



NEXT Biometrics: Preliminary restatement of 2024 financial accounts

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

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

The Group's board has approved the below preliminary restated condensed consolidated financial statements for 2024. The Group has contacted The Financial Supervisory Authority of Norway ("Finanstilsynet") in order to clarify any potential impacts to the Group's already issued audited financial statements for 2024. The Group will report any material updates in relation to the Group's previously issued financial statements and the restated financial statements following a full review by the Group's auditors.

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

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

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

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Condensed consolidated statement of comprehensive income (unaudited)

	Amounts as previously reported	Amounts as restated
(amounts in NOK 1 000)	Full Year 2024	Full Year 2024
Revenues	71 574	58 995
Cost of materials	-32 416	-32 416
Gross profit (loss)	39 158	26 580
Payroll expenses	-32 791	-32 791
Other operating expenses	-47 041	-43 361
EBITDA	-40 674	-49 573
Depreciation and amortization	-5 394	-5 394
Impairment losses	-	-
Operating profit (loss)	-46 068	-54 967
Net financial items	1 030	1 030
Profit (loss) before taxes	-45 038	-53 937
Income tax expenses	-197	-197
Profit (loss) after taxes	-45 235	-54 134
Earnings per share (in NOK):		
Basic and diluted	-0,42	-0,50
<i>Other comprehensive income (loss) that may be reclassified subsequently to profit and loss:</i>		
Translation differences on net investments in foreign operations	6 369	6 369
Other comprehensive income (loss)	6 369	6 369
Total comprehensive income (loss)	-38 866	-47 765
Profit (loss) after taxes attributable to:		
Owners of the parent company	-45 235	-54 134
Total comprehensive income (loss) attributable to:		
Owners of the parent company	-38 866	-47 765

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Interim condensed consolidated statement of financial position (unaudited)

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

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Interim condensed consolidated statement of cash flow (unaudited)

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