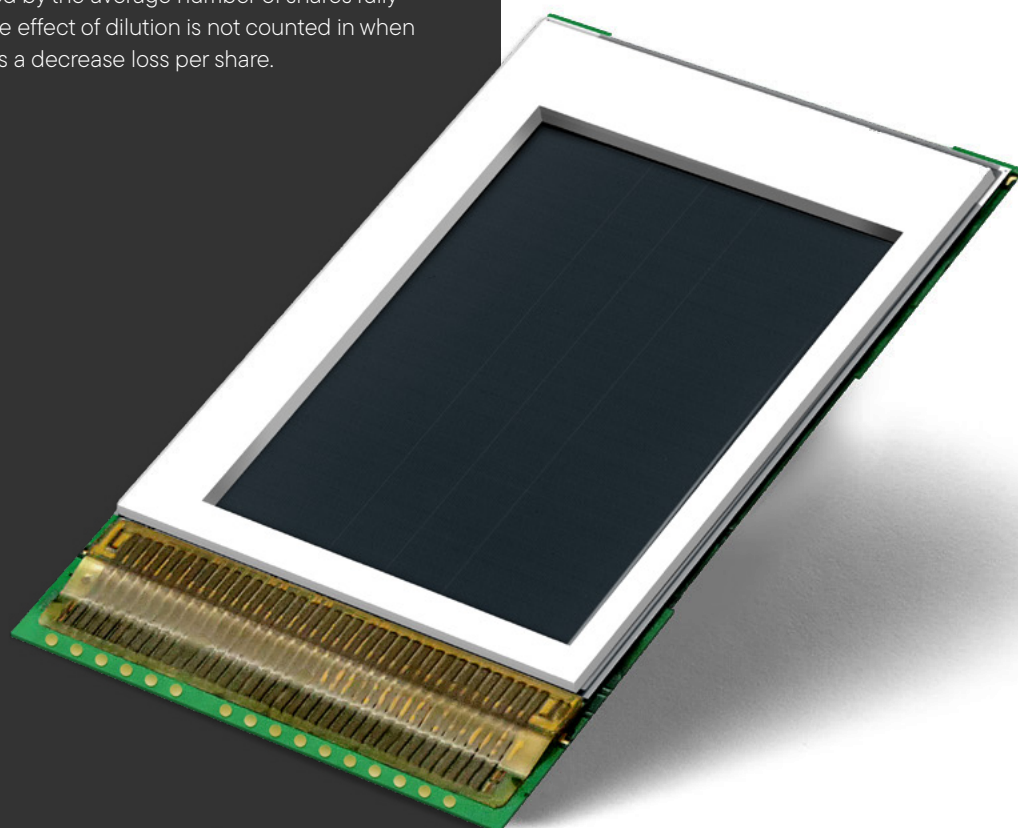
Earnings per share

The calculations of earnings per share attributable to the equity holders of the parent company are based on the following data:

(amounts in NOK 1,000)	2024	2023
Profit (loss) after taxes (NOK 1,000)	-45,235	-65,732
Number of shares outstanding as of 1 January	104,024,929	91,980,763
New shares issued during the year (see note 19)	5,500,000	12,000,000
Exercised incentive options during the year (see note 19)	5,629,606	44,166
Number of shares outstanding as of 31 December	115,154,535	104,024,929
Weighted average number of shares for the year *	107,219,921	95,151,133
Effect of dilution option programmes	-	-
Weighted average number of shares adjusted for effect of dilution	107,219,921	95,151,133
Earnings per share, basic and diluted (NOK)	-0.42	-0.69

Earnings per share

Earnings per share are calculated by dividing the profit or loss for the period by the weighted average number of ordinary shares outstanding over the course of the period. Earnings per share fully diluted are calculated based on the result or the year divided by the average number of shares fully diluted. The effect of dilution is not counted in when the result is a decrease loss per share.



NOTE 10

Intangible assets

Intangible assets mainly consist of the patent and know-how (IP) described as the NEXT Active Thermal™ Sensing principle, internally generated ASIC designs and source code license.

(amounts in NOK 1,000)	2024	2023
Accumulated cost as of 1 January	30,494	29,779
Additions	54	-
Disposals at cost	-	-
Translation differences	2,707	715
Accumulated cost as of 31 December	33,255	30,494
Accumulated amortization and impairment losses as of 1 January	-28,963	-27,200
Amortization	-762	-1,100
Accumulated amortization and impairment losses of disposed items	-	-
Translation differences	-2,705	-662
Accumulated amortization and impairment losses as of 31 December	-32,430	-28,963
 Carrying amount as of 31 December	 825	 1,530
 Amortization period in years (straight line)	 3-12	 3-12

As of 31 December 2024, in carrying amount, there is no internally generated assets, the net book value of intangible assets of NOK 0.8 million (2023: NOK 1.5 million) are separately acquired assets. There are no impairments related to intangible assets in 2024 and 2023.

The patent and know-how (IP) is amortized over 12 years (equal to the patent life from initial recognition).



NOTE 11

Property, plant and equipment

(amounts in NOK 1,000)	2024			2023		
	Equipment	Rental agreement assets	Total	Equipment	Rental agreement assets	Total
Accumulated cost as of 1 January	35,765	5,317	41,082	36,097	5,421	41,518
Additions	597	4,276	4,873	13	1,066	1,079
Disposals at cost	-5	-4,755	-4,760	-1,448	-1,270	-2,718
Translation differences	2,260	553	2,813	1,103	100	1,203
Accumulated cost as of 31 December	38,616	5,392	44,008	35,765	5,317	41,082
Accumulated depreciation and impairment losses as of 1 January	-30,871	-3,473	-34,344	-26,629	-2,542	-29,171
Depreciation	-2,524	-2,108	-4,632	-3,896	-2,076	-5,972
Impairment losses	-	-	-	-1,139	-	-1,139
Derecognition of RoU asset due to office lease amendment	-	-224	-224	-	-	-
Accumulated depreciation and impairment losses of disposed items	-5	4,755	4,750	1,448	1,186	2,634
Translation differences	-2,128	-336	-2,464	-655	-41	-696
Accumulated depreciation and impairment losses as of 31 December	-35,528	-1,386	-36,914	-30,871	-3,473	-34,344
Carrying amount as of 31 December	3,088	4,006	7,094	4,894	1,844	6,738
Depreciation period in years (straight line)	3-10	2-4		3-10	2-4	

As of 31 December 2024, carrying amount of equipment consists of machinery of NOK 3.1 million (2023: NOK 4.8 million) and office equipment of NOK 0 million (2023: NOK 0.1 million). Rental agreement assets represent office leases and amounted to NOK 4.0 million as per 31 December 2024 (2023: NOK 1.8 million).

The accumulated cost of equipment primarily relates to the coating machine purchased in 2017 that is located in Taiwan, amounting to NOK 21.2 million. This includes the addition of additional investments NOK 0.6 million in 2024. The remainder of the

accumulated equipment cost mainly represents a cutting machine, that has a gross book value of NOK 7.3 million and zero net book value. Please note that these assets have been subject to currency adjustments. There are no impairments related to equipment in 2024 while the Group booked an impairment of NOK 1.1 million in 2023.

Additions in 2024 for rental agreement assets were mainly related to new office leases in Norway and USA. See also [note 17](#) for further information regarding leases.

NOTE 12

Inventories

(amounts in NOK 1,000)	2024	2023
Raw material, consumables and supplies	9,382	17,143
Work in progress	2,790	2,367
Finished products	5,500	3,615
Total inventories	17,672	23,126

Cost of materials is defined as cost of materials and production service expenses.

Cost of materials includes net write-downs of inventories. In 2024, write-downs on inventories was NOK 0.36 million while the write-down of inventories was NOK 4.04 million in 2023.

NOTE 13

Accounts receivables

(amounts in NOK 1,000)	2024	2023
Accounts receivables-gross	67,424	15,269
Accounts receivables-loss allowance	-10,669	-2,966
Total accounts receivables as of 31 December	56,754	12,303

(amounts in NOK 1,000)	2024	2023
Not due	10,673	11,531
30-90 days overdue	23,729	-
90-120 days overdue	-	-
120-180 days overdue	15,520	690
180+ days overdue	6,832	81
Total accounts receivables as of 31 December	56,754	12,303

The total credit loss allowance provision was NOK 10.7 million as per year end 2024 (2023: NOK 3 million), representing 15.8% (2023: 19.4%) of the total gross value of accounts receivables. Of the provision of NOK 10.7 million, NOK 3.3 million is related to a disputed claim relating to a product shipment from 2020.

During 2024 the amount of significant overdue receivables has increased. For the account receivables outstanding as per 31 December 2024, the Group is expecting collect approximately 50% of the net account receivables in the first half of the year and the remaining portion in the second half of 2025.

The Group has few, but large customers. The provision is based on individual assessment of each customer after thorough evaluations and discussions with each respective customer.



Note 13 Continued

ACCOUNTS RECEIVABLES AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Account receivables are initially recognized when they are originated. An account receivable without a significant financing component is initially measured at the transaction price.

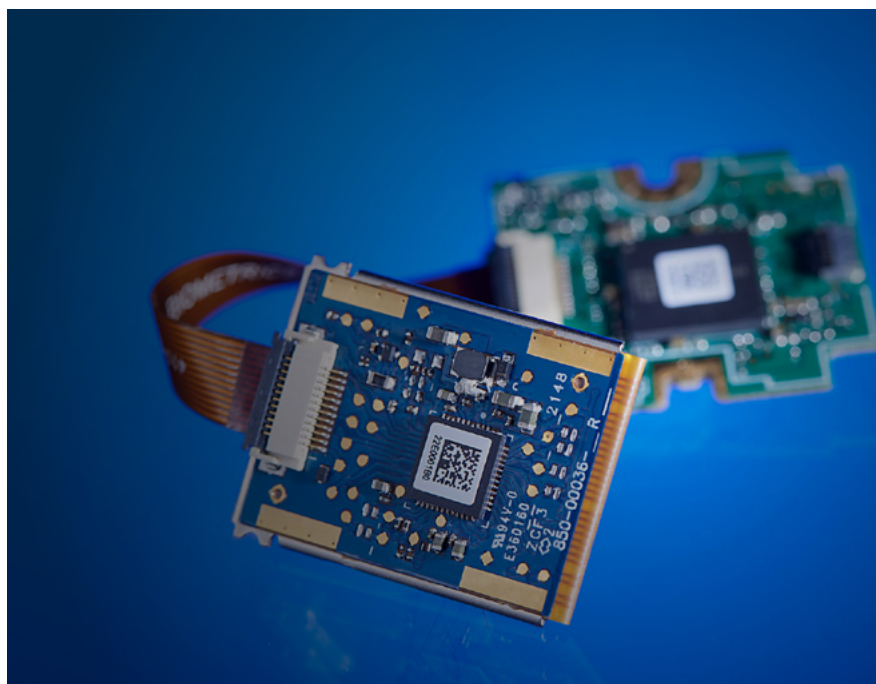
Account receivables write-off

The gross carrying amount of a account receivables is written off when the Group has no reasonable expectations of recovering it in its entirety or a portion thereof.

Accounts receivable loss allowance

The Group recognizes loss allowances on account receivables measured at amortized cost. None of the account receivables contain a significant financing component and the time value of money will not need to be considered as it is insignificant.

The Group has few, but large customers. The Group considers reasonable and supportable information that is relevant and available when estimating loss allowance. This includes both quantitative and qualitative information and analysis of each customer and their domicile. The provision is based on individual assessment of each customer after thorough evaluations and discussions with each respective customer, as well as past experience. The Group has a limited operating history with several of its major customers, which makes it more challenging to establish expected credit loss estimates for these receivables. This fact, together with the significant amount of trade receivables overdue at year-end 2024, makes estimated ECL a critical estimate.



NOTE 14

Other current assets

(amounts in NOK 1,000)	2024	2023
Prepayments	3,073	2,564
Government grants (see note 6)	1,776	1,527
Deposits	376	320
Income taxes and other taxes receivables	758	359
Other receivables	1,155	2,680
Total other current assets as of 31 December	7,138	7,451

NOTE 15

Cash

Cash include cash in hand, deposits held at call with banks and bank deposits related to employee withholding tax (restricted funds).

(amounts in NOK 1,000)	2024	2023
Cash-unrestricted	62,615	67,332
Cash-employee withholding tax deposits	293	422
Total cash	62,907	67,753

NOTE 16

Other current liabilities

(amounts in NOK 1,000)	2024	2023
Accrued salary, vacation pay and board remuneration	3,405	1,863
Public duties payable	1,244	1,504
Share options social security tax	1,880	6,225
Other current liabilities	11,915	7,001
Total other current liabilities	18,444	16,594

Total other current liabilities was NOK 18.4 million as per 31 December 2024 compared to NOK 16.6 million as per 31 December 2023. The liability for share option social security tax was reduced in 2024 due to payment of options social security tax during the year (as a result of options exercised in 2024) and a reduction of the company's stock price during 2024. Other current liabilities was NOK 11.9 million as per 31 December 2024, of which NOK 5.3 million mainly relates to uninvoiced goods and services that has been received by the group while NOK 3.6 million relates to accrued sales and marketing incentive fees.

The Group has entered into a contract with an external party targeting to reach certain sales targets in China. Upon reaching certain milestones, performance fees are due to the external partner. The sales and marketing fees liability estimate is 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 accrued liability for marketing incentive fees is NOK 3.6 million as per 31 December 2024. The Group may elect to settle the liability in cash or in NEXT Biometrics Group ASA shares at its own discretion. In 2024 the Group sold 50% of shares the subsidiary in China (NEXT China) at zero cost to the external party. A certain part of shares in NEXT China is transferred back to NEXT Biometrics AS at zero cost when each individual milestone is fulfilled and settled as a part of the arrangement with the external party. Hence, the Group will control 100% of shares in NEXT China when all milestones have been fulfilled. Alternatively, all remaining shares in the subsidiary will be transferred to the Group once the agreement has expired and some or none of the milestones have been fulfilled. The agreement with the external party also covers governance and operations during the joint ownership period whereby the Group will control the operations of NEXT China even when the Group has a 50% shareholding.

In 2020, NEXT provided biometric products to a former client. The client failed to meet the agreed-upon payments, leading NEXT to decide to pursue these payments through the courts, citing a breach of contract. The arbitration court proceedings are ongoing. The book value of the NEXT receivable

relating to this claim is zero as per 31 December 2024. In 2024, the former client countersued NEXT for breach of contract and is seeking damages from NEXT. NEXT's management, in consultation with its legal advisors, considers this countersuit to be without merit and with an extremely low likelihood of succeeding. As such, in accordance with IAS 37, no provision has been recognized for this potential liability in the financial statements as of 31 December 2024.

For financial liabilities at amortised cost, the carrying amount is assessed to be a reasonable approximation of fair value. All items above are at amortised cost or nominal value.

Provisions

Provisions are recognized when, and only when, the Group has a valid liability (legal or constructive) as a result of events that have taken place and it is more probable than not that a financial settlement will take place as a result of the event(s), and the size of the amount can be measured reliably. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. When the effect of time is insignificant, the provisions will be equal to the size of the expense necessary to be free of the liability. When the effect of time is significant, the provisions will amount to the present value of future payments to cover the liability. Any increase in the provisions due to time is recorded as other financial expenses.

Contingent liabilities and assets

Contingent liabilities are possible obligations resulting from past events which existence depends on future events; obligations that are not recognized because it is not probable that they will lead to an outflow of resources; and obligations that cannot be measured with sufficient reliability.

Contingent liabilities are not recognized in the annual financial statements but will be disclosed in the notes if applicable. A contingent asset is not recognized in the annual financial statements but is disclosed in the notes if there is a degree of probability that a benefit will accrue to the Group.

NOTE 17

Leases

The table below shows the amounts related to leases recognized in the statement of financial position:

(amounts in NOK 1,000)	2024	2023
Property-office leases (included in "Property, plant and equipment")	4,006	1,844
Total right-of-use assets	4,006	1,844
Non-current lease liabilities	2,244	194
Current lease liabilities	1,843	1,745
Total lease liabilities	4,087	1,940

See [note 11](#) for more information regarding right-of-use assets.

As per 31 December 2024, the Group has office lease agreements in Norway, China, USA and Taiwan. The individual lease terms for the Group's office leases are generally 2-3 years including extension periods at inception of the lease period. The group's office leases in Norway and USA were renewed in 2024.

The subsidiary in China entered into a new one-year office lease in 2024. In accordance with IFRS 16 regulations, the lease in China is not recognized as a right-of-use asset. Instead, it is directly recorded as an operating expense.

The table below shows the amounts related to leases recognized in the statement of comprehensive income:

(amounts in NOK 1,000)	2024	2023
Depreciation property right-of-use assets (included in "Depreciation and amortization")	-2,108	-2,076
Interest income (included in "Financial income")	81	-
Interest expenses (included in "Financial expenses")	-139	-146
Net expenses related to leases	-2,166	-2,222

The table below shows a reconciliation of the opening and closing balance for lease liabilities arising from financing activities:

(amounts in NOK 1,000)	2024	2023
Opening balance	1,940	2,966
Changes from financing cash flows	-2,017	-2,078
Changes in lease liabilities due to new/amended lease agreements or CPI adjustments	4,002	986
Other changes	22	-46
Translation differences	140	113
Closing balance as of 31 December	4,087	1,940

The total cash outflow for leases in 2024 was NOK 2.0 million (2023: NOK 2.1 million).

The table below shows the maturity profile for the lease liabilities based on contractual undiscounted payments:

(amounts in NOK 1,000)	2024	2023
Within one year	1,843	1,745
More than 1 year but within 5 years	2,447	194
After 5 years	-	-
Total contractual cash flows related to leases	4,290	1,940

Note 17 Continued

Leasing agreements

Currently, the Group's only leases are office leases. The initial fixed lease period for the office leases are generally 1-4 years at inception of the individual leases. Currently, no office lease extension options have been recognized. The Group recognizes the office lease liability and a corresponding office right-of-use asset at the commencement date of the lease. Lease liabilities are measured at the present value of the remaining lease payments not paid at the commencement date. The lease payments are discounted using the lessee's interest rate implicit in the lease, or incremental borrowing rate when the interest rate implicit in the lease cannot be readily determined. Lease payments consists of the following elements: fixed payments, variable lease payment that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term

reflects the lessee exercising that option.

A corresponding asset representing the right to use the underlying asset during the lease term (right-of-use asset) is recognized, adjusted for prepayments done before commencement date, and initial direct costs and restoration costs if any. The right-of-use-asset is depreciated over the lease term and the depreciation expense is recognized as an operating expense. Interest expense on the lease liability is recognized as a financial expense.

Lease contracts entered with a duration of less than 12 months and leases with a low value will not be recognized in the statement of financial position but recognized as an operating expense over the lease period. Lease liabilities will be remeasured upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments), which generally will be recognized as an adjustment to the right-of-use asset.



NOTE 18 Share capital, shareholder's information and share-based options

There is one class of shares. All shares have equal rights and are freely negotiable. The share capital is fully paid in. The par value of the shares is NOK 1 per share.

There were 115,154,535 shares in the company on 31 December 2024, compared to 104,024,929 shares on 31 December 2023. At the end of 2024 there were 3,391 shareholder accounts compared to 4,079 at the end of 2023.

Number of shares outstanding	2024	2023
Opening balance	104,024,929	91,980,763
Share issue(s)	5,500,000	12,000,000
Exercised incentive share options	5,629,606	44,166
Closing balance	115,154,535	104,024,929

In October 2024, NEXT successfully completed a private placement issuing 5,500,000 new shares at a subscription price of NOK 7.3 per share, corresponding to gross proceeds of NOK 40.2 million. Direct expenses and underwriting commission in relation to the private placement was NOK 2.1 million and net proceeds were NOK 38.1 million. Moreover, in February, May and August 2024, 909,606 share options were exercised at an average subscription price of NOK 3.7 per share with total gross proceeds of NOK 3.4 million and net proceeds of NOK 3.3 million. Further, in September 2024, 4,720,000 share options were exercised at an average subscription price of NOK 3.99 per share with total gross proceeds of NOK 18.9 million and gross proceeds of NOK 18.8 million. Total net proceeds for the year 2024 amounted to NOK 60.1 million.

In September 2023, NEXT successfully completed a private placement issuing 12,000,000 new shares at a subscription price of NOK 5.0 per share, corresponding to gross proceeds of NOK 60.0 million. Direct expenses and underwriting commission in relation to the private placement was NOK 3.1 million and net proceeds were NOK 56.9 million. Moreover, in May and September 2023, 44,166 share options were exercised at an average subscription price of NOK 3.4 per share with total gross proceeds of NOK 0.15 million. Total net proceeds for the year 2023 amounted to NOK 57.0 million.

There are no authorizations to the board to purchase own shares.

Capital resources

NEXT manages its liquidity passively, which means that funds are placed in floating-interest bank accounts. The majority of cash is held in Norwegian kroner at parent company level and is distributed when appropriate to the affiliates. This is both to have control of the overall liquidity situation and to manage expense levels in the affiliates.

NEXT has no interest bearing debt by the end of 2024.

NEXT targets to have an equity ratio above 80%, measured as total equity divided by total assets.



Note 18 Continued

Equity ratio	2024	2023
Total equity	118,857	94,351
Total assets	152,390	118,900
Equity share	78%	79%

Capital resources	2024	2023
Current liabilities	31,289	24,355
Non-current liabilities	2,244	194
Less cash	-62,907	-67,753
Net debt (net cash)	-29,374	-43,204
Total equity	118,857	94,351
Total capital resources	89,482	51,147
Gearing ratio (%)	-33%	-84%

The largest shareholders at year end and shares owned by executive and Directors of the Board:

Top 20 shareholders at 31 December 2024	Number of shares	Percent of shares
Skandinaviska Enskilda Banken AB	7,413,614	6.4 %
Torstein Tvenge	6,500,000	6.2 %
SILVERCOIN INDUSTRIES AS	6,384,062	5.6 %
HAAS AS	5,953,000	5.5 %
NORUS AS	5,918,286	3.8 %
VERDIPAPIRFONDET DELPHI NORGE	5,499,912	3.7 %
EDGEWATER AS	5,385,645	3.2 %
SONGA CAPITAL AS	5,150,486	3.1 %
The Bank of New York Mellon SA/NV	3,857,313	3.0 %
UBS Switzerland AG	3,649,081	2.8 %
CAMACA AS	3,479,871	2.4 %
NORUS HOLDING DATTER AS	3,074,349	2.3 %
AS AUDLEY	2,627,027	1.8 %
VALSET INVEST AS	2,555,113	1.7 %
LUCELLUM AS	2,520,000	1.6 %
MARSTAL AS	1,786,158	1.6 %
CAMIKO AS	1,617,200	1.5 %
ECOMNEX HOLDING AS	1,494,461	1.5 %
SIX-SEVEN AS	1,438,644	1.4 %
AVEO INVEST AS	1,430,000	1.2 %
Total top 20	77,734,222	60.3 %
Others	37,420,313	39.7%
Total number of shares	115,154,535	100.0%

Note 18 Continued

Shares owned by Executives and Directors of the Board	Number of shares	Percent of shares	Held through
Senior Executives			
Ulf Ritsvall, CEO	17,000	0.01%	
Eirik Underthun, CFO	119,000	0.10%	
Marcus Lauren, CPO	20,000	0.02%	
Digvijay Singh Kanwar, SVP Head of Sales IUEA	-	0.00%	
Joshua Chui, SVP Head of Sales South-East Asia	-	0.00%	
Peter Heuman, former CEO	1,000,000	0.87%	
Board of Directors			
Odd-Harald Hauge, Chair	548,907	0.48%	Odd-Harald Hauge
Petter Fjellstad	1,032,779	0.90%	Fjellstad Holding AS
Siri Gomnæs Børsum	-	0.00%	
Emine Lundkvist	79,738	0.07%	
Nomination Committee			
Jon Frode Vaksvik	35,000	0.03%	Jon Frode Vaksvik & Skavak Invest AS
Haakon Sæter ¹	8,370,794	7.27%	Silvercoin Industries AS, Fredrikstad Spillerinvest AS, Six-Seven AS & Haakon Sæter
Hans Herman Horn	11,387,683	9.89%	NORUS AS, Norus Holding Datter AS, Edgewater AS & Hans Herman Horn
Total	22,610,901	19.64%	

¹ In addition to the shares held directly through Silvercoin Industries AS and Six-Seven AS, Silvercoin Industries AS held futures In addition to the shares held directly through Silvercoin Industries AS and Six-Seven AS, Silvercoin Industries AS held futures contracts on 2,000,000 NEXT shares as per 31 December 2024.



Note 18 Continued

As of 31 December 2024, the Company has one share option program:

Long-term share options program

NEXT has allotted long-term share options to employees. The options in the 2019, 2020, 2021 and 2022 program are fully vested as per 31. December 2024. The options allocated to employees in the 2023 program vest 1/3 in quarter three 2024, 1/3 in quarter three 2025 and 1/3 in quarter one 2026. The options allocated to employees in the 2024 program vest 1/3 in quarter three 2025, 1/3 in quarter three 2026 and 1/3 in quarter one 2027. The options in the 2020 and 2021 program were extended during 2023 and these options expire in 2026. The options in the 2022 program expire in 2025. The options in the 2023 program expire 5 years after the options have been granted (2028) while the options in the 2024 program expire in 2029. All options allocated to board members are fully vested.

There are currently an accumulated 10,020,579 (8.7% of total number of shares in the Company) share options outstanding. Out of these, 6,479,028 share options have vested.

Each option gives the holder the right to acquire one share from the Company at a strike price defined in the individual share option agreement.

The option agreements include a clause on accelerated vesting in case of a majority of shares in the Company are (i) sold to an acquirer, (ii) the Company is merged with another company, (iii) a demerger occurs, and (iv) if the company's shares are delisted.

At the Annual General Meeting (AGM) 16 May 2024 the Board of Directors was granted authorization to issue up to 11,980,658 shares in the company in relation to options granted to employees and board members.

Options-movement	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Outstanding options-Beginning period	14,048,519	4.86	11,932,228	4.86
Granted	2,225,000	7.86	2,500,000	5.99
Exercised	-5,629,606	3.96	-44,166	3.39
Forfeited or expired	-623,334	9.74	-339,543	15.45
Outstanding options-End period	10,020,579	5.65	14,048,519	4.86
Vested options-End period	6,479,028	4.83	10,710,182	4.66

	2024		2023	
	Number of options	Weighted average fair value	Number of options	Weighted average fair value
Granted options - During period	2,225,000	2.00	2,500,000	1.93

Note 18 Continued

2024	Net expense in the period (NOK 1,000)	Of which adjustment prior periods expense because of change in estimated number of options that will vest (NOK 1,000)	Remaining expense future periods (NOK 1,000)	Number of options expected to vest (number of options)
2019 grants	-	-	-	103,418
2020 grants	-	-	-	1,598,500
2021 grants	-	-	-	1,803,664
2022 grants	714	-	-	2,314,997
2023 grants	1,399	-	1,215	1,975,000
2024 grants	1,130	-	3,317	2,225,000
Total	3,243	-	4,532	10,020,579

2024	Range of exercise price	Weighted average remaining contractual life (years)	Number of options expected to vest (number of options)	Total number of options outstanding (number of options)
2019 grants	6,52-9,85	0.38	103,418	103,418
2020 grants	2,49-3,21	1.47	1,598,500	1,598,500
2021 grants	5,97-7,45	1.47	1,803,664	1,803,664
2022 grants	4,48-4,89	0.42	2,314,997	2,314,997
2023 grants	5,94-6,46	3.46	1,883,083	1,975,000
2024 grants	7,86-7,86	4.46	1,971,335	2,225,000
Total	-	-	9,674,997	10,020,579

The fair value for the share-based options granted in the year has been calculated by use of the Black-Scholes and the following assumptions have been applied in 2024 and 2023:

Exercise price:

2024: Weighted average NOK 7.86 per share

2023: Weighted average NOK 5.99 per share

Vesting period:

2024 employee options: 1/3 have 1 years, 1/3 have 2 years and 1/3 have 2.5 years

2023 employee options: 1/3 have 1 years, 1/3 have 2 years and 1/3 have 2.5 years

Volatility:

2023: 41%-42% depending on time to maturity of individual options.

2023: 41%-68% depending on time to maturity of individual options.

Risk free interest rate:

2024: 3.58%-4.10% depending on time to maturity of individual options.

2023: 3.68%-4.21% depending on time to maturity of individual options.

Attrition:

2024: Estimated 8% employee attrition for individual non-vested share-based options.

2023: Estimated 8% employee attrition for individual non-vested share-based options.

No expected dividend payment

NOTE 19

Remuneration key personnel and audit fees

ACTUAL REMUNERATION - SENIOR EXECUTIVES

2024 (amounts in NOK 1,000)	Board remuneration	Salary	Bonus	Other benefits	Pension cost	Fair value granted options *	Total remuneration
Senior Executives							
Ulf Ritsvall, CEO	-	2,960	1,509	65	-	1,939	6,472
Eirik Underthun, CFO	-	2,010	-	5	181	291	2,487
Marcus Lauren, CPO	-	2,253	-	-	-	111	2,364
Digvijay Singh Kanwar, SVP Head of Sales IUEA	-	991	904	-	-	206	2,100
Joshua Chui, SVP Head of Sales South-East Asia	-	1,880	1,347	-	-	136	3,363
Peter Heuman, former CEO ¹	-	87	-	-	5	-148	-56
Board of Directors							
Odd Harald Hauge, Chair	200	-	-	-	-	-	200
Petter Fjeldstad	500	-	-	-	-	-	500
Emine Lundkvist	200	-	-	-	-	-	200
Siri Gornæs Børsum	200	-	-	-	-	-	200
Nomination Committee							
Jon Frode Vaksvik, Chair	30	-	-	-	-	-	30
Haakon Sæter	20	-	-	-	-	-	20
Hans-Herman Horn	20	-	-	-	-	-	20
Total remuneration	1,170	10,181	3,760	70	186	2,535	17,900

* Fair value of granted options is equal to expensed share option remuneration for the year, which is based on fair value at grant date and vesting period (see [note 2](#) for further information).

Board remuneration reported above is based on paid-out amounts.

¹ Peter Heuman was NEXT Biometrics Group CEO until 30 September 2023. From 1 October 2023 to 16 May 2024 Peter Heuman was advisor to the CEO and board of directors.

Note 19 Continued

ACTUAL REMUNERATION-SENIOR EXECUTIVES

2023 (amounts in NOK 1,000)	Board remuneration	Salary	Bonus	Other benefits	Pension cost	Fair value granted options *	Total remuneration
Senior Executives							
Ulf Ritsvall, CEO ²	-	2,130	100	19	-	1,650	3,900
Eirik Underthun, CFO	-	1,878	100	4	172	862	3,016
Marcus Lauren, CPO ³	-	418	-	-	-	11	429
Digvijay Singh Kanwar, SVP Head of Sales IUEA ⁴	-	684	82	-	-	127	893
Joshua Chui, SVP Head of Sales South-East Asia ⁵	-	313	-	-	-	11	325
Peter Heuman, former CEO ⁶	-	3,186	-	3	131	1,783	5,103
Board of Directors							
Petter Fjeldstad, Chair	500	-	-	-	-	-	500
Odd Harald Haug	200	-	-	-	-	-	200
Emine Lundkvist	200	-	-	-	-	-	200
Siri Gornæs Børsum	200	-	-	-	-	73	273
Nomination Committee							
Jon Frode Vaksvik, Chair	30	-	-	-	-	-	30
Haakon Sæter	20	-	-	-	-	-	20
Hans-Herman Horn	20	-	-	-	-	-	20
Total remuneration	1,170	8,610	282	27	303	4,518	14,909

² Ulf Ritsvall was promoted to NEXT Biometrics Group CEO effective from 1 October 2023. Ulf Ritsvall previously was NEXT SVP Sales and Marketing.

³ Marcus Lauren was hired as Chief Product Officer effective from 1 November 2023.

⁴ Digvijay Singh Kanwar was promoted to SVP Head of Sales IUEA effective from 1 November 2023.

⁵ Joshua Chui was hired as VP Head of Sales South-East Asia effective from 1 November 2023.

⁶ Peter Heuman was NEXT Biometrics Group CEO until 30 September 2023. From 1 October 2023 Peter Heuman was advisor to the CEO and board of directors.

CEO remuneration

Ulf Ritsvall (CEO) has a salary of NOK 2.6 million per year. In addition, he is part of the Company's option plan and the bonus program, which provides annual bonuses based upon the achievement of performance objectives established by the company. Further, the CEO is entitled to a pension benefit of 15% of annual base salary. Ulf Ritsvall was awarded and paid a bonus in 2023, while no bonus was paid out during 2024. During 2023 and 2024, the company also paid pension benefits as salary, which is reported under salary in the tables above.

Peter Heuman was NEXT Biometrics Group CEO until 30 September 2023. From 1 October 2023 to 16 May 2024

Peter Heuman was engaged as an advisor to the CEO and board of directors. When engaged as CEO during 2023, Peter Heuman had a base salary of NOK 3.0 million per year and 15% of annual salary in pension benefits. In addition, he participated in the Company's option plan and the bonus program, which provides annual bonuses based upon the achievement of performance objectives established by the company. Peter Heuman was awarded a bonus in 2023 and the company also paid pension benefits as salary for the amount in excess of the company's standard pension contribution for 2023, which is reported under salary in the tables above.

Note 19 Continued

Severance

Ulf Ritsvall (CEO) has a severance agreement whereby he will receive 100% pay for 6 months for termination by the Company without cause.

Loans and guarantees for senior executives

The Company has not made any advance payments or issued loans to, or guarantees in favor of, any senior executives or members of the board as per 31 December 2024.

Share based remuneration

Share-based payments are equity-settled share options granted to employees, contractors and members of the board of directors. The options are charged against the income statements at their fair value over the vesting period, with a corresponding increase in equity. The fair value of share-based options is determined using the Black-Scholes option-pricing model. The social security contribution payable in connection with the exercise of the share options is accrued on a straight-line basis as current liabilities, based on the intrinsic value of the share options at the end of each accounting period with consequent charges to the

payroll expenses. Share-based remuneration and option social security costs related to employees and members of the board are charged as payroll expenses, while costs related to contractors are charged as other operating expenses.

Salary, pension and any bonuses will attract employer's tax, which will be expensed simultaneously with the remuneration. The notional cost of options as share-based remuneration is expensed, but the equity effect is nil because the contra item is a notional equity injection of equal amount. In addition, employer's tax is accrued on the intrinsic value of the option on the balance sheet date.

For the shareholders, a possible exercise of share options will represent a dilution. At the end of 2024, the number of outstanding options to senior executives amounted to 8,085,000 corresponding to 7.0% of the share capital. At the end of 2023, the number of outstanding options to senior executives amounted to 11,205,000 corresponding to 10.8% of the share capital.

For further details regarding share-based remuneration, see [note 18](#).

OPTIONS - SHARE BASED REMUNERATION

2024	Accumulated quantity options OB	Granted options	Expired/ adjusted options	Exercised options	Average exercise price-A	Accumulated quantity options CB	Average exercise price-B
Senior Executives							
Ulf Ritsvall, CEO	2,725,000	1,400,000	-	-	-	4,125,000	6.30
Eirik Underthun, CFO	1,750,000	50,000	-	-350,000	2.49	1,450,000	5.54
Marcus Lauren, CPO	75,000	150,000	-	-	-	225,000	7.39
Digvijay Singh Kanwar, SVP Head of Sales IUEA	200,000	150,000	-	-	-	350,000	6.35
Joshua Chui, SVP Head of Sales South-East Asia	75,000	200,000	-	-	-	275,000	7.48
Peter Heuman, former CEO	5,020,000	-	-300,000	-4,720,000	3.99	-	-
Board of Directors							
Odd Harald Hauge, Chair	200,000	-	-	-	-	200,000	2.49
Petter Fjeldstad	1,030,000	-	-	-	-	1,030,000	2.66
Emine Lundkvist	230,000	-	-	-	-	230,000	3.27
Siri Gomnæs Børsum	200,000	-	-	-	-	200,000	4.89
Total	11,505,000	1,950,000	-300,000	-5,070,000		8,085,000	

Note 19 Continued

2023	Accumulated quantity options OB	Granted options	Expired/ adjusted options	Exercised options	Average exercise price-A	Accumulated quantity options CB	Average exercise price-B
Senior Executives							
Ulf Ritsvall, CEO	1,900,000	825,000	-	-	-	2,725,000	5.53
Eirik Underthun, CFO	1,500,000	250,000	-	-	-	1,750,000	4.86
Marcus Lauren, CPO	-	75,000	-	-	-	75,000	6.46
Digvijay Singh Kanwar, SVP Head of Sales IUEA	100,000	100,000	-	-	-	200,000	5.21
Joshua Chui, SVP Head of Sales South-East Asia	-	75,000	-	-	-	75,000	6.46
Peter Heuman, former CEO	4,720,000	300,000	-	-	-	5,020,000	4.11
Board of Directors							
Petter Fjeldstad, Chair	1,030,000	-	-	-	-	1,030,000	2.66
Odd Harald Hauge	200,000	-	-	-	-	200,000	2.49
Emine Lundkvist	230,000	-	-	-	-	230,000	3.27
Siri Gornæs Børsum	200,000	-	-	-	-	200,000	4.89
Total	9,880,000	1,625,000	-	-		11,505,000	

A Average exercise price for options exercised during the financial year (amounts in NOK)

B Average exercise price for quantity of options by the end of the financial year (amounts in NOK)

Audit fees

(amounts in NOK 1,000)	2024	2023
Audit fee	780	532
Attestation	238	145
Tax services	-	-
Non-audit services	6	74
Total audit fees	1,024	751

NOTE 20

Financial risk management

The Group is subject to various financial risks, which are systematically monitored and managed to mitigate potential adverse impacts. Our risk management ensures that these risks are identified, assessed, and controlled effectively, thereby safeguarding the Group's financial stability and performance.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group assesses each customer on an individual basis to estimate lifetime expected credit losses. The credit loss estimates are set by management based on internal and external information. This includes qualitative information and analysis, based on the Group's historical experience and including forward-looking information. These estimates are subject to risks and uncertainties that could cause actual results to differ from current expectations. For example, economic and market conditions in the geographic areas and industries that the Group is operating can change. Moreover, the Group is facing risks related to new customers in existing and new markets, market acceptance of new products and services and changes in governmental regulations that impact the ability of the Group's end customers to sell their products, which may affect the Group's ability to collect its account receivables. Further, the Group has a limited operating history with several of its major customers in the new markets, which makes the Group exposed to additional credit risk. See [note 13 - Accounts receivables](#) for more information regarding account receivables.

Liquidity risk

The Group strives to maintain sufficient cash to continue its operations and meet obligations.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecasted cash flow by matching the maturity profiles of financial assets and liabilities. The Group's obligations mainly consist of supplier liabilities and other current liabilities. See [note 16 - Liabilities](#) for more information. The Group has no long term liabilities or overdraft facilities with financial institutions as of 31 December 2024.

Foreign currency risk

The primary functional currency of the Group's main operating subsidiary NEXT Biometrics AS is USD. The Group's revenues outside China are incurred in USD. The Group recognized 64% of its revenues in USD and 36% in Chinese Yuan (CNY) in 2024 (100% and 0% respectively in 2023). The CNY/USD rate has been quite stable in recent years. Still, the Group is exposed to fluctuations of the CNY, which will impact the value of account receivables that are issued in CNY. The Group's cost of materials purchases are incurred in USD. Moreover, the Group incurs employee and operating expenses that are denominated in USD, Norwegian Kroner (NOK), Taiwan Dollar (TWD) and CNY. The NOK/USD exchange rate has shown some volatility in recent years while the TWD and CNY are relatively closely correlated to the USD. The Group has not implemented a hedging policy to manage currency risks as it believes the costs are larger than the benefits.



NOTE 21**Climate risk**

The Group does not own or operate manufacturing facilities. Manufacturing is done through third parties. Climate impact and potential risk is low in the short to medium term. The Group is not directly impacted by physical climate risk such as potential flooding or general increase in the sea level. Moreover, the Group does not face any potential liabilities due

to damage caused by climate change. Still, the Group is likely to be impacted by the regulatory and technological changes that are to be implemented (in the future) to reach a carbon neutral society, which may lead to long term increased electronic component purchase and manufacturing costs.

Note 22**Related parties**

The Group's significant shareholders, board members and management are considered related parties. Transactions between related parties are always aimed at being carried at arm's length principle.

Board members have received remuneration according to the general meetings decisions. In addition, board members have been granted options. Salary and board remuneration to related parties have been disclosed in [note 19](#).

Note 23**Events occurring after the balance sheet date**

Between 31 December 2024 and the resolution of these financial statements, there has not been any event which have had any noticeable impact on the Group's or the parent company's result for 2024 or the value of the Group or the parent company's assets and liabilities as of 31 December 2024.

We refer to [note 13](#). In the period from 1 January 2025 up to 1 April 2025 the Group has received NOK 4.7 million in payments on account receivables that were outstanding as per 31 December 2024.

Note 24**Changes in reporting items in consolidated statement of comprehensive income**

There are minor changes to the consolidated statement of comprehensive income compared to previous years. Operating revenues and other revenues have been combined into one financial statement reporting line item named "Revenues". Similarly, Cost of goods sold and Inventory write

downs have been combined into one financial statement reporting line item named "Cost of materials". These changes were implemented in order made to be more in line with our peers and general accounting practice.

(amounts in NOK 1,000)	2023
Operating revenue	33,717
Other revenue	666
Revenues	34,383

(amounts in NOK 1,000)	2023
Cost of goods sold	-22,962
Inventory write downs	-4,042
Cost of materials	-27,004

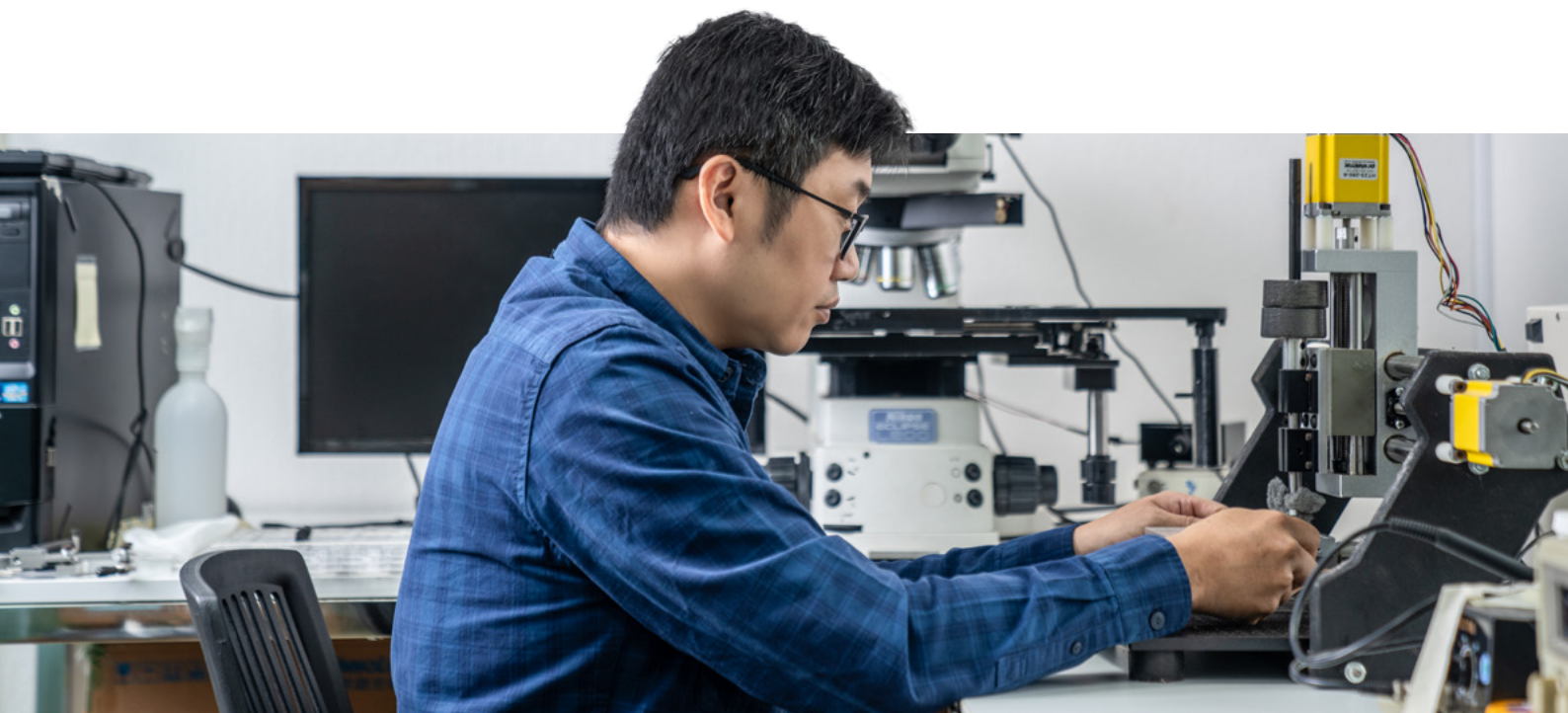
Financial Statements Parent Company



Parent company | Statement of comprehensive income

1 January - 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Revenues	<u>2</u>	9,451	8,921
Total revenues		9,451	8,921
Payroll expenses	<u>3</u>	-11,361	-11,953
Share based remuneration	<u>3</u>	-432	-9,111
Other operating expenses	<u>4</u>	-7,715	-6,686
Depreciation and amortization	<u>7,8</u>	-1,366	-1,265
Total operating expenses		-20,874	-29,014
Operating profit (loss)		-11,423	-20,093
Financial income	<u>5</u>	1,471	1,385
Financial expenses	<u>5</u>	-55	-191
Net currency gains (losses)	<u>5</u>	418	737
Net financial items		1,834	1,930
Profit (loss) before taxes		-9,589	-18,163
Income tax expenses	<u>6</u>	-	-
Profit (loss) after taxes		-9,589	-18,163
Other comprehensive income (loss)		-	-
Total comprehensive income (loss)		-9,589	-18,163



Parent Company | Statement of financial position

As of 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Intangible assets	<u>7</u>	750	1,500
Property, plant and equipment	<u>8,15</u>	954	447
Shares in subsidiaries	<u>9</u>	312,790	266,616
Loans to group companies	<u>10</u>	5,534	6,137
Total non-current assets		320,028	274,700
Other current assets	<u>11</u>	1,542	3,699
Cash	<u>12</u>	47,924	40,091
Total current assets		49,466	43,790
Total assets		369,494	318,490
Share capital	<u>13</u>	115,155	104,025
Share premium		174,906	135,496
Other reserves		31,580	28,336
Retained earnings		40,060	40,060
Total equity		361,701	307,918
Non-current lease liability	<u>15</u>	227	-
Total non-current liabilities		227	-
Accounts payables		910	697
Current lease liabilities	<u>15</u>	648	430
Other current liabilities	<u>14</u>	6,008	9,446
Total current liabilities		7,566	10,572
Total equity and liabilities		369,494	318,490

The board of directors of
NEXT Biometrics Group ASA

Oslo, 10 April 2025

/Sign/

Odd-Harald Hauge
Chair

/Sign/

Emine Lundkvist
Board member

/Sign/

Siri Gomnæs Børsum
Board member

/Sign/

Petter Fjellstad
Board member

/Sign/

Ulf Ritsvall
CEO

Parent Company | Statement of changes in equity

1 January – 31 December

Attributable to owners of the parent company

(amounts in NOK 1,000)	Notes	Share capital	Share premium	Other reserves	Retained earnings	Total equity
As of 1 January 2024		104,025	135,496	28,336	40,060	307,918
Profit (loss) after taxes					-9,589	-9,589
Other comprehensive income (loss)					-	-
Total comprehensive income (loss)		-	-		-9,589	-9,589
Share issues	13	11,130	51,313			62,442
Share issue costs	13		-2,314			-2,314
Share-based remuneration	13			3,243		3,243
Transfer of loss to share premium			-9,589		9,589	
As of 31 December 2024		115,155	174,906	31,580	40,060	361,701
As of 1 January 2023		91,981	108,687	22,440	40,060	263,169
Profit (loss) after taxes					-18,163	-18,163
Other comprehensive income (loss)					-	-
Total comprehensive income (loss)		-	-		-18,163	-18,163
Share issues	13	12,044	48,106			60,150
Share issue costs	13		-3,134			-3,134
Share-based remuneration	13			5,896		5,896
Transfer of loss to share premium			-18,163		18,163	
As of 31 December 2023		104,025	135,496	28,336	40,060	307,918



Parent Company | Statement of cash flow

1 January - 31 December

(amounts in NOK 1,000)	Notes	2024	2023
Profit (loss) before taxes		-9,589	-18,163
Share based remuneration	<u>13</u>	2,069	4,500
Accrued share option social security cost		-4,345	4,611
Depreciation and amortization	<u>7,8</u>	1,366	1,265
Change in accounts payables		214	168
Change in other working capital items and other		1,791	-3,784
Interests received		890	733
Interests paid		-54	-35
Net cash flow from operating activities		-7,658	-10,705
Net financing of subsidiary	<u>9,10</u>	-45,000	-46,000
Repayments of intercompany loan		1,013	2,800
Net cash flow from investing activities		-43,987	-43,200
Proceeds from issue of shares		60,129	57,016
Payment of lease liabilities	<u>15</u>	-650	-506
Net cash flow from financing activities		59,479	56,510
Net change in cash flow		7,834	2,605
Cash balance as of 1 January		40,091	37,486
Effects of exchange rate changes on cash		82	-10
Cash balance as of 31 December		47,924	40,091
Comprising of:			
Cash	<u>12</u>	47,924	40,091



Notes to financial statement – Parent

NOTE 1 General information and summary of significant accounting policies

NEXT Biometrics Group ASA is a holding company and contains the activities that are performed in Norway including Group Management. These financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU per 31 December 2024.

NEXT Biometrics Group ASA's accounting principles are consistent with the accounting principles for the Group, as described in [note 2](#) of the consolidated financial statements. Where the notes for the parent company are substantially different from the notes for the Group, these are shown below. Otherwise, refer to the notes to the consolidated financial statements.

Shares in subsidiaries are accounted for using the cost method. The investments in subsidiaries are valued at cost unless impairment is required due to lower fair value. Assessments of impairment on shares in subsidiaries are done by the end of each reporting period. When the parent has an obligation to settle share-based remuneration to employees in subsidiaries in its own equity instruments, this is accounted for as an increase in equity and a corresponding increase in shares in subsidiaries.

NOTE 2

Revenues

Operating revenues are management fee and royalty charged to the subsidiary NEXT Biometrics AS. Revenues from NEXT Biometrics AS totals to NOK 9.5 million in 2024 (2023: NOK 8.9 million).

NOTE 3

Payroll expenses

(amounts in NOK 1,000)	2024	2023
Salaries, fees	-9,147	-9,513
Share based remuneration (salary part)	-2,069	-4,500
Share based remuneration (employer's tax)	1,637	-4,611
Social security taxes	-1,625	-1,780
Pension contribution	-349	-481
Other personnel expenses	-240	-178
Total payroll expenses	-11,793	-21,064
Average numbers of employees	4	5

The parent company, NEXT Biometrics Group ASA, provides a contribution-based pension insurance scheme for all employees. The scheme satisfies the mandatory service pension ('OTP') in Norway.

By the end of 2024, there were 4 employees in the parent company.

NOTE 4

Other operating expenses

(amounts in NOK 1,000)	2024	2023
Fees to consultants, lawyers and others	-4,361	-3,779
Travel expenses	-733	-598
Other expenses	-2,621	-2,309
Total other operating expenses	-7,715	-6,686

Other expenses include insurance, marketing expenses, Oslo stock exchange fees, stock register fee and other costs.

Fees to consultants, lawyers and others includes remuneration to auditor, see specification in table below:

(amounts in NOK 1,000)	2024	2023
Audit fee	-441	-286
Attestation	-202	-145
Non-audit services	-53	-38
Total audit fees	-696	-468

NOTE 5

Financial items

(amounts in NOK 1,000)	2024	2023
Interest income from group companies (see note 10)	499	410
Interest income on sub-leases (see note 15)	81	-
Interest income	890	974
Total financial income	1,471	1,385
Interest expenses	-2	-156
Interest expenses right-to-use assets (see note 15)	-54	-35
Total financial expenses	-55	-191
Realized currency gains (losses)	-171	320
Change in unrealized currency gains (losses)	590	416
Net currency gains (losses)	418	737
Net financial items	1,834	1,930

NOTE 6

Income taxes

(amounts in NOK 1,000)	2024	2023
Current taxes	-	-
Change in deferred taxes	-	-
Total income tax expenses	-	-

Income tax expense reconciliation:

Profit (loss) before taxes	-9,589	-18,163
Expected income tax expenses at Norwegian nominal tax rate (22%)	-2,110	-3,996
Tax effect of permanent differences	-47	309
Change in deferred tax assets not recognized	2,157	3,686
Actual income tax expenses	-	-
Effective tax rate	0%	0%

Deferred tax related to the following temporary differences:

(amounts in NOK 1,000)	2024	2023
Property, plant and equipment	954	447
Long term loans	-	-
Lease receivables	-	-
Lease liabilities	-	-
Other temporary differences	-2,218	-6,623
Tax losses carried forward	-243,672	-228,957
Total temporary differences and tax losses carried forward	-244,936	-235,133
Deferred tax assets	-53,886	-51,729
Deferred tax assets not recognized	53,886	51,729
Deferred tax assets in the balance sheet	-	-

Tax losses carried forward has no limitations in expiry date.

Due to a history of losses, deferred tax assets are not recognized.



Note 6 Continued

The following table illustrates the deferred tax balance recognized in the statement of financial position:

(amounts in NOK 1,000)	2024	2023
Deferred tax assets	-	-
Deferred tax liabilities	-	-
Net deferred taxes as of 31 December	-	-

The following table illustrates the basis for calculation of current tax:

(amounts in NOK 1,000)	2024	2023
Profit (loss) before taxes	-9,589	-18,163
Permanent differences	-214	1,406
Change in temporary differences	-4,911	4,310
Basis for current taxes	-14,715	-12,446

NOTE 7

Intangible assets

Intangible assets consist mainly of acquisition of right to use the patent and know-how (IP) described as the NEXT Active Thermal™ Sensing principle.

(amounts in NOK 1,000)	2024	2023
Accumulated cost as of 1 January	7,458	7,458
Additions	-	-
Disposals at cost	-	-
Accumulated cost as of 31 December	7,458	7,458
Accumulated amortization and impairment losses as of 1 January	-5,959	-5,209
Amortization	-750	-750
Accumulated amortization and impairment losses of disposed items	-	-
Accumulated amortization and impairment losses as of 31 December	-6,708	-5,959
Carrying amount as of 31 December	750	1,500
Amortization period in years (straight line)	12	12

The individual intangible asset is not considered as separate cash generating units. Rather, that assets are evaluated for impairment in combination with other assets. Therefore, impairment tests have been performed as part of an overall impairment assessment. Consequently, it was concluded that there was no need for impairment of intangible assets.

NOTE 8

Property, plant and equipment

(amounts in NOK 1,000)	2024		2023	
	RoU-assets	Total	RoU-assets	Total
Accumulated cost as of 1 January	1,048	1,048	1,021	1,021
Additions	1,346	1,346	27	27
Disposals at cost	-1,047	-1,047	-	-
Accumulated cost as of 31 December	1,347	1,347	1,048	1,048
Accumulated depreciation and impairment losses as of 1 January	-600	-600	-85	-85
Depreciation	-616	-616	-515	-515
Impairment losses	-	-	-	-
Derecognition of RoU asset due to office lease amendment	-224	-224	-	-
Accumulated depreciation and impairment losses of disposed items	1,047	1,047	-	-
Accumulated depreciation and impairment losses as of 31 December	-392	-392	-600	-600
Carrying amount as of 31 December	954	954	447	447
Depreciation period in years (straight line)	2-4		2-4	

Right-of-use assets (RoU-assets) represent office leases. In 2024, the company extended the Oslo office lease by 2 years and changed its office location with the same office lease company, which represent the additions in 2024 for right-of-use

assets (RoU-assets). Additions in 2023 were related to KPI adjustments of the existing lease contract in Oslo. See also [note 15](#) for further information regarding leases.

NOTE 9

Shares in subsidiaries and group companies

The table below shows the subsidiaries in the Group. All subsidiaries are consolidated in the Group's financial statements:

(amounts in NOK 1,000)	Office	Owned directly by Parent company	Ownership / voting interest in % 2024	Ownership / voting interest in % 2023
NEXT Biometrics AS	Oslo, Norway	x	100%	100%
NEXT Biometrics Inc.	Seattle, USA		100%	100%
NEXT Biometrics China Ltd.	Shanghai, China		50%	100%
NEXT Biometrics Taiwan Ltd.	Taipei, Taiwan		100%	100%
NEXT Biometrics Solutions Pvt. Ltd.	Bengaluru, India		100%	100%

The table below shows the carrying amount of shares in subsidiaries for the Parent company as of 31 December:

(amounts in NOK 1,000)	2024	2023
NEXT Biometrics AS	312,790	266,616
Total shares in subsidiaries	312,790	266,616

The change in carrying amount from 31 December 2023 to 31 December 2024, is related to capital increases of NOK 45.0 million and investment in

subsidiaries related to sharebased remuneration cost (employees and contractors in subsidiaries) of NOK 1.2 million.

NOTE 10

Loans to group companies

(amounts in NOK 1,000)	2024	2023
Loan to NEXT Biometrics Taiwan Ltd.	5,534	6,137
Total loans group companies as of 31 December	5,534	6,137

The loan to NEXT Biometrics Taiwan Ltd. was charged with NIBOR 6 months + 1.0%. From 1st November 2024, the loan was charged NIBOR 6 months + 3.2%. Interest for 2024 amounted to NOK 0.4 million (2023: NOK 0.4 million).

The parent company had a short-term loan to NEXT Biometrics AS during 2024. Interest was charged with the rate of 7.2% per annum. Interest for 2024 amounted to NOK 0.1 million. The loan was repaid in December 2024.

NOTE 11

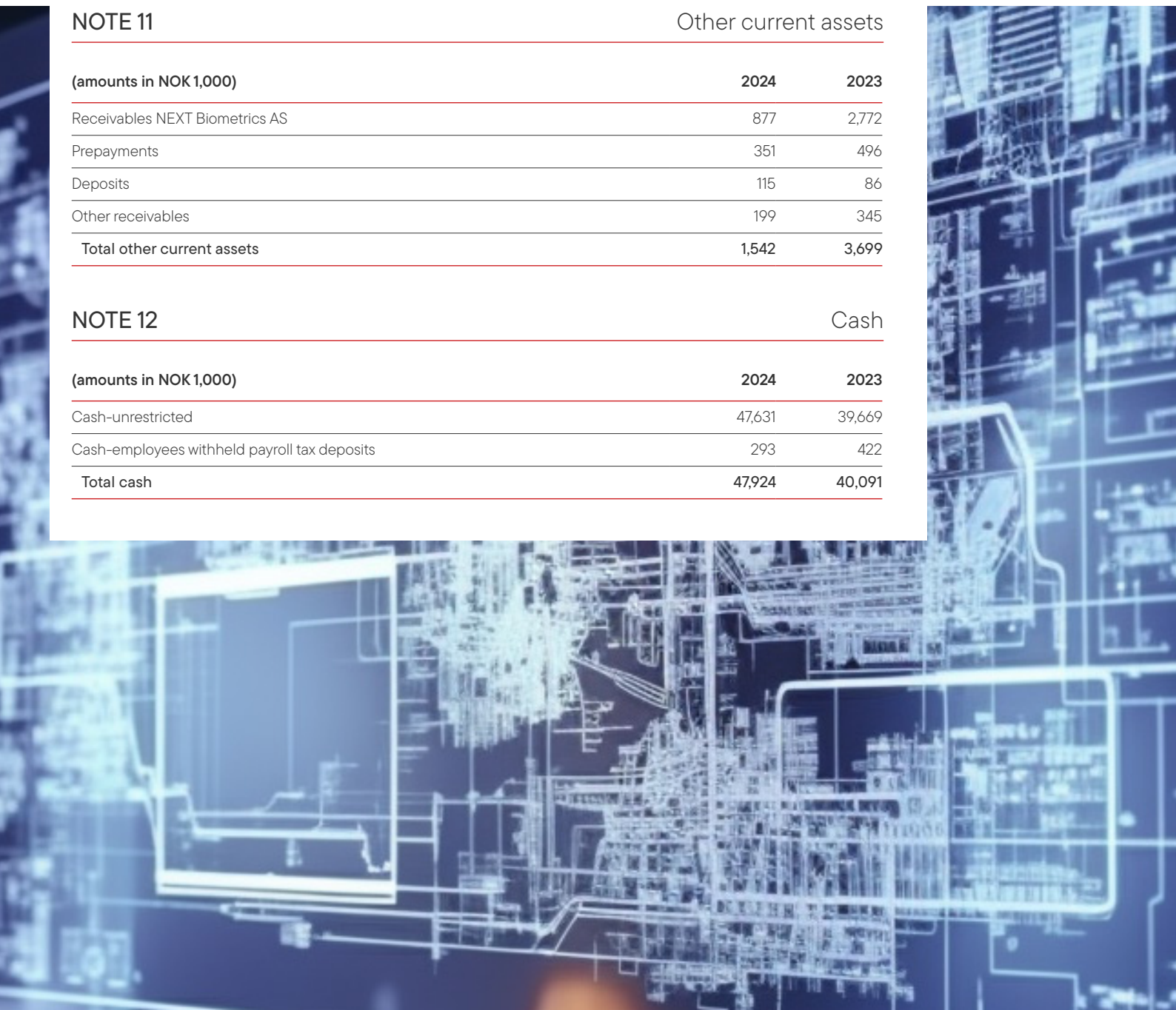
Other current assets

(amounts in NOK 1,000)	2024	2023
Receivables NEXT Biometrics AS	877	2,772
Prepayments	351	496
Deposits	115	86
Other receivables	199	345
Total other current assets	1,542	3,699

NOTE 12

Cash

(amounts in NOK 1,000)	2024	2023
Cash-unrestricted	47,631	39,669
Cash-employees withheld payroll tax deposits	293	422
Total cash	47,924	40,091



NOTE 13

Equity and share based remuneration

There is one class of shares. All shares have equal rights and are freely negotiable. The share capital is fully paid in. The par value of the shares is NOK 1 per share.

Number of shares outstanding	2024	2023
Opening balance	104,024,929	91,980,763
Share issue(s)	5,500,000	12,000,000
Exercised incentive share options	5,629,606	44,166
Closing balance	115,154,535	104,024,929

As of 31 December 2024, the Company has one share option program. There are currently an accumulated 10,020,579 (8.7% of total number of shares in the Company) share options outstanding.

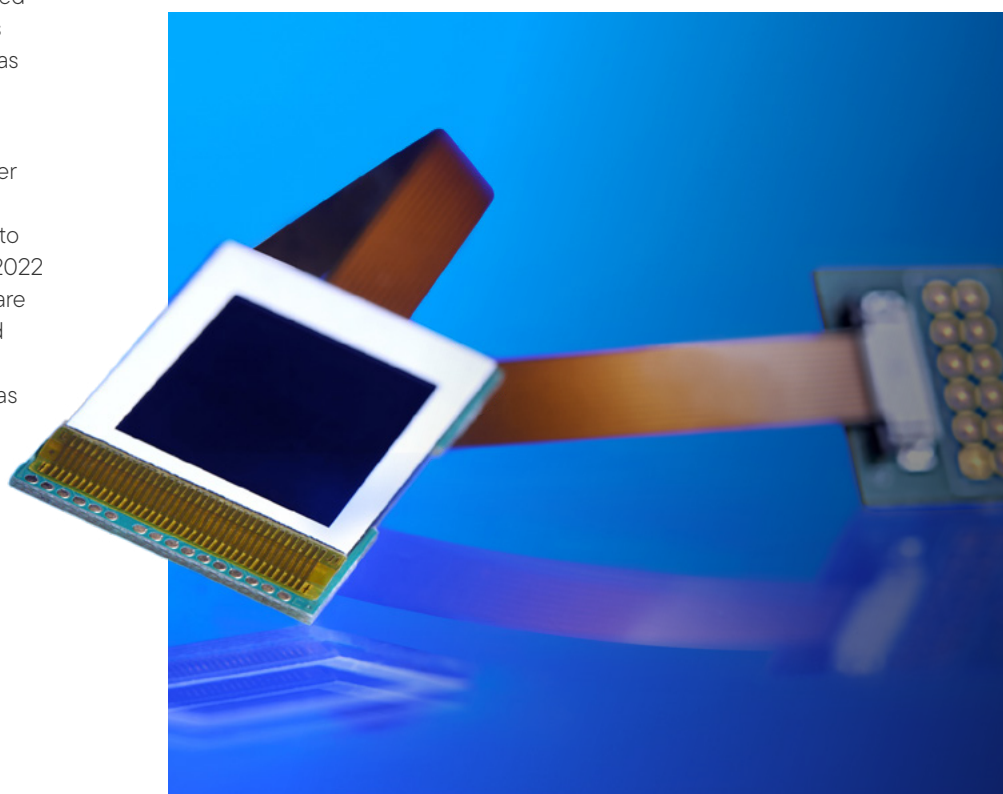
Net amount in the period (NOK 1,000)

	2024	2023	
Share based remuneration cost, NEXT Biometrics Group ASA	2,069	4,500	See note 3 , payroll expenses
Share based remuneration cost, employees in NEXT Biometrics Group ASA subsidiaries	716	1,229	Booked as addition to investment in subsidiaries (Note 9 , shares in subsidiaries)
Share based remuneration cost, consultants/contractors in NEXT Biometrics Group ASA subsidiaries	458	167	Booked as addition to investment in subsidiaries (Note 9 , shares in subsidiaries)
Total	3,243	5,896	

NEXT Biometrics Group ASA booked a share based remuneration operating cost of NOK 2.1 million as payroll expense and NOK 1.2 million was booked as investment in subsidiaries.

As an alignment of principles, NEXT Biometrics ASA, in 2023 made a material adjustment to earlier periods share-based remuneration effect in the equity statement, with a corresponding increase to investments in subsidiaries, as compared to the 2022 financial statements. The total equity effect of share based remuneration for the 2023 financial period was NOK 5.9 million, of which NOK 4.5 million was booked as payroll expense and NOK 1.4 million was booked as investment in subsidiaries.

For further information regarding share capital, shareholder's information and share-based options, please refer to [note 18](#) in group consolidated financial statement.



NOTE 14

Other liabilities

(amounts in NOK 1,000)	2024	2023
Accrued salary, vacation pay and board remuneration	2,885	1,304
Public duties payable	1,022	1,437
Share options social security tax	1,880	6,225
Other current liabilities	220	479
Total other current liabilities	6,008	9,446

For financial liabilities at amortised cost, the carrying amount is assessed to be a reasonable approximation of fair value. All items above are at amortised cost or nominal value.

NOTE 15

Leases

The table below shows the amounts related to leases recognized in the statement of financial position:

(amounts in NOK 1,000)	2024	2023
Property-office leases (included in "Property, plant and equipment")	954	447
Total right-of-use assets	954	447
Non-current lease liabilities (included in "Other non-current liabilities")	227	-
Current lease liabilities (included in "Other current liabilities")	648	430
Total lease liabilities	875	430

See [note 8](#) for more information regarding right-of-use assets.

The table below shows the amounts related to leases recognized in the statement of comprehensive income:

(amounts in NOK 1,000)	2024	2023
Depreciation property right-of-use assets (included in "Depreciation and amortization")	-616	-515
Interest income (included in "Financial income")	81	-
Interest expenses (included in "Financial expenses")	-54	-35
Net expenses related to leases	-588	-549

The table below shows a reconciliation of the opening and closing balance for lease liabilities arising from financing activities:

(amounts in NOK 1,000)	2024	2023
Opening balance	430	863
Changes from financing cash flows	-650	-506
Changes in lease liabilities due to new/amended lease agreements or CPI adjustments	1,041	27
Other changes	53	47
Closing balance as of 31 December	875	430

The total cash outflow for leases in 2024 was NOK 0.6 million (2023: NOK 0.5 million).

Note 15 Continued

The table below shows the maturity profile for the lease liabilities based on contractual undiscounted payments:

(amounts in NOK 1,000)	2024	2023
Within one year	690	352
More than 1 year but within 5 years	230	-
Total contractual cash flows related to leases	920	352

NOTE 16

Related party transactions

The parent company's significant shareholders, board members and management, are considered related parties. For overview of transactions with these parties, please refer to [note 22](#) in group consolidated financial statement.

Companies within the Group are also considered related parties. See [note 2](#) for overview of sales to group companies and [note 10](#) for overview of loans to group companies.

NOTE 17

Events occurring after the balance sheet date

Between 31 December 2024 and the resolution of these financial statements, there has not been any event which have had any noticeable impact on the Group's or the parent company's result for 2024 or the value of the Group or the parent company's assets and liabilities as of 31 December 2024.



Responsibility statement

We confirm that, to the best of our knowledge, the financial statements for the period from 1 January to 31 December 2024 have been prepared in accordance with IFRS as adopted by the EU, with such additional information as required by the Norwegian Accounting Act, and give a true and fair view of the Group's and Parent company's assets, liabilities, financial position and result of operations, and that the Board of Directors' report gives a true and fair view of the development, performance and financial position of the Group and the Parent company, and includes a description of the principal risks and uncertainties that they face.

Oslo, 10 April 2025

/Sign/

Odd-Harald Hauge
Chair

/Sign/

Petter Fjellstad
Board member

/Sign/

Ulf Ritsvall
CEO

/Sign/

Emine Lundkvist
Board member

/Sign/

Siri Gornæs Børsum
Board member



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Auditor's report

To the General Meeting of Next Biometrics Group ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Next Biometrics Group ASA, which comprise:

- the financial statements of the parent company Next Biometrics Group ASA (the Company), which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Next Biometrics Group ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2024, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

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RSM Norge AS (organisasjonsnummer 982316588), RSM Advokatfirma AS (organisasjonsnummer 914095573), RSM Norge Kompetanse AS (organisasjonsnummer 925107492). RSM Norge AS er medlem av RSM-nettverket og driver under navnet RSM. RSM er forretningsnavnet som brukes av medlemmene i RSM-nettverket. RSM Advokatfirma AS og RSM Norge Kompetanse AS er selskaper tilknyttet RSM Norge AS. Hvert medlem i RSM-



We have been the auditor for the Company for 1 year from the election by the general meeting of the shareholders on 16 May 2024 for the accounting year 2024.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matters
Accounts receivables <p>Per the reporting date 2024 Next Biometrics Group ASA has in its consolidated financial statements recognized net accounts receivables of NOK 56 754 000, including a loss allowance provision of NOK 10 669 000.</p> <p>During 2024 the levels of overdue account receivables have increased, and per the 2024 reporting date, accounts receivables of 120 days overdue or more amounted to NOK 22 352 000.</p> <p>The estimation of expected credit losses, and thus the valuation of accounts receivables, involve significant judgment. Management must consider factors such as the aging of accounts receivables, historic payments patterns, forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, and other relevant information that can impact the customers creditworthiness. Management utilizes this information to determine the loss allowance that should be recognized per the reporting date.</p> <p>Accounts receivables are considered a key audit matter due to the estimation uncertainty for expected credit losses.</p>	<p>We obtained information regarding the management's processes for evaluation of overdue accounts receivables. Due to the Groups limited operating history with several of its major customers it is challenging to establish expected credit loss estimates for the accounts receivables. The assessment of provisions for loss allowances is therefore based on an individual assessment of each material customer per the reporting date.</p> <p>Our audit approach for addressing the key audit matter for accounts receivables involved several audit procedures.</p> <p>Our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> - We have obtained confirmations from customers equivalent to 85% of outstanding receivables as of 31. December 2024. - We have reviewed payments received after the reporting date and considered if adjustment based on credit notes issued after the reporting date is necessary. - We have conducted meetings with management to review outstanding receivables and reviewed management's written assessment for each individual accounts receivable, and information on the expected payment date. - We have reviewed the disclosures for accounts receivables in the financial statement and have considered these disclosures to be sufficient to provide information about the estimation uncertainty that exists related to the valuation of accounts receivables as of 31. December 2024.



Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Next Biometrics Group ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name NB_Group_ASA_Annual_report_2024-12-31.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.



In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in compliance with ESEF. We conduct our work in compliance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance about whether the financial statements included in the annual report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 10 April 2025
RSM Norge

Cecilie Tronstad
State Authorised Public Accountant



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Tronstad, Cecilie

Statsautorisert revisor

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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 (%) is expressed as a percentage of revenues.



(amounts in NOK 1,000)	2024	2023
Revenues	71,574	34,383
Cost of materials	-32,416	-27,004
Gross profit	39,158	7,379
Gross profit (%)	39,158	7,379
Divided by revenues	71,574	34,383
Gross profit (%)	55%	21%

Adjusted gross profit / Adjusted gross profit (%)

Adjusted gross profit is defined as revenues less cost of materials excluding inventory write-downs.

Adjusted gross profit (%) is expressed as a percentage of revenues.

(amounts in NOK 1,000)	2024	2023
Revenues	71,574	34,383
Cost of materials excluding inventory writedowns	-32,053	-22,962
Adjusted gross profit	39,521	11,421
Adjusted gross margin	39,521	11,421
Divided by revenues	71,574	34,383
Adjusted gross profit (%)	55%	33%

Cost of materials excluding inventory write-downs

Cost of materials excluding inventory write-downs is cost of materials and production service expenses less inventory write-downs.

(amounts in NOK 1,000)	2024	2023
Cost of materials	-32,416	-27,004
Deducted inventory writedowns	363	4,042
Cost of materials excluding inventory writedowns	-32,053	-22,962

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.

EBITDA / Adjusted EBITDA

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

Adjusted EBITDA ex options is equal to EBITDA excluding "share-based remuneration" (salary part, employer's part and operating part), inventory write-downs and sales and marketing incentive fee.

(amounts in NOK 1,000)	2024	2023
Operating profit (loss)	-46,068	-66,416
Added back depreciation and amortization	5,394	7,068
Added back impairment losses	-	1,139
EBITDA	-40,674	-58,209
Added back share-based remuneration (salary part)	2,776	5,729
Added back share-based remuneration (employer's tax)	-1,637	4,611
Added back share-based remuneration (operating part)	452	167
Added back inventory write-downs	363	4,042
Added back sales and marketing incentive fee	3,631	-
Adjusted EBITDA	-35,090	-43,659

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 as well as sales and marketing incentive fee.

(amounts in NOK 1,000)	2024	2023
Operating expenses (OPEX)	79,832	65,588
Deducted share-based remuneration (salary part)	-2,776	-5,729
Deducted share-based remuneration (employer's tax)	1,637	-4,611
Deducted share-based remuneration (operating part)	-452	-167
Deducted sales and marketing incentive fee	-3,631	-
Adjusted operating expenses (Adjusted OPEX)	74,611	55,081

Operating expenses (OPEX)

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

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