



N E X T B I O M E T R I C S G R O U P A S A

Q U A R T E R L Y R E P O R T - Q 2 2 0 2 3

One Touch.  
**One You.**  
NEXT Biometrics

# NEXT Biometrics Group ASA

## Quarterly report – Q2 2023

### Highlights

- Revenue of NOK 7.3 m (NOK 11.7 m in Q2 2022)
- Additional long-term revenue potential from contracts with new distributor in Asia and India OEM
- Gross margin of 17%
- 41 accumulated design-wins by end Q2 2023
- Adjusted EBITDA<sup>1)</sup> of NOK -13.1 m in Q2 2023
- Cash position of NOK 38.6 m per 30 June 2023

### CEO Statement

Q2 was a successful quarter for NEXT in adding 3 new design-wins. We now have 41 design wins in total. Moreover, NEXT fingerprint sensors have been made available for the US Federal Government under GSA listing through our new partner EOD Gear. We also signed a five-year commercial agreement with our new OEM partner in India and received a minimum purchase order worth more than NOK 65 million. Finally, we also signed a contract with an Asian distributor with an estimated contract value between NOK 110–250 million over 3 years, with an option for 5 years. The Asian distributor has granted NEXT an exclusive preferred supplier contract serving five of the largest and most prestigious fingerprint sensor customers in Asia. The volumes under this contract are for existing products in the market, where NEXT FAP20 sensors will replace present sensor solutions.

Although we added new customers important for mid to long term, Q2 was a slow quarter for NEXT in terms of revenues. Again, FAP20 shipments were low due to our partners' India delays. Initial tenders has been published in India, but NEXT is awaiting our Indian OEM partners to become L1 certified, which has been shown to be taking longer time than expected. However, our Indian OEM partners are now at the final stage to complete their certifications. Rebuilding a company with long sale cycles requires patience. I believe your patience with us will be rewarded.

For Q2 we report a 17% gross margin resulting from a high share of PC-sensors in the product mix. Gross margin is expected to return to our higher targeted levels as soon as we increase quarterly FAP20 sensor shipments.

We continue to believe NEXT is well positioned in the market for high-end fingerprint sensors, and our recent new contracts, new large purchase orders and pool of design-wins are the building blocks for NEXT's path to future revenue growth and profitability. We remain strongly focused on delivering increased volumes and revenues for our shareholders.

**Peter Heuman**, CEO of NEXT Biometrics Group ASA

(amounts in NOK million)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Total revenues	7,3	11,7	14,1	21,8	48,3
Adjusted gross margin (%) <sup>1)</sup>	17 %	36 %	19 %	29 %	30 %
Adjusted EBITDA <sup>1)</sup>	-13,1	-9,9	-24,8	-21,7	-38,8
Cash - closing balance	38,6	82,5	38,6	82,5	69,3

1) See definitions on page 12

## Operational review

Three new design-wins were added during the second quarter. The total pool of design-wins was 41 customer products as per 30 June.

Q2 2023 PC-sensor revenues were slightly lower compared to Q2 2022. The quarterly volume of shipped FAP20 sensors was low during the quarter mainly due to project delays from our partners in India.

NEXT's Q2 2023 gross margin was 17%, vs 36% in Q2 2022. The gross margin was low during the quarter due to product mix in Q2 2023 with a high PC-sensor share.

The Group reached an OPEX ex. options of NOK 4.8 million per month during Q2 2023, which is slightly lower than the communicated target of NOK 5 million per month.

## Interim condensed financial statements as of 31 December 2022 (unaudited)

### Statement of comprehensive income

Revenues for Q2 2023 were NOK 7.3 million compared to NOK 11.7 million in Q2 2022. The decrease in revenues from Q2 2022 was mainly due to lowered FAP20 sensor shipment volumes in the quarter triggered by further delays from NEXT's key customers.

Payroll expenses excluding stock option costs were NOK 8.4 million in Q2 2023 compared to NOK 8.8 million in Q2 2022. Net employee stock option and option social security costs were NOK 4.2 million in Q2 2023 compared to NOK 0.6 (gain) million in Q2 2022. See note 4 for further information on stock option cost.

Other operating expenses were NOK 6 million in Q2 2023 compared to NOK 5.4 million in Q2 2022.

Depreciation and amortization were NOK 1.9 million in Q2 2023 compared to NOK 1.8 million in Q2 2022.

Net financial items were positive NOK 0.6 million in Q2 2023 compared to positive NOK 1.7 million in Q2 2022.

Income tax cost was NOK 0.05 million in Q2 2023, compared to NOK 0.1 million income tax cost in Q2 2022.

Loss after taxes for Q2 2023 were NOK 18.8 million compared to a loss of NOK 9.5 million for Q2 2022.

### Statement of financial position and cash flow

Cash amounted to NOK 38.6 million per 30 June 2023, compared to NOK 82.5 million per 30 June 2022.

Net cash flow from operating activities was negative NOK 13.6 million in Q2 2023, compared to negative NOK 11.0 million in Q2 2022. The negative cash flow in Q2 2023 is due to operating losses.

Net cash flow from investing activities was nil in Q2 2023, compared to positive NOK 0.1 million in Q2 2022.

Net cash flow from financing activities was negative NOK 0.5 million in Q2 2023, compared to negative NOK 0.7 million in Q2 2022.

## Going concern

The Group's financial statements for Q2 2023 have been prepared on the basis of a going concern assumption.

## Outlook

India authorities launched the next generation biometric standard earlier this year. Our partners are continuing to prepare their individual launches in India. We see that the market in India will grow significantly starting from Q4 2023 and into 2024.

In July we signed a preferred supplier contract with an Asian distributor granting NEXT an exclusive preferred supplier contract serving five of the largest and most prestigious fingerprint sensor customers in Asia. The initial product shipments relating to this contract are expected to start in Q4 2023.

Due to the global PC industry volume decline, we expect that NEXT's PC sensor shipment volumes in Q3 is going to be slow, but it will pick up in Q4 2023 as the inventory levels are adjusted and further growth is expected in 2024.

The company's accumulated 41 design wins from Q4 2019 up to end of Q2 2023 will contribute to future revenue growth. The existing portfolio of design-wins alone has the potential to make NEXT profitable.

Based on the current pool of design-wins, OEM partners in India and the new distributor in Asia, FAP20 shipment volumes and revenues are expected to grow strongly from Q4 2023 bringing increased gross margin and improved financial results. We believe that the company could reach EBITDA-break even in Q1/Q2 2024.

## Responsibility statement

We confirm that, to the best of our knowledge, the condensed consolidated interim financial statements for the first half year of 2023, have been prepared in accordance with IAS 34 "Interim Financial Reporting" and give a true and fair view of the Group's assets, liabilities, financial position and results of operations. We also confirm that, to the best of our knowledge, the interim report for the first half year of 2023 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements, a description of the principal risks and uncertainties for the remaining half year of 2023, and major related party transactions.

**Oslo, 22 August 2023**

**CEO and Board of Directors**

**NEXT Biometrics Group ASA**

Peter Heuman (CEO)

Petter Fjellstad (Chairman)

Emine Lundkvist (Board member)

Odd Harald Hauge (Board member)

Siri Børsum (Board member)

## NEXT BIOMETRICS GROUP ASA

## Interim condensed consolidated statement of comprehensive income (unaudited)

(amounts in NOK 1 000)	Notes	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Operating revenues	2	7 306	11 366	13 729	20 629	46 508
Other revenues		-	325	384	1 218	1 784
Cost of goods sold		-6 078	-7 432	-11 429	-15 418	-33 593
Inventory write downs		-	-	-	-	52
<b>Gross margin</b>		<b>1 229</b>	<b>4 259</b>	<b>2 685</b>	<b>6 429</b>	<b>14 752</b>
Payroll expenses	3,4	-12 584	-8 195	-21 454	-16 749	-33 385
Other operating expenses	3,4	-6 018	-5 381	-10 822	-10 943	-22 207
<b>EBITDA</b>		<b>-17 373</b>	<b>-9 317</b>	<b>-29 591</b>	<b>-21 263</b>	<b>-40 840</b>
Depreciation and amortization		-1 942	-1 831	-3 831	-3 566	-7 229
<b>Operating profit (loss)</b>		<b>-19 314</b>	<b>-11 148</b>	<b>-33 422</b>	<b>-24 830</b>	<b>-48 070</b>
Net financial items		599	1 706	362	1 140	1 676
<b>Profit (loss) before taxes</b>		<b>-18 715</b>	<b>-9 442</b>	<b>-33 060</b>	<b>-23 690</b>	<b>-46 394</b>
Income tax expenses		-47	-85	-97	-75	60
<b>Profit (loss) after taxes</b>		<b>-18 762</b>	<b>-9 527</b>	<b>-33 157</b>	<b>-23 764</b>	<b>-46 333</b>
<b>Earnings per share (in NOK):</b>						
Basic and diluted		-0,20	-0,10	-0,36	-0,26	-0,50
<i>Other comprehensive income (loss) that may be reclassified subsequently to profit and loss:</i>						
Translation differences on net investments in foreign		730	3 979	3 884	3 491	2 610
<b>Other comprehensive income (loss)</b>		<b>730</b>	<b>3 979</b>	<b>3 884</b>	<b>3 491</b>	<b>2 610</b>
<b>Total comprehensive income (loss)</b>		<b>-18 032</b>	<b>-5 548</b>	<b>-29 273</b>	<b>-20 273</b>	<b>-43 723</b>
<b>Profit (loss) after taxes attributable to:</b>						
Owners of the parent company		-18 762	-9 527	-33 157	-23 764	-46 333
<b>Total comprehensive income (loss) attributable to:</b>						
Owners of the parent company		-18 032	-5 548	-29 273	-20 273	-43 723

## NEXT BIOMETRICS GROUP ASA

## Interim condensed consolidated statement of financial position (unaudited)

(amounts in NOK 1 000)	Notes	30 Jun 2023	30 Jun 2022	31 Dec 2022
Deferred tax assets		42	34	38
Intangible assets		1 875	3 344	2 579
Property, plant and equipment		11 029	14 586	12 347
<b>Total non-current assets</b>		<b>12 945</b>	<b>17 964</b>	<b>14 964</b>
Inventories		30 190	22 255	22 935
Accounts receivables		6 684	10 798	6 261
Other current assets		9 926	8 388	8 387
Cash		38 625	82 544	69 302
<b>Total current assets</b>		<b>85 424</b>	<b>123 985</b>	<b>106 886</b>
<b>Total assets</b>		<b>98 370</b>	<b>141 950</b>	<b>121 850</b>
Share capital	4	91 996	91 681	91 981
Share premium		4 051	47 335	4 049
Other reserves		29 333	74 002	26 069
Accumulated losses		-55 372	-96 478	-26 099
<b>Total equity</b>		<b>70 008</b>	<b>116 540</b>	<b>96 000</b>
Deferred tax liabilities		47	-	-
Non-current lease liabilities		895	1 390	1 218
Other non-current liabilities		-	65	61
<b>Total non-current liabilities</b>		<b>942</b>	<b>1 454</b>	<b>1 279</b>
Accounts payables		4 892	5 407	7 776
Income tax payables		-	296	143
Current lease liabilities		2 317	1 885	1 748
Other current liabilities		20 210	16 368	14 904
<b>Total current liabilities</b>		<b>27 419</b>	<b>23 955</b>	<b>24 571</b>
<b>Total equity and liabilities</b>		<b>98 370</b>	<b>141 950</b>	<b>121 850</b>

## NEXT BIOMETRICS GROUP ASA

## Interim condensed consolidated statement of cash flow (unaudited)

(amounts in NOK 1 000)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Profit (loss) before taxes	-18 715	-9 442	-33 060	-23 690	-46 394
Share based remuneration	2 573	1 402	3 264	2 560	4 733
Accrued share option social security cost	1 669	-1 996	1 500	-3 016	-2 663
Income taxes paid	-69	-29	-69	13	56
Depreciation and amortization	1 942	1 831	3 831	3 566	7 229
Change in working capital items and other	-1 044	-2 799	-4 038	1 996	4 660
<b>Net cash flow from operating activities</b>	<b>-13 645</b>	<b>-11 033</b>	<b>-28 573</b>	<b>-18 571</b>	<b>-32 378</b>
Proceeds from disposal of property, plant and equipment and intangible assets	-	-	-	-	-
Purchases of property, plant and equipment and intangible assets	-	-29	-	-35	-70
Proceeds from lease receivables	-	178	-	354	696
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>149</b>	<b>-</b>	<b>319</b>	<b>626</b>
Net proceeds from issue of shares	17	-	17	-	738
Proceeds from interest-bearing loans	-	-	-	-	-
Repayments of interest-bearing loans	-	-	-	-	-
Payments of lease liabilities	-492	-683	-1 039	-1 339	-2 738
<b>Net cash flow from financing activities</b>	<b>-475</b>	<b>-683</b>	<b>-1 022</b>	<b>-1 339</b>	<b>-2 000</b>
<b>Net change in cash flow</b>	<b>-14 120</b>	<b>-11 567</b>	<b>-29 595</b>	<b>-19 591</b>	<b>-33 751</b>
<b>Cash balance at beginning of period</b>	<b>53 010</b>	<b>94 708</b>	<b>69 302</b>	<b>102 706</b>	<b>102 706</b>
Effects of exchange rate changes on cash	-264	-597	-1 080	-571	347
<b>Cash balance at end of period</b>	<b>38 625</b>	<b>82 544</b>	<b>38 625</b>	<b>82 544</b>	<b>69 302</b>
<b>Comprising of:</b>					
Cash	38 625	82 544	38 625	82 544	69 302

## NEXT BIOMETRICS GROUP ASA

## Interim condensed consolidated statement of changes in equity (unaudited)

<b>(amounts in NOK 1 000)</b>	<b>Notes</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Other reserves</b>	<b>Accumulated losses</b>	<b>Total equity</b>
<b>As of 1 January 2023</b>		<b>91 981</b>	<b>4 049</b>	<b>26 069</b>	<b>-26 099</b>	<b>96 000</b>
Profit (loss) after taxes					-33 157	-33 157
Other comprehensive income (loss)					3 884	3 884
Total comprehensive income (loss)					-29 273	-29 273
Share issues net	4	15	2			17
Share based remuneration	4			3 264		3 264
<b>As of 30 June 2023</b>		<b>91 996</b>	<b>4 051</b>	<b>29 333</b>	<b>-55 372</b>	<b>70 008</b>
<b>As of 1 January 2022</b>		<b>91 681</b>	<b>47 335</b>	<b>71 442</b>	<b>-76 205</b>	<b>134 253</b>
Profit (loss) after taxes					-23 764	-23 764
Other comprehensive income (loss)					3 491	3 491
Total comprehensive income (loss)					-20 273	-20 273
Share issues net						
Share based remuneration				2 560		2 560
<b>As of 30 June 2022</b>		<b>91 681</b>	<b>47 335</b>	<b>74 002</b>	<b>-96 478</b>	<b>116 540</b>



## Notes to the interim consolidated financial statements

### Note 1 – General information and accounting principles

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

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

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

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

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim financial reporting". The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for 2022 (Annual Report for 2022). The Annual Report for 2022 is available at [www.nextbiometrics.com](http://www.nextbiometrics.com).

The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of Annual Report for 2022. There are no new standards and interpretations effective from 1 January 2023 that had a significant impact on the Group's consolidated interim financial statements.

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

The Group's interim financial statements for Q2 2023 have been prepared on the basis of a going concern assumption.

This interim financial report has not been subject to audit.

The Board of Directors approved the report on 22 August 2023.

## Note 2 – Revenue and segment reporting

(amounts in NOK 1 000)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Fingerprint sensor technology	7 306	11 366	13 729	20 629	46 508
<b>Total operating revenues</b>	<b>7 306</b>	<b>11 366</b>	<b>13 729</b>	<b>20 629</b>	<b>46 508</b>

NEXT targets four markets for the technology;

- (i) Smart cards
- (ii) Government ID
- (iii) Access control
- (iv) Notebooks

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

## Note 3 – Operating expenses

(amounts in NOK 1 000)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Salaries, fees	-6 981	-7 167	-13 865	-14 166	-27 025
Share based remuneration (salary part)	-2 539	-1 402	-3 207	-2 560	-4 728
Share based remuneration (employer's tax)	-1 669	1 996	-1 500	3 016	2 663
Social security taxes	-902	-1 185	-1 918	-2 092	-2 598
Other personnel expenses	-493	-437	-963	-948	-1 698
<b>Total payroll expenses</b>	<b>-12 584</b>	<b>-8 195</b>	<b>-21 454</b>	<b>-16 749</b>	<b>-33 385</b>
Product and marketing costs	-342	-630	-616	-1 234	-2 657
R&D and business services costs	-4 149	-3 037	-7 562	-6 200	-12 309
R&D and government grants	401	282	774	705	224
Fees to auditors, consultants, lawyers and others	-1 250	-822	-2 317	-2 470	-4 615
Other expenses	-644	-1 174	-1 045	-1 744	-2 845
Share based remuneration (operating part)	-34	-	-56	-	-5
<b>Total other operating expenses</b>	<b>-6 018</b>	<b>-5 381</b>	<b>-10 822</b>	<b>-10 943</b>	<b>-22 207</b>

Total payroll expenses were NOK 12.6 million in Q2 2023 compared to NOK 8.2 million in Q2 2022. The difference in costs in Q2 2023 relative to Q2 2022 is mainly the increase in salary-based remuneration cost from net gain NOK 0.6 million in Q2 2022 to NOK 4.2 million cost in Q2 2023.

## Note 4 – Shares and incentive options

### Numbers of shares outstanding

As of 1 January 2023	91 980 763
Share issues	15 000
As of 30 June 2023	91 995 763

There was no change in the number of shares outstanding during the first quarter.

### Share options:

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

During the quarter, NEXT booked NOK 2.5 million in stock option cost relating to employees and contractors. The Group's stock option social security cost was NOK 1.7 million due to the increase in the parent company's stock price during Q2 2023. The net costs related to stock options and option social security costs were NOK 4.2 million for Q2 2023.

The number of outstanding options increased by 2,223,667 options during Q2 2023. The increase is principally due to new options awarded to management and key employees during June. The Group had 13,870,062 options outstanding as per 30 June 2023.

## Note 5 – Subsequent events

Between 30 June 2023 and the resolution of these condensed consolidated interim financial statements, there has not been any other event which would have had any noticeable impact on NEXT's result for the Q2 2023 period nor on the value of the Group's assets and liabilities as per 30 June 2023.

## 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 gross margin and EBITDA ex options.

### Revenues adjusted for unfulfilled order backlog

Revenues for the period adjusted for unfulfilled order backlog (orders booked) is defined as revenues for the period plus unfulfilled purchase orders received by the company with requested customer delivery in the same period or in prior periods/year(s). In most cases such unfulfilled orders were not delivered due to supply chain delays.

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

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

(amounts in NOK 1 000)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Operating revenues	7 306	11 366	13 729	20 629	46 508
Other revenues	-	325	384	1 218	1 784
Cost of goods sold	-6 078	-7 432	-11 429	-15 418	-33 593
Inventory write-downs	-	-	-	-	52
<b>Gross margin</b>	<b>1 229</b>	<b>4 259</b>	<b>2 685</b>	<b>6 429</b>	<b>14 752</b>
Gross margin	1 229	4 259	2 685	6 429	14 752
Divided by operating revenues and other revenues	7 306	11 691	14 114	21 847	48 293
<b>Gross margin (%)</b>	<b>17 %</b>	<b>36 %</b>	<b>19 %</b>	<b>29 %</b>	<b>31 %</b>

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

(amounts in NOK 1 000)	Q2 2023	Q2 2022	6 months 2023	6 months 2022	Full year 2022
Operating revenues	7 306	11 366	13 729	20 629	46 508
Other revenues	-	325	384	1 218	1 784
Cost of goods sold	-6 078	-7 432	-11 429	-15 418	-33 593
Inventory write-downs	-	-	-	-	52
Added back inventory write-downs	-	-	-	-	-52
<b>Adjusted gross margin</b>	<b>1 229</b>	<b>4 259</b>	<b>2 685</b>	<b>6 429</b>	<b>14 700</b>
Adjusted Gross margin	1 229	4 259	2 685	6 429	14 700
Divided by operating revenues and other revenues	7 306	11 691	14 114	21 847	48 293
<b>Adjusted gross margin (%)</b>	<b>17 %</b>	<b>36 %</b>	<b>19 %</b>	<b>29 %</b>	<b>30 %</b>

**EBITDA / Adjusted EBITDA**

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

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

<b>(amounts in NOK 1 000)</b>	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>6 months 2023</b>	<b>6 months 2022</b>	<b>Full year 2022</b>
Operating profit (loss)	-19 314	-11 148	-33 422	-24 830	-48 070
Added back depreciation and amortization	1 942	1 831	3 831	3 566	7 229
Added back impairment losses	-	-	-	-	-
<b>EBITDA</b>	<b>-17 373</b>	<b>-9 317</b>	<b>-29 591</b>	<b>-21 263</b>	<b>-40 840</b>
Added back share-based remuneration (salary part)	2 539	1 402	3 207	2 560	4 728
Added back share-based remuneration (employer's tax)	1 669	-1 996	1 500	-3 016	-2 663
Added back share-based remuneration (operating part)	34	-	56	-	5
Added back inventory write-downs	-	-	-	-	-52
<b>Adjusted EBITDA</b>	<b>-13 131</b>	<b>-9 911</b>	<b>-24 827</b>	<b>-21 720</b>	<b>-38 822</b>

**Cost of goods sold (COGS)**

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

**Inventory write-downs**

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

**Operating expenses (OPEX)**

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

**Operating expenses ex. options (OPEX ex. Options)**

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

<b>(amounts in NOK 1 000)</b>	<b>Q2 2023</b>	<b>Q2 2022</b>	<b>6 months 2023</b>	<b>6 months 2022</b>	<b>Full year 2022</b>
<b>Operating expenses (OPEX)</b>	<b>18 602</b>	<b>13 576</b>	<b>32 276</b>	<b>27 693</b>	<b>55 592</b>
Deducted share-based remuneration (salary part)	-2 539	-1 402	-3 207	-2 560	-4 728
Deducted share-based remuneration (employer's tax)	-1 669	1 996	-1 500	3 016	2 663
Deducted share-based remuneration (operating part)	-34	-	-56	-	-5
<b>Operating expenses ex. options (OPEX ex. options)</b>	<b>14 359</b>	<b>14 170</b>	<b>27 512</b>	<b>28 149</b>	<b>53 522</b>



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#### **ABOUT NEXT BIOMETRICS:**

NEXT provides advanced fingerprint sensor technology that delivers uncompromised security and accuracy for the best possible user experience in the smart card, government ID, access control and notebook markets. The company's patented *NEXT Active Thermal™* principle allows the development of large, high quality fingerprint sensors in both rigid and flexible formats. NEXT Biometrics Group ASA ([www.nextbiometrics.com](http://www.nextbiometrics.com)) is headquartered in Oslo, with sales, support and development operations in Seattle, Taipei, Bengaluru and Shanghai.

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