

Xplora®



ANNUAL 2023 REPORT

STRONG SUBSCRIBER BASE.
ROBUST CASH BALANCE.
PROFITABILITY TURNAROUND.

Xplora[®]

Empowering the Next Generation



Contents

About Xplora	4
Highlights	5
Key Figures	6
Letter from the CEO	8
Our Business	9
Product Offering	11
Sales and Development Strategy	14
Board of Directors' Report	16
Corporate Governance	23
Sustainability and Social Responsibility	26
Members of the Board	30
Management	31
Xplora Technologies Group	33
<i>Income statement</i>	33
<i>Balance Sheet</i>	34
<i>Statement of Cash flows</i>	36
<i>Notes</i>	39
Xplora Technologies AS	53
<i>Income statement</i>	53
<i>Balance Sheet</i>	54
<i>Statement of Cash flows</i>	56
<i>Notes</i>	59
Audit Report	74

About Xplora



Xplora was founded with the mission of giving children a safe onboarding to digital life and encouraging a better balance between screen time and physical activity.

Xplora's broad portfolio of connected products and services allows people to connect with their loved ones, and children to experience how their everyday activities can make a positive change in the world. Building on our success in the kids' market, Xplora is now expanding its reach into the senior segment. Complimenting this expansion, our SaaS division is enhancing our offerings with SIM – and software services for both B2B and B2C markets, broadening our reach and diversifying our impact.

Headquartered in Oslo, Xplora has offices in four Nordic countries, Germany, Spain, the US, and the UK, where our engineering team is based. The Company has Mobile Service Provider operations in 9 markets. Xplora has several major innovations in the child smartwatch category, including the launch of the world's first eSIM product for children and its activity platform logic converting steps to awards.

Our vision is to enable children around the world to experience how their everyday activities can make a positive change to the world.

FAST FACTS
(end of 2023)



257k
subscriptions



467k smartwatches
sold in 2023



MSP
In 9 markets



111 FTE

Highlights

■ Q1 2023

Increased the mobile subscription prices by an average of 7%, enhancing average revenue per subscriber, ensuring financial health, and facilitating the continued innovation of high-quality products while remaining affordable.

Introduced the revamped Xplora activity platform, leading to over 20% of new connectivity customers opting for premium services.

Identified cost saving-opportunities up to NOK 11.1m, projected to be realized progressively through 2023.

Established a new centralized marketing team structure focused on local marketing growth, cutting-edge campaign creation, and cost efficiency.

■ Q2 2023

Completed the initial phase with the Company's European master distributor, resulting in a one-time revenue boost of NOK 30m. Enhancements to the agreement are aimed at improving financial flexibility through product financing and expanded factoring

agreements, boosting cash flow to NOK 99.3m

Published its Annual Transparency Report, emphasizing human rights and working conditions in compliance with the Norwegian Transparency Act.

Reduced operational costs as a percentage of revenue to 38%, down from 54% in Q2 2022

Implemented a hedging program using three-month put options to manage EUR/USD exposure, minimizing financial risk and securing favourable exchange rates.

■ Q3 2023

Entered into revenue share agreements with OneCall (Telia), Elisa, and Troomi, enhancing device sales and securing additional revenue streams. As part of the agreements, Troomi committed to purchasing 10k units annually, and OneCall ran a major TV campaign to increase brand awareness.

Secured a significant order from Curry's, a British retail giant, marking Xplora's entry into the UK physical retail market.

Consolidated financial services with DNB, including the transfer of the NOK 100m financing facility.

Established two new divisions; SaaS and Senior, focusing on selling SIM- and software services to new and existing B2B partners and creating products and services tailored for seniors.

■ Q4 2023

Entered another new Nordic Telco revenue share agreement, marking Xplora's fourth revenue-share agreement.

Outsourced part of the customer support function to improve operational flexibility and meet customer needs, while maintain high service standards through the third-party customer support provider.

Completed the exercise of contractual subscription rights, raising NOK 17.5m in equity, subsequently recorded as paid non-registered equity in 2023.

Implemented a service fee for users choosing alternate connectivity providers, aiming to recover revenue, and maintaining service quality.



Key Figures

Amount in NOK millions	2023	2022
Device revenue	476.6	346.9
Service revenue	210.2	152.3
Total revenue	689.1	502.0
Growth y/y	37%	16%
Gross profit	332.3	237.0
Gross margin	48%	47%
EBITDA	33.7	-33.5
Operating Profit/ (Loss)	-22.8	-84.7
Net Profit/ (Loss)	-21.4	-74.4
Subscriptions (k)	256.8	156.9
Shares outstanding (million)	41.7	41.7
Share price (NOK)	14.0	9.9
Market capitalization	581.1	412.4

Steps taken by all Xplora users in 2023 (from app and watch)

581 billion

That is equivalent to **8031 times** around the Earth,
or **418 round trips** to the Moon.



Letter from the CEO

2023 marks a transformative year for Xplora. We successfully strengthened our financial foundation, ending the year with an EBITDA of NOK 34m – a strong turnaround of NOK 67m from a challenging 2022. This year, our focus has been on expanding our market presence in our nine core markets, enhancing our service offerings, and strengthening our operational capabilities to ensure sustainable growth and profitability. Now, we set our sight on 2024 and the exciting opportunities ahead.

In 2023, Xplora exceeded its strategic objectives, setting a strong foundation for sustained growth and profitability across our nine core markets. By placing a sharp focus on product innovation, operational efficiency, and strategic market expansion, we have delivered on the targets set for the year. We saw an increase in both device sales and average selling prices (ASP), indicating a successful shift to our next-generation products. This transition, coupled with a strong increase in subscription sales, culminating in a 257k subscription base, highlights our market strength.

Financially, 2023 was a remarkable turnaround from a previous EBITDA shortfall to a positive outcome of NOK 34m, a strong NOK 67m y/y turnaround. This achievement was supported by total revenue reaching NOK 689m, a 37% growth driven by strong device and subscription sales. Our proactive approach to currency hedging, along with optimizing our financial services, has been crucial in stabilizing our financial performance. Attentive cost management, operational efficiency initiatives, and leveraging supply chain financing for funding portions of our product purchases have guarded against market fluctuations and enhanced financial predictability, enabling us to end the year with a robust cash position of NOK 137m.

Operationally, there has been several strategic initiatives such as the implementation of a Master Distribution Agreement (MDA) in Europe, new revenue-sharing agreements with multiple telecommunication companies and enhancements to our e-commerce processes. These initiatives not only streamlined our operations, but also strengthened our financial health.



As we turn the page to 2024, Xplora is positioned to capitalize on emerging market opportunities, particularly within our newly established Senior and SaaS divisions. These new divisions represent areas of growth, aligning with broader industry shifts towards digital solutions for an aging population and the demand for B2B SIM- and software services. Our entry into these markets is not just an expansion, but a strategic move to address untapped needs, leveraging our technological expertise and innovation capabilities.

As we advance, our focus sharpens on expanding these new divisions in addition to our existing operation while maintaining our progress in operational and financial excellence. Our strategic initiatives, both financially and operationally, have set a solid foundation for sustained growth and enhanced shareholder value. With a clear vision for the future and a dedicated team, we are gearing up for what promises to be an exciting year ahead for Xplora.

A handwritten signature in blue ink, which appears to read 'Sten Kirkbak'. The signature is fluid and cursive, written on a white background.

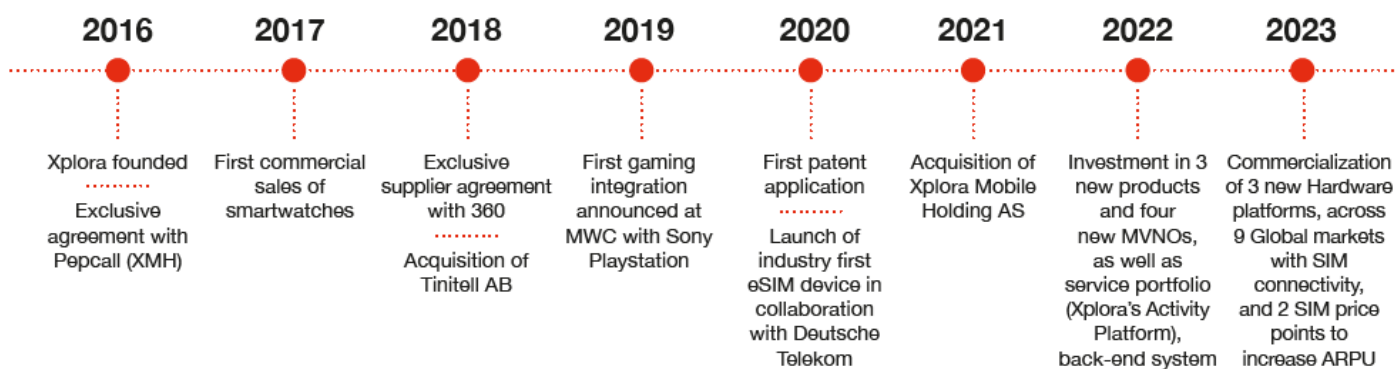
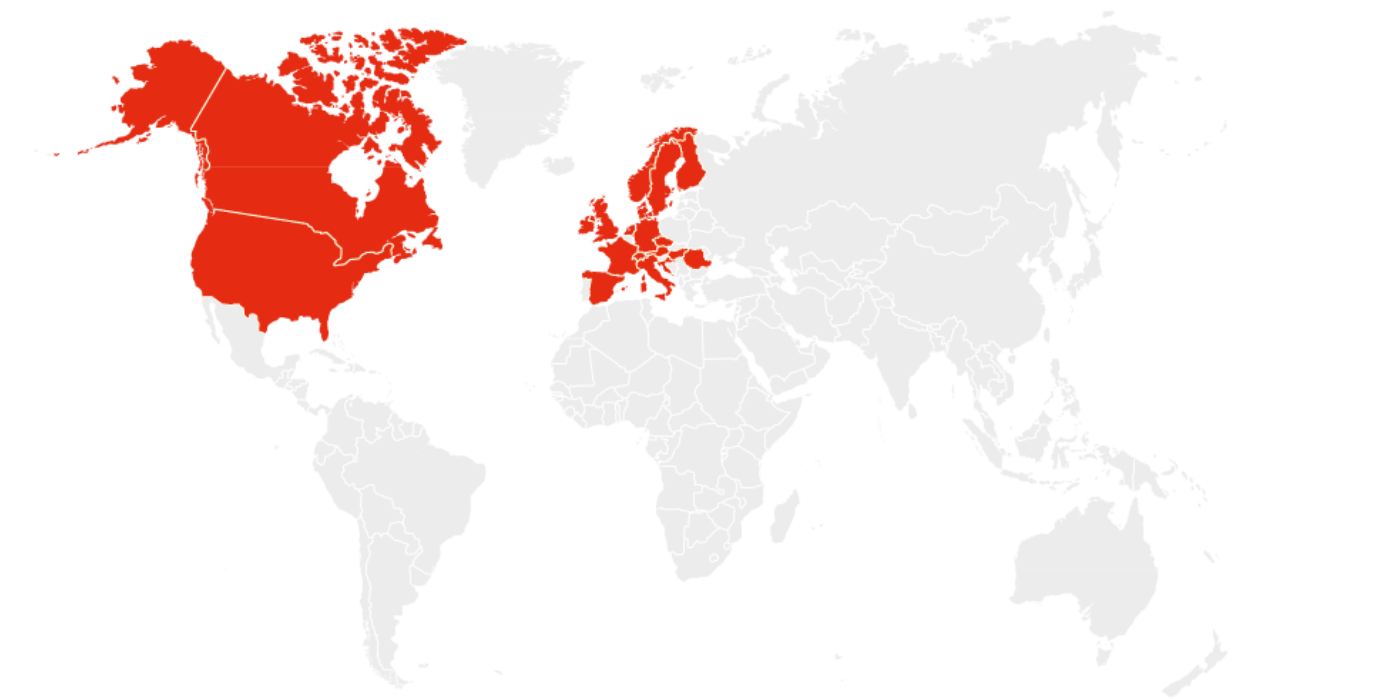
Sten Kirkbak

Our Business

Xplora is an information technology company which develops and offers wearable smart devices, connectivity (mobile subscriptions) and value-added services through its premium subscription. The Company was established in 2016, is headquartered in Oslo, Norway with offices in London, Hamburg, Madrid, Stockholm, Copenhagen, Espoo, New York and Trondheim.

The Company's products and services are offered in 9 key markets through online channels, a wide retail network and 15 telecom partners.

Xplora strives to give children a safe onboarding to the digital world and a better balance between screen time and physical activity by offering innovative smart devices and services for kids and families. Xplora's vision is to enable children around the world to experience how their everyday activities can make a positive change to the world.



GROUP ORGANIZATION

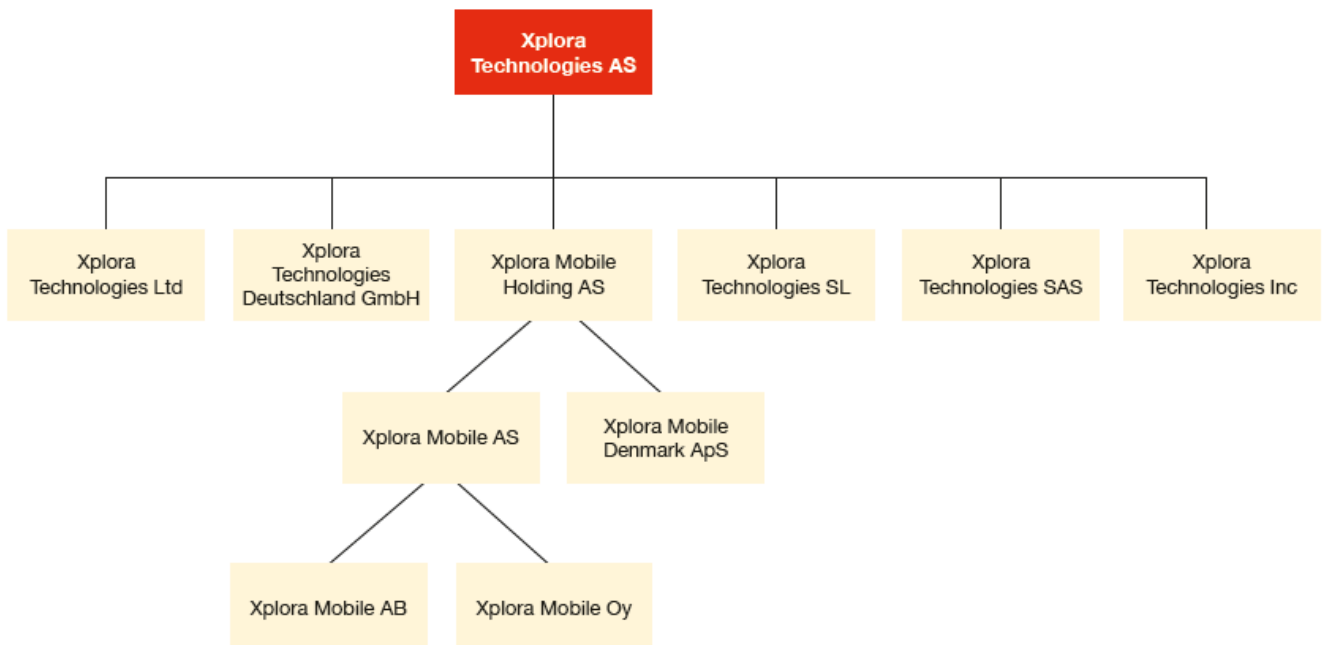
Xplora Technologies AS, the parent company of the Group, conducts its operations from its offices in Oslo and Trondheim, Norway. The Company's headquarter in Oslo accommodate the Group's finance, marketing, operations, and support functions. Meanwhile, the Trondheim office is responsible for global and national marketing campaigns.

Xplora Technologies Ltd serves as Xplora's engineering and development hub which works together with Xplora's external South Korean development team. Xplora's UK operations also handle sales and marketing in the UK market.

Xplora Technologies Deutschland GmbH (a German limited liability company), Xplora Technologies SL (a Spanish limited liability company), Xplora Technologies Inc (a Delaware corporation) and Xplora Technologies SAS (a French limited liability company), all handle sales, marketing, operations, and support functions in their respective local markets.

Xplora Mobile Holding AS is the parent company of Xplora Mobile AS and Xplora Mobile Denmark ApS (a Danish limited liability company). Both companies handle sales, logistics, marketing, operations, and support functions in their respective markets. Xplora Mobile AS is the parent company of Xplora Mobile AB (a Swedish limited liability company) and Xplora Mobile Oy (a Finnish limited liability company), having the same functions in their respective markets.

All subsidiaries in the group are 100% owned.



Product Offering

Xplora's business model of operating both as a smartwatch vendor and a mobile virtual network operator (MVNO) – a company that offers mobile services without owning the physical network infrastructure – offers unique opportunities in terms of product bundling, retail offerings and pricing options that are difficult for competitors to replicate.

The company's main revenue drivers are:

- **Devices:** Sales of devices, such as connected and nonconnected smartwatches.
- **Services:** Recurring revenues from sale of subscriptions and value-added services (VAS).

Subscriptions encompass connectivity plans (mobile subscriptions), premium services, telco operator revenue share, and service fees for Xplora smartwatches without Xplora mobile subscriptions (Nordics).

Both business segments target business-to consumer sales through a variety of sales channels and markets in addition to business-to-business sales through licensing models.



XPLORA DEVICES

Xplora's device strategy has been key to secure a wide distribution footprint, build the Xplora brand, build an ecosystem of partners and demonstrate the service functionality. The Xplora Device Platform consists of connected wearable products as well as non-connected wearables. The Group's product strategy is to provide premium and entry level products in the connected category, and to drive activity on the platform through an offering of non-connected wearables with an attractive price point. A broad product portfolio is an important element in Xplora's distribution strategy, building brand awareness and securing visibility.

As of 2023, Xplora has launched nine devices, and plans to introduce additional models in 2024. The company's legacy offerings include models such as X5Play, X5Play eSIM, XGO2 and XMOVE, alongside more recent offerings like X6Play and XGO3 from 2022.

Xplora has scheduled the launch of its in-house developed watch, the X6 Pro, for 2024, and plans to introduce an Amazon exclusive brand watch, Kidzi, to the market.

Xplora watches are specifically designed for children aged 4-10, prioritising ease of use and durability to withstand rough handling. In early 2024, Xplora plans to improve both the XGO3 and the X6Play models.

Additionally, in Q4 2023, the company started to develop a smartwatch tailored for the senior market. Based on the X6 Pro, the watch contains some new features specifically developed for the seniors' market segment. With testing of the watch starting in early 2024 the company expect that the senior watch will be brought on the market in 2024.

XPLORA SERVICES

The Xplora Services consists of connectivity services (mobile subscriptions) and value-added services through the Xplora activity platform, in the form of a premium subscription. Growing the recurring revenue base and securing full commercial control of the connectivity value chain are key objective in the Company's core markets. As of 31 December 2023, Xplora had a total subscription base of 257k subscriptions. Distributed on connectivity subscribers (205k), Premium subscribers (42k), telco revenue share (9k) and service fee (1k).

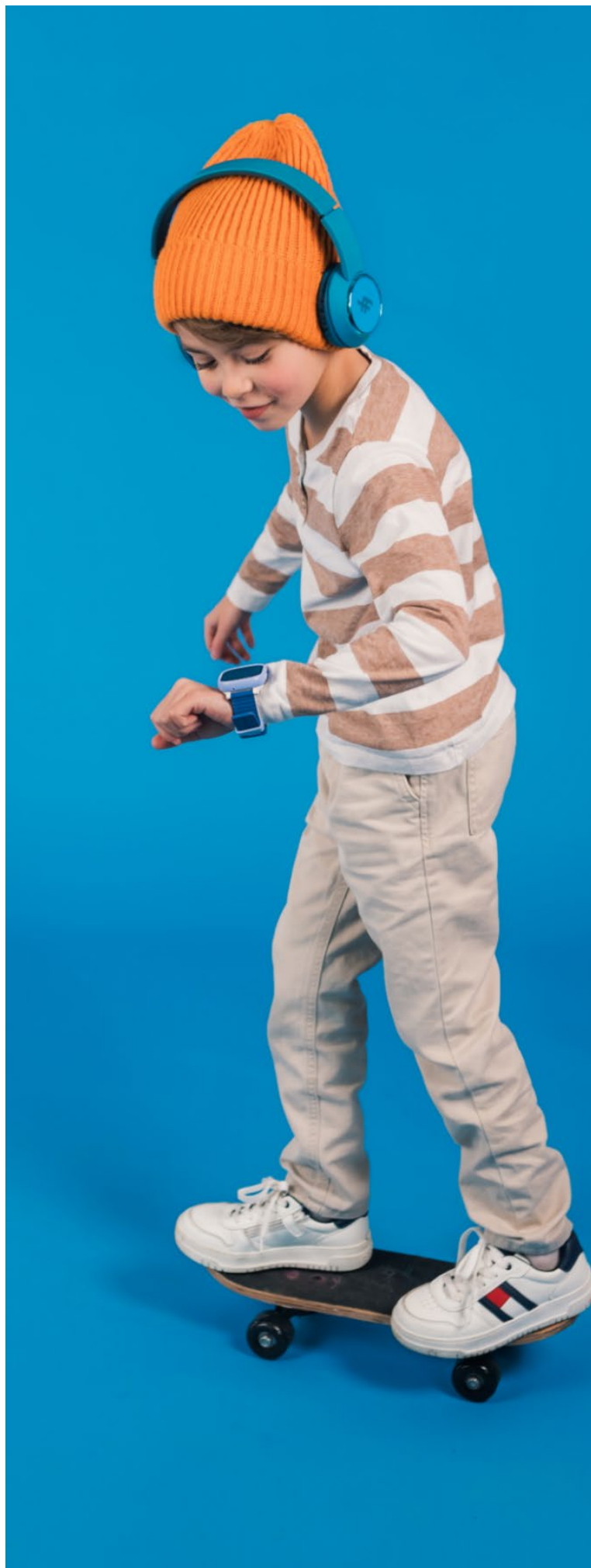
Connectivity (mobile subscriptions)

Xplora operates its mobile connectivity services in its 9 core markets. That is, four Nordic countries, Germany, UK, Spain, France and the USA.

For its connectivity services Xplora use Telenor's network in Norway, Sweden and Denmark and Elisa's network in Finland, Telekom Deutschland in Germany, Alai Secure in Spain, Transatel in France and IQ Mobile in the UK, all through long-term service provider and Mobile Virtual Network Operator (MVNO) contracts. In the USA Xplora have a wholesale agreement with AT&T, allowing Xplora to operate as a Mobile Service Provider.

Xplora has secured a strong market position in the Nordics. In Norway, where the Company has the longest track record, close to 1 in 5 children in the age 4-10 are using an Xplora smartwatch with a connectivity subscription from Xplora. In Sweden Xplora has reached a penetration rate of 5%, with 6% in the Finnish market. Xplora has been in Denmark for three years and reached a penetration exceeding 4%. The Company applies the same go to market strategy in all markets. Sweden, Finland, and Denmark penetration growth trends are similar to the penetration growth experienced in Norway previously.

The US and German markets, where connectivity was launched in late 2022, experienced the largest growth in subscriptions in Q4 2023. UK was launched at the same time but have grown a bit slower than the two, however the Company still see the growth potential as in the other two markets. Subscriptions in Spain and France was launched in 2023, and growth in percentage have been strong.



Xplora premium services

Xplora's premium services gives the user a broader access to the Xplora Activity Platform than what the customer gets with a regular connectivity plan. This service is a value-added service platform that addresses two key concerns among families: a high and growing screen time and physical inactivity among children.

The platform connects with the Xplora devices and converts physical activity collected from smart devices to Xplora coins, Xplora's own digital reward points. Xplora coins may be used for children to engage digital content, play mini games under screen time control and purchase products as well as make donations on the activity platform.

The Xplora activity platform is clearly differentiated from other legacy social networking services which often are based on text, image, or video. In contrast, the activity platform service leverages activity and location data from smart devices to create new ways to help users to engage and interact with each other.

By rewarding kids for their physical activity, Xplora encourages kids to explore the world while offering safety for both the kids and parents. Going forward Xplora will be continuing to build on its premium services, offering a wider selection of curated content, video and education-based activity tools allowing children to further have Fun, Learn and Play in a controlled environment.

Revenue share

New for 2023 is that Xplora have made several strategic revenue sharing agreements with well-known Telecommunication companies (Telcos). Revenue sharing agreements are beneficial for Xplora in selling devices and providing an additional service revenue stream. The agreements also secure new customers to the telcos and boost their revenue, leading to a mutually beneficial proposition.

These agreements also increase brand awareness as they include commitments from the telcos about device purchases and marketing campaigns.

In 2023, Xplora have reached revenue sharing agreements with Troomi Wireless inc. in the US,

Elisa in Finland, OneCall in Norway and an undisclosed Nordic Telco, marking Xplora's fourth revenue-share agreement.

Going forward Xplora will continue to explore the possibilities for more revenue share agreements in the nine core markets of operations.

Service fee

Late in the second half of 2023, Xplora introduced its fourth service revenue stream, the service fee. First rolled out in the Nordic markets, the fee is put on activated Xplora watches who have opted for an alternate SIM provider. The service fee was introduced to cover certain costs that is a part of the watch even without a subscription. These costs relate to the parent app functions, for example messaging, phone, pictures, and tracking/map services.

The Service fee ensures that the company gain the full value of its service offerings across all customer segments as well as it allows the company to maintain and develop the high-quality service its users expect.

Going into 2024 Xplora plan to extend this fee structure to more markets, expecting a positive impact on revenue without compromising customer satisfaction.

Sales and Development Strategy

In 2023, Xplora continued to grow in the markets with its mobile connectivity (MVNO) business. In Q4 2023 USA and Germany were the two markets with the highest net growth in mobile connectivity. Drawing on past experiences and utilizing a refined strategy focus, the Company seek to strengthen its foothold in its current markets, while optimizing profitability and enhancing overall market position.

Xplora's go-to-market strategy was designed to maximize market penetration and establish a strong foothold across all distribution channels. The strategy is phased, beginning with an initial focus on online stores such as Amazon, which allows the Company to test the market and gain valuable visibility. From there, the Company prioritize building relationships with retail channel partners to expand its reach and accessibility, before ultimately pursuing partnerships with telecom operators – a significant distribution channel that offers vast market potential. In 2023 Xplora entered into a set of agreements with Telecommunication companies (Telcos) that gives Xplora a recurring service revenue share when the Xplora smartwatch is used with the Telco's SIM card. Through maintaining this approach and leveraging the valuable insight and experiences gained, Xplora have established a

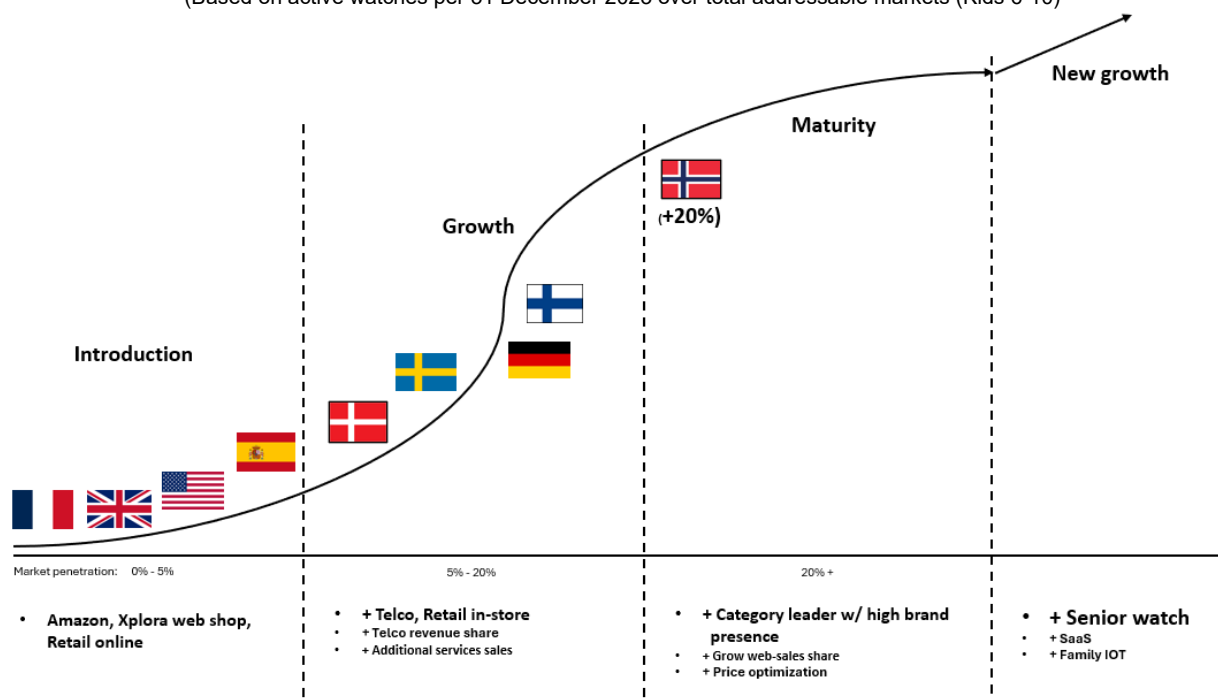
strong foundation for growth and development in its existing markets. This has been demonstrated through 2023 where the Company see growth across new markets like the US, the UK, Finland, and Denmark.

Amazon sales continued to grow and surpassed 100k smartwatches in 2023. Xplora SIM cards were introduced successfully with Amazon sales during the year.

As of 2023 Xplora is present through online, retail and telecom channels across 9 key markets in Europe and North America. In addition, the Company sells its products in selected markets, primarily through Amazon. The level of development varies between the different markets. In the Norwegian market, where Xplora is present since 2017, the Company has a wide distribution network through all major retail chains in the country, in addition to a well-positioned Xplora webstore. This has resulted in a high market penetration, estimated at +20% of the target population, kids aged 4-10. In the US, Xplora's distribution set-up has significantly improved throughout 2023, with partnerships established with major retailers such as Amazon, Walmart, Bestbuy and SamsClub. These collaborations have allowed Xplora to reach a broader customer base and strengthen its market position in the US.

MARKET STAGES

(Based on active watches per 31 December 2023 over total addressable markets (Kids 6-10))



RETAIL DISTRIBUTION PARTNERS

Retail partners are important to Xplora to drive volumes, build market presence, expand geographic coverage through widespread retail outlets and to build brand recognition. Sales through retail partners may be through a combination of physical retail outlets and online sales channels. Many of the Company's retail partners display products in outlets, giving consumers the ability to test and physically evaluate Xplora's products. The Company has a wide distribution network, online and in-store across its major markets.

TELECOM OPERATOR CUSTOMERS

Xplora has successfully completed homologation tests and entered into distribution agreements with 15 telecom operators. These include Telekom (DE), Vodafone (DE), Telefonica (DE), EE (UK), Elisa (FI), DNA (FI), Telia (SE), 3 (SE), Elisa (Estonia), OneCall (NO), Swisscom (CH), Magenta (AT), Yettel (HU), Vodafone (HU) and Troomi (USA).

CUSTOMER SUCCESS

Xplora's customer success team is the heart of the Company's operations. Xplora operates in a market where its customers expect fast and prompt service and response to their support inquiries. The Company's overall goal is to create a customer experience and journey that is indifferent to the customer's geographic origin and to meet its customers on the platform they wish to communicate.

Throughout 2023, the Company's focus within customer success has been on improving its CRM system's capabilities by modernizing the help center and FAQs, streamlining customer inquiries with web forms, and enhancing chatbot interactions with AI technology. A key strategic shift in 2023 was the decision to outsource parts of the Company's customer support team, while ensuring service excellence led by an inhouse customer support leadership team and a Nordic team of specialists. This approach has significantly enhanced operational flexibility, allowing quick adaptation to seasonal demands, while maintaining high service standards through close collaboration with the third-party provider. Focused on agility and leveraging external expertise for support, this move enables Xplora to concentrate on its core competencies and innovation.

Reflecting on 2023, Xplora had a total of 593,003 global inquiries, with the Company's chatbot successfully responding to 48%. This is a significant increase from 2022 where the chatbot was able to respond to 34% of all global inquiries, demonstrating the effectiveness of the customer success team's efforts in advancing chatbot functionality and improving response time. In addition, the continuous work on streamlining the Company's CRM system has enabled Xplora to further improve its efficiency and deliver an enhanced customer experience.

Key KPIs driving the customer success teams include customer response time, solution time and customer experience.

Board of Directors' Report

In 2023, Xplora laid the foundation for growth and scalability. By utilizing the investments in the product portfolio made in 2022, Xplora was able to focus more on operational efficiency and growth in its nine core markets. The Company has new revenue-sharing agreements with multiple Telcos, alongside implementing effective cost-cutting and efficiency measures. Another important initiative has been to improve working capital management, by implementing a Master Distribution Agreement (MDA) in Europe and utilizing supply chain financing for funding portions of product purchases. Employing hedging instruments to balance currency risk, stabilize costs have enhanced financial predictability. These initiatives turned a negative NOK 33.5m EBITDA in 2022 to positive NOK 33.7m this year, while also ending the year with a solid cash balance of NOK 137.4m.

Financial review

The following financial review is based on the consolidated financial statements of Xplora Technologies AS and its subsidiaries (the Group). The statements have been prepared in accordance with the Norwegian Accounting Act. In the view of the Board of Directors, the income statement, changes in equity and cash flow, the statement of financial position and the accompanying notes provide satisfactory information about the operations, financial results and position of the group and the parent company for the year 2023 and at 31 December 2023. Consolidated numbers from 2022 is also included for the purpose of comparison.

Group revenues for Xplora Technologies reached NOK 689.1m in 2023, a 37% growth from NOK 502.0m in 2022. Device revenue ended at NOK 476.6m compared to NOK 346.9m in 2022, while recurring service revenues amounted to NOK 210.2m, up 38% y/y, representing 31% of group revenues. Xplora exited 2023 with 257k subscriptions, up 64% y/y from 157k subscriptions at the end of 2022.

As a result of the introduction of the Master Distributor agreement (MDA) for Europe in 2023, device revenue will be generated from fewer legal entities going forward, and as such Xplora will

provide data from end-user activations on a country level, rather than revenue.

In 2023 there was 445K end-user watch activations, equivalent to a 24% growth from 358K in 2022. Germany was the biggest contributor with 226K activations. Norway saw a total of 52K activations in 2023, followed by Sweden with 40K and Finland with 21K activations. The US, Spain and Denmark all had 16K end-user activations throughout 2023. Where US saw the highest percentage growth in activations with a 112% growth compared to 2022.

For recurring service revenue, the top three countries were Norway with NOK 110.9m, Sweden with NOK 49.2m and Finland with NOK 23.2m. Top three represented 87% of total service revenue in 2023, compared to 94% in 2022, which is a result of the focus on growing service revenue outside the Nordics. This will continue to be a focus in 2024.

Gross profit for the year came in at NOK 332.3m, up 40% from NOK 237.0m in 2022. Gross margin increased to 48% in 2023 compared to 47% in 2022. Gross margin per revenue line was 33% for device revenue and 83% on service revenue in 2023. This is compared to 32% and 83%, respectively, in 2022.

Operating cost amounted to NOK 298.6m in 2023, up 10% from NOK 270.6m in 2022. However, as a percentage of revenue, operating costs has decreased from 54% in 2022 to 43% in 2023, in line with the stated target of a 10 percentage point (pp) decrease in operational costs. Salary and employee expenses ended at NOK 113.3m in 2023, including bonus accruals and management incentive programs, up from NOK 85.7m in 2022. Marketing expenses amounted to NOK 72.1m in 2023, down 14% from NOK 83.6m. Other operating costs ended at NOK 113.2m in 2023 compared to NOK 101.2m NOK in 2022.

EBITDA amounted to NOK 33.7m (EBITDA margin of 5%) in 2023, a NOK 67.2m improvement from negative NOK 33.5m in 2022. Depreciation, amortization, and write-downs were NOK 56.5m in 2023, up from NOK 51.2m in 2022. Operating profit ended at negative NOK 22.8m in 2023, a NOK 61.9m improvement from negative NOK 84.7m in 2022. Profit before tax ended at negative NOK 29.6m in 2023, up from negative NOK 85.0m in 2022. Net profit ended at negative NOK 21.4m in 2023.

Cash flow

The group's operating activities generated a net cash inflow of NOK 60.3m in 2023, compared to a NOK 56.6m outflow in 2022. Key drivers for the turnaround in cash flow was a reduction in working capital of NOK 33.4m, generated by higher sales volumes and using financing agreements, and the NOK 55.4m improvement in profit before tax from 2022 to 2023.

Investing activities generated a net cash outflow of NOK 22.8m in 2023, which consists of capital expenditures to product- and platform development. In 2022 net cash outflows from investing activities were NOK 58.1m of which NOK 20.0m was an earnout from the Xplora Mobile acquisition.

Financial activities generated a net inflow of NOK 49.6m in 2023. This compares to a net inflow of NOK 25.4m in 2022. The company increased net debt by NOK 31.6m and NOK 17.5m in equity.

In 2023, the amount of cash increased by NOK 87.0m. It started at NOK 50.4m at the beginning of the year and ended at NOK 137.4m by the end. In 2022, the cash balance decreased by NOK 89.3m.

Financial position

At the end of 2023, Xplora Technologies Group had total assets of NOK 546.8m, compared to NOK 507.9m at year-end 2022. Xplora have continued its efforts to reduce accounts receivable. As such, the increase in total assets comes as a result of the increase in cash and cash equivalents.

Group equity at year-end 2023 amounted to NOK 337.8m, with an equity ratio of 62%, compared to NOK 350.6m and a 69% equity ratio at year-end 2022.

Interest-bearing debt increased to NOK 69.9m at the end of 2023, up from NOK 38.3m in 2022. The debt consists of a loan from Innovasjon Norge and supply chain financing.

Cash and equivalents stood at NOK 137.4m at year end 2023 for a net cash balance of NOK 67.5m, compared to NOK 12.0m in 2022. Accounts payable increased to NOK 47.4m in 2023, up from NOK 41.2m in 2022. Other short-term debt, totalling NOK 91.7m in 2023, includes accruals and deferred income.

Accounts receivable decreased to NOK 38.8m in 2023, down from NOK 43.5m in 2022. Inventories increased to NOK 108.0m in 2023, up from NOK 96.4m in 2022. Total non-current assets were NOK 226.0m at the end of 2023, compared to NOK 243.3m in 2022, due to amortization of goodwill and customer contracts.

Goodwill amounted to NOK 138.2m in 2023, while the value of remaining customer contracts was reduced from NOK 41.5m at the end of 2022 to NOK 23.0m exiting 2023. Capitalized development costs increased to NOK 45.8m at year-end 2023, up from NOK 39.9m in 2022.

The Board of Directors believes that the group possesses adequate funds to address Xplora's financing needs for further growth over the next 12 months.

Xplora Technologies AS (parent)

The parent company reported revenues of NOK 386.1m in 2023 from NOK 254.1m in 2022. Operating results for the year were negative NOK 49.0m, up from negative NOK 84.6m in 2022. Income from subsidiaries was NOK 56.0m in 2023, contributing to a financial income of NOK 102.0m, which offset by NOK 54.7m in financial expenses resulted in pre-tax loss of NOK 1.7m in 2023. This compares to pretax earnings of negative NOK 47.5m in 2022. Xplora Technologies AS total assets for 2023 were NOK 635.2m, compared to NOK 600.8m in 2022. The increase is driven by investment in intangible assets. Loans to group companies increased from NOK 163.7m in 2022 to NOK 216.6m in 2023. Cash balance ended at NOK 51.2m at the end of 2023 with interest-bearing debt at NOK 14.6m. The parent company equity increased from NOK 441.3m in 2022 to NOK 450.3m in 2023.

Shares and dividends

Xplora has one class of shares. At year-end 2023 there were 41,656,619 shares outstanding in the company. All shares are listed and freely traded on Euronext Growth under value of Xplora shares is NOK 0.004

The market valuation of Xplora on 31 December 2023 was NOK 581.1m.

At the end of 2023 the company had 1,182 shareholders, compared to 1,319 shareholders at the end of 2022. The proportion of shares held by foreign investors went down slightly from 7.7% at the end of 2022, to 5.2% at the end of 2023.

The highest closing price during 2023 was NOK 17.05, and the lowest closing price was NOK 6.42. The share

price at the last trading day in 2023 was NOK 14.0, compared to year-end 2022 share price at NOK 9.9, a 41% increase. For comparison, the Oslo Stock Exchange Benchmark Index OSEBX increased 10% during 2023.

Given Xplora Technologies' stage of development and significant organic and strategic growth opportunities the Board of Directors does not recommend a dividend for the year 2023.

At the Annual General Meeting on 16 May 2023 the Board of Directors was granted the following authorizations valid until the general meeting in 2024, or to 30 June 2024 at the latest:

Authorization for buyback of shares with par value up to NOK 16,662.648, for use in acquisitions, mergers, de-mergers or other transactions, compensation programs or to amortize treasury shares. As of 31 December 2023, the authorization has not been used.

Authorization to issue new shares, in one or more tranches, up to a total of NOK 30,000, for use in connection with capital raises to finance the Company's operations, strengthen the Company's equity, securing a sound liquidity, for use in compensation programs as well as to achieve strategic and commercial goals. On 21 December 2023, the Board of Directors exercised its authorization to increase the Company's share capital from NOK 166,626.48 to NOK 176,626.48, an increase of NOK 10,000. This increase was facilitated through the issuance of 2,500,000 new shares, each with a par value of NOK 0.004, allocated to key investors in recognition for loan guarantees provided in 2019 and 2020. Please see note 16 for more information.

Top 20 Shareholders

The 20 largest investors in Xplora Technologies AS held 65.6% of outstanding shares per 31 December 2023. This compares to 63.3% at yearend in 2022. Please see note 11 Share capital and shareholder information under the consolidated accounts for further details.

Outlook

The Board of Directors has an optimistic view of the prospects for Xplora. The company is a leader in a growing industry. Opportunities have been identified along several verticals, including smartwatch and IoT device sales, subscription services and value-

added services, driving both direct and licensing revenue streams. Over the coming years, market reports indicate that the kid's wearable industry is expected to grow by a CAGR of 15%.

Capital expenditures in 2024 are expected to be more modest than in 2023, and between NOK 15-20m.

Xplora aims to scale the nine key markets where it offers product and service bundles, and to streamline and improve its operations, thereby driving profitability and a more robust financial position. The Company will also increase activities in its two new divisions: Senior and SaaS. Although these divisions are unlikely to generate notable profits in 2024, Xplora is committed to laying a strong foundation for added growth and the Company will be looking for proof of concept in both divisions.

The forward-looking statements made above are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that are expected to occur in the future. They are in no way guarantees of future performance. While the statements reflect the current views and expectations of Xplora based on information currently available to it, they are subject to a wide range of assumptions, in addition to risks and uncertainties that may be outside of the Company's and its directors' control. Neither the Company nor its directors can provide any assurance that the assumptions underlying such forward-looking statements are free from errors nor accept any responsibility for the future accuracy of the opinions expressed herein, or the actual occurrence of the forecasted developments. Actual results could differ materially from those expressed or implied in forward-looking statements. Any forward-looking statements are based only on conditions as of the date on which they are made and the Board are under no obligation to update or alter such forward-looking statements whether as a result of new information, future events or otherwise.

Going concern

In accordance with the Norwegian Accounting Act Section 3-3a, the Board of Directors confirm that the conditions for continued operations are present and that the annual report has been prepared under the assumption of going concern. This assumption is based on forecasts for 2024 as well as the Company's long-term strategic outlook.

Risk Management

The Board of Directors remains committed to implementing measures to ensure comprehensive risk management across all aspects of the group. Recognizing that effective risk management is crucial for long-term value creation for shareholders, employees, and other stakeholders, the company has taken significant steps in recent years. In 2021, Xplora established an Audit Committee, followed by the formation of an HR department, and hiring a Head of People and Organization in 2022. These enhancements are complemented by targeted internal assessments, including risk evaluations at the employee and executive levels, to ensure that the Company's strategies address both broad and specific organizational risks effectively.

Xplora faces several risk areas, including market and competition risk, operational risk, geopolitical risk, climate-related risk, financial risk, and cybersecurity risk. Both the Board of Directors and management diligently monitor the group's risk exposure and continuously strive to enhance internal control processes. The group adopts a proactive approach to risk management, wherein an annual risk assessment and mitigation plan is presented and discussed with the Board to address emerging challenges effectively.

Directors and Officers Insurance

Xplora and all subsidiaries are covered by a director- and officers liability insurance. The insurance indemnifies directors and officers (management) for defence costs and potential legal liability arising out of claims made against them while serving on a board of directors and or as officers. The insurance policy is issued by a reputable, specialized insurer with appropriate ratings. The insured value is EUR 10m.

Operational risk

Operational risk relates to the risk of lost sales, reduced profitability, and loss as a result of changes in Xplora's competitive position. Xplora operates in a rapidly developing market in the early stage of development, and future development of the market could change. Factors which can impact the competitive position include, but are not limited to, increased competition, new entrants, access to production capacity and access to necessary components, pressure on market prices, access to distribution channels, and future demand and supply factors. Depending on developments, these factors

can have a negative impact on the company's results and financial position and may cause deviation to current plans and expectations.

Geopolitical risks

Operating across multiple markets, Xplora is subject to geopolitical risk and instability, both existing and potentially merging in different regions worldwide. In a proactive effort to manage these concerns, the company carefully tracks the concentration of geopolitical risks and implements diversification strategies to reduce potential exposures that can have a substantial impact on the Company's financial results. Through vigilance and adaptability, the company is committed to mitigating any negative consequences arising from geopolitical uncertainties.

Climate-related risks

Climate-related risk include physical risk and transition risk. Physical risk refers to the impact of climate change, while transition risk refers to the transition towards a greener economy.

Physical risks may, both direct and indirect, affect Xplora's financial performance through supply chain and production disruptions. This includes risks related to raw material scarcity from severe weather, logistical challenges due to frequent natural disasters, and fluctuations in energy costs. These risks can inflate costs, delay production, and raise operational expenses, impacting overall business continuity. Transitioning towards a greener economy may involve changes in government policies, technological development, and customer demands. These include risk related to consumer preferences toward reducing environmental harm, adapting to stringent environmental regulations that could impose additional operational costs, and navigating the reputational and legal challenges if the Company does not adapt its sustainability strategies to meet market expectations.

Xplora seeks to mitigate these risks by actively implement and plan different strategies, such as enhancing sustainable packaging and optimizing return processes, which more effectively can facilitate the refurbishment, resale, or recycling of products, rather than discarding them.

Financial risk

Xplora Technologies has a centralized finance function with overall responsibility for accounting, cash management, capital management, financing arrangements and management of the group's financial risk factors. The group also fulfils certain financial functions through services provided by local accounting partners for its subsidiaries.

Xplora is exposed to credit risk related to counterparty default on contractual agreements and trade, and other current receivables. The Company has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. The company has taken a loss provision of NOK 2.0m for bad debt in 2023, less than 0.5% of total revenue.

Xplora has a NOK 100m financing facility, which has introduced more floating interest rates. As a result, the interest rate structure of the Company's debt has shifted from mainly consisting of fixed rates. Now, the majority of the Group's interest bearing debt consists of floating rates, increasing exposure to interest rate fluctuation.

Xplora has procurement and sales in different countries with different functional currencies and is as such exposed to currency risk associated with movement in Norwegian krone (NOK) against other relevant currencies, primarily US Dollar (USD), Euro (EUR), Swedish krona (SEK) and British Pound Sterling (GBP). As the Company buys its goods in USD and sells the majority of its products in the European market, the group initiated a program to hedge part of its EUR/USD exposure in 2023 to mitigate risk associated with currency fluctuations.

Xplora is also exposed to liquidity risk, which arises from the possibility of failing to fulfil financial obligations. To counteract this risk, the Company regularly monitors both forecasted and actual cash flows, alongside aligning the maturity of its assets and liabilities.

Cyber risk

Cyber risk means any risk of financial loss, disruption, or damage to the reputation of an organization from a failure of its information technology systems due to internal or external factors. In an increasingly digital world, the risk of attacks on digital systems and infrastructure is increasing. Some cyber threats include ransomware, phishing, data leakage and hacking.

Cyber risks are becoming increasingly complex and challenging. Xplora conducts security penetration testing of its platforms for good practice and to mitigate risk. Every week a security scanning service conducts a security assessment for Xplora.

Xplora regularly partners with cyber security experts to perform penetration tests to seek out vulnerabilities. The reports from the penetration tests help to build the Company's long-term strategy on cyber security. Xplora has a Data Protection Officer to ensure compliance and to manage any inconsistencies or breaches. Xplora has in place Cyber Response Insurance.

Transparency Act

The Transparency Act was entered into force on 1 July 2022. The purpose of the act is to promote businesses' respect for fundamental human rights and decent working conditions and ensure the public's access to information. Xplora is committed to its efforts to ensure that human rights and decent working conditions are respected in its supply chain and within its operations. The Company acknowledge that this commitment requires ongoing efforts and continuous improvement implementing measures to achieve the ambitions set by the company.

Xplora's Annual Transparency Report 2022 outlines the company's obligations to account for the due diligence assessments conducted by the company. The report describes measures that have been assessed and implemented to reduce the risk of activities having adverse impacts on fundamental human rights and decent working conditions. A new report will be published on June 30, 2024, and will be available along with previous editions on the Company's webpage.

Xplora's guidelines on how the Company embed their work on human rights and decent working conditions is available on the Company's webpages. The procedure outlines the work that needs to be carried out to meet the requirements set out in the Transparency Act.

The Company has established a grievance mechanism for reporting potential adverse impacts related to human rights and decent working conditions. Requests for information and reports can be made through established communication channels, with responses provided within three weeks. All relevant details are available on the Company's webpages.

Working environment and employees

The board remains attentive to employee matters, actively monitoring the company's work environment and ensuring gender equality. No specific programs have been identified as necessary to address equal opportunities or other matters. For further detailed information about Xplora's employees, the board refers to the Employee section of the Social and Social Responsibility chapter of this report.

ENVIRONMENTAL ACTION

In line with Xplora's vision of empowering children globally to effect positive change through everyday activities, the company emphasized sustainability and social impact in 2023 through its operations, community initiatives and the Play for Good initiative.

For more information about Xplora's work on environment and social actions the board refers to the environment section of the Social and Social Responsibility chapter of this report.

EVENTS AFTER THE BALANCE SHEET DATE

On January 2, 2024, Xplora announced the completion of a share capital increase, registered with the Norwegian Register of Business Enterprises. Following the Board of Director's resolution, based on the authorization from the Annual General Meeting on May 16, 2023, the new share capital is NOK 176,626.48, with 44,156,620 shares at a par value of NOK 0.004 each, where

each share carries one vote. The contractual subscription rights were exercised and paid in 2023, recorded as paid non-registered equity. Gross proceeds from the capital increase were NOK 17.5m. After this exercise there are no more contractual subscription rights, excluding employee options.

On April 2, 2024, Xplora entered into a new sales agreement with Freenet AG, a German telecom and digital service provider. The Xplora Premium Service will be bundled as an add-on service with Freenet's mobile subscription. This agreement expands Xplora's Premium Service platform in the German market and adds a new recurring service revenue stream. Xplora has received an initial purchase order of more than NOK 30 mill (30,000 smartwatches), to be delivered over the next 12 months.

STATEMENT OF THE BOARD OF DIRECTORS

The board confirms to the best of its knowledge that the financial statements for the Company for 2023 and the comparable numbers for 2022 have been prepared in accordance with applicable accounting standards, and that the information provided in the financial statements gives a true and fair view of the Company's assets, liabilities, financial position and financial performance as a whole, and that the Board of Directors' Report gives a true and fair overview of the Company's development, profit and financial position, together with a description of the principal risks and uncertainties that they face.

The Board of Xplora Technologies AS
Oslo, 25th of April 2024

(sign.)

Tore Engebretsen
Chairman of the Board

(sign.)

Harald Fredrik Hodne Ulltveit-Moe
Member of the Board

(sign.)

Bjørn Christian Eide
Member of the Board

(sign.)

Kari Bech-Moen
Member of the Board

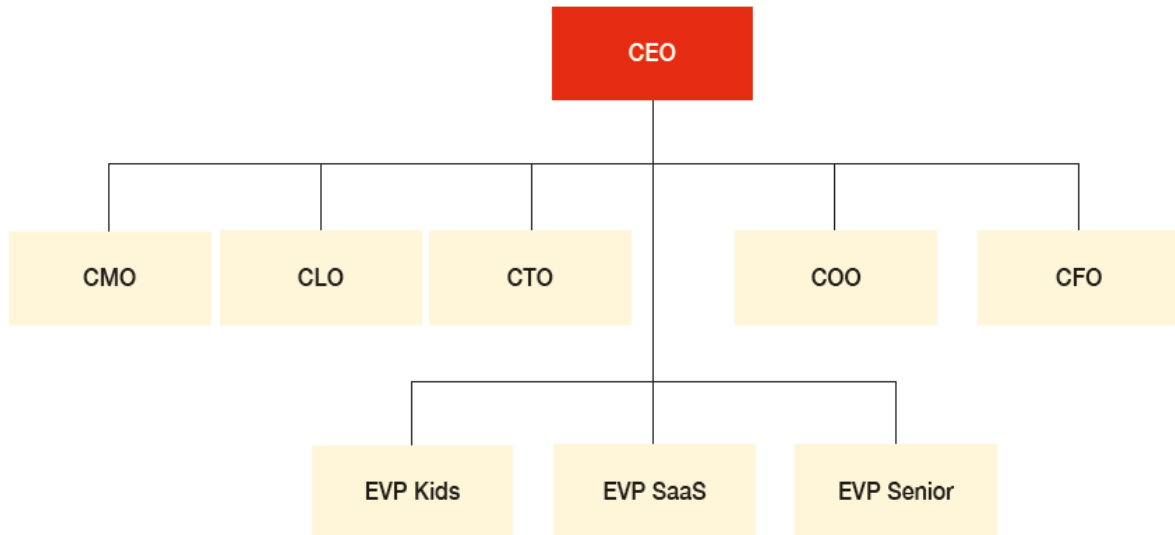
(sign.)

Ingrid Elvira Leisner
Member of the Board

(sign.)

Sten Kirkbak
CEO

XPLORA ORGANIZATION STRUCTURE



Corporate Governance

Xplora considers good corporate governance to be important for a robust organization, value creation, trustworthiness with all its stakeholders, and access to capital. Xplora endorses the Norwegian Code of Practice for Corporate Governance, NUES, updated on 14 October 2021 despite not being subject to NUES.

A fundamental principle of Xplora's corporate governance is to help build trust and confidence in the company, drive more efficient decision making and make communication between shareholders, the Board of Directors and management more transparent. These principles do not replace or set aside the importance of building a strong, positive, and healthy corporate culture throughout the company, but rather act as a framework or fundament in good decision making.

Xplora is a Norwegian public limited liability company listed on Euronext Growth Oslo and bases its corporate governance structure on Norwegian legislation and recommended guidelines. As a listed company, Xplora must comply with applicable provisions of the Norwegian Securities Trading Act, and EU Market Abuse Regulation (MAR), the Continuing obligations for companies listed on Oslo Børs Euronext Growth, the Norwegian Private Limited Liability Companies Act and all other applicable laws and regulations.

GENERAL MEETING

Xplora seeks to ensure that all shareholders are able to exercise their rights by participating in general meetings, and that the general meeting is an effective meeting place for shareholders and the board of directors. The General Meeting is the highest decision-making authority of the Company. All shareholders of the Company are entitled to attend and vote at general meetings and to table draft resolutions for items to be included on the agenda for a general meeting. The general meeting will normally be held each year by the end of June, with notice of the event and documents available on the company website no later than 14 days before the annual general meeting. Shareholders may participate and vote, in person or by proxy, as long as they are registered with the Norwegian Registry of Securities (VPS).

In 2023 Xplora held its annual general meeting 16 May 2023 with 22,98% of voting capital represented. The next general meeting is scheduled for 16 May 2024.

THE WORK OF THE BOARD OF DIRECTORS

Pursuant to Article 5 of the Articles of Association, the Board of Directors shall consist of up to seven members. The current Board of Directors consists of five members, two women and three men, as further set out in the next section. All members are elected for a term of two years and may be re-elected.

In accordance with Norwegian law, the Board of Directors is responsible for, among other things, supervising the general and day-to-day management of the Company's business. This includes ensuring proper organization, preparing plans and budgets for its activities ensuring that the Company's activities, accounts, and assets management are subject to adequate controls and undertaking investigations necessary to perform its duties.

Audit Committee

The Board of Directors established an audit committee in 2021 as a sub-committee of the Board of Directors. Its overall purpose and objective are to act as a preparatory and advisory body in connection with the Board's supervisory role with respect to financial reporting, external audit, risk management and other assigned tasks. The Committee consists of Board members Ingrid Elvira Leisner and Bjørn Christian Eide. The committee members are appointed for a period of two years.

For information on board remuneration, please refer to note 3 in the financial statements.

People and organization Committee

Xplora established a People and organization Committee, previously called HR Committee, consisting of two board members in 2022 as a sub-committee of the Board of Directors. The People and organization Committee is established to ensure that the organization is following local, state, and federal laws and certain best practices relating to its employees and creating an attractive environment for current and prospective employees. The Committee consists of Board members Kari Bech-Moen and Ingrid Elvira Leisner. The committee members are appointed for a period of two years.

For information on board remuneration, please refer to note 3 in the financial statements.

Management

Management is responsible for the day-to-day management of the Company's operations in accordance with Norwegian law and instructions set out by the Board of Directors. Among other responsibilities, the Company's Chief Executive Officer (the "CEO"), is responsible for keeping the Company's accounts in accordance with existing Norwegian legislation and regulations and for managing the Company's assets in a responsible manner.

Employee safety

Xplora seeks to ensure the health and safety of all employees and has established a health and safety policy. The Company complies with relevant local health and safety laws, regulations, and best practices to provide and maintain a healthy and safe working environment. The parameters of compliance can differ due to variations in the laws, regulations, and practices in the countries in which Xplora Technologies conducts business.

For further detailed information about Xplora's employees, see the Employee Section of the Social and Social Responsibility chapter of this report.

Whistleblowing policy

Xplora has a whistleblowing policy aimed at encouraging a culture of transparency and openness. This policy enables the reporting of censurable conditions, empowering staff to internally communicate any concerns about wrongdoing within the company. By fostering an environment where employees feel supported in speaking up, Xplora can take appropriate actions and implement necessary measures to address these issues. The company differentiates between two distinct approaches for reporting issues: Grievance reporting and Whistleblowing.

Grievance reporting is intended for situations where an employee has personally been mistreated. This could involve a breach of employment rights, bullying, or harassment, with the object of obtaining redress or justice for the individual affected.

Whistleblowing, on the other hand, is aimed at bringing attention to concerns about potential danger or illegal activities that impact others, such as customers, the public, the environment, or the company. In these

instances, the individual raising the concern is often not directly affected by the issue.

In 2023, there have been zero Whistleblowing reports and three grievance reports which were resolved according to company policy.

Code of Ethics and Business Conduct

Xplora has built a strong reputation for integrity and honesty in every facet of its business. The Code of Ethics and Business Conduct provides guidance for carrying out employee responsibilities on behalf of Xplora, fostering an environment of mutual trust and respect, continuing to build on the Company's reputation for integrity, and observing the highest standards of ethical conduct.

The Code is designed to promote honest, ethical, and lawful conduct by all employees, managers, and directors of Xplora Technologies AS and all subsidiaries and controlled entities. Independent contractors, consultants, agents, and sales representatives who represent Xplora are expected to apply the same high standards while working for Xplora.

The Code of Ethics is inspired by Company's values as well as the principles of the "Universal Declaration of Human Rights" and the Organization for Economic Co-operation and Development guidelines for multinational enterprises.

Communication and Investor Relations

Xplora Technologies is committed to providing its shareholders with precise and relevant information to ensure that the company's share price reflects its true value and prospects. Xplora upholds the equal treatment of shareholders and potential investors.

Xplora has implemented a process for handling of sensitive information to ensure that the Company, its employees, and representatives fulfil their obligations regarding the handling and publication of sensitive information.

Xplora has prepared insider trading regulations to ensure trading in the company's shares by board members, executives and employees is conducted in accordance with applicable laws, regulations, and company policy.

Xplora's financial calendar, press releases and stock exchange notices are published on Oslo Børs

NewsWeb and is available on the Company's investor page on www.xplora.com/investors.

IR activities are conducted by the IR team, which includes the CFO, the CEO, and the Chairman of the Board as well as other personnel appointed by the team. Only members of the IR team shall act as spokespersons. Xplora has implemented an IR Policy as a basis for its IR work.

Throughout the year, Xplora actively engaged with shareholders through investor conferences, a capital markets day and meetings organized by leading investment banks, in addition to direct engagement activities. The company's Investor Relations (IR) team continued communication efforts through recorded webcasts and other outreach initiatives, including market updates. Going forward, Xplora is committed to enhancing stakeholder communication through a dedicated PR and IR strategy.

Takeovers

Xplora operates in a dynamic market with many different stakeholders, and consolidation is to be expected among different industry players. This could also include Xplora. The Board of Directors will not hinder or obstruct any takeover bid for the company's operations or shares. In the event of a bid on the company's shares or operations the Board of Directors will seek to comply with recommendations in the Code of Practice in addition to complying with all relevant legislation and regulation. The company's Board of Directors and management will endeavour to ensure equal treatment of all shareholders in such matters. Following a bid on the company's shares the Board of Directors will obtain a valuation from at least one independent expert. On this basis, the Board will make a recommendation as to whether the shareholders should accept the bid. The Board of Directors will ensure that all shareholders are given information and sufficient time to evaluate the bid. There are no other written guidelines for procedures to be followed in the event of a takeover bid.

Auditors

Xplora's auditor is BDO AS. The partners of BDO AS are members of The Norwegian Institute of Public Accountants (Nw.: "Den Norske Revisorforeningen"). BDO AS has been the Company's independent auditor since 5 November 2020. The auditors provide a statement each year confirming their independence. At each year's annual general meeting, the Board of Directors discloses the fees paid to the auditors.

Sustainability and Social Responsibility

Environment

At Xplora our vision is to enable children around the world to experience how their everyday activities can make a positive change in the world. We feel inspired to be a part of a movement that encourages a healthier and more socially engaged lifestyle. That's why our mission drives us to find new ways to keep kids and families active and form healthy and sustainable habits through wholesome experiences in this evolving digital world. Xplora is dedicated to contributing to United Nations' (UN) efforts to reach a more sustainable future, both regarding our own impact as well as the positive impact our growing community of Xplora customers may generate.

How we are developing and executing our ESG strategy

1. **Top-down approach.** The board and management are fully behind the company's vision to enable children's activity around the world to make a positive change to the world.
2. **Global partners.** We focus on entering into global partnerships and integrations with some of the leading organizations promoting sustainability, such as UNICEF, United Nations and United Cities.
3. **Execution.** With our activity platform we have been able to develop a highly scalable and measurable tool for executing sustainability goals, all triggered by the users' activity level.
4. **Operations.** Xplora continuously strives to improve efficiency of our operations and reduce our carbon footprint.
5. **Reporting.** Either Xplora as a business, or our partners licensing our platform, can precisely measure the impact of each of the projects. Since our platform has two dimensions, we can report on the impact from the steps (input) and the sustainability projects executed (output). Combined, the impacts will trigger several of the Sustainable Development Goals (SDGs).

Xplora will in 2024 continue improving ESG practices across all areas of the business. The company will focus on the work with developing and training the employees, integrating ESG processes and systems to improve the ESG performance and enhancing better reporting routines. Xplora recognizes the importance of maintaining robust ESG practices and transparent communication in our future reports. This approach will enable us to maintain our commitment to uphold a responsible and sustainable business practice and contribute to making a positive impact on the environment, society, and the stakeholders.

Why this is important for Xplora as a business

- **Brand and Trust.** A successful business requires a trusted brand. Our ESG strategy helps us reach our vision to enable children's activity to change the world. We move from words to actions. Taking care of the future, environment, and sustainability, is more relevant and important for our target groups than ever before.
- **Efficient Marketing.** Because of its relevance to the target group, we see up to X3 better ROI on marketing campaigns related to our SDG campaigns VS traditional marketing and sales campaigns.
- **Important for retail, telcos and distributors.** We are expecting around 70% of the sales in the industry to come from retailers and telcos. They require all partners to have a clear and measurable ESG strategy in order to become a preferred partner.
- **Becoming a one-stop-shop.** Because of the increasing focus on ESG in general, businesses worldwide are to some degree struggling to implement or find easy to execute and measurable strategies. Global companies can use our activity platform to transform their employees and/or end consumers' daily activity to convert to SDGs. This provides us with a great opportunity to inorganically grow our user base and brand recognition.

XPLORA ENVIRONMENTAL POLICY

Xplora is conscious of its responsibility regarding the environment and has established an environmental policy. Xplora's objective is to contribute to a more sustainable future for generations to come. Xplora believes that corporate responsibility goes beyond the company's proprietary borders and therefore every effort will be made to conserve resources throughout the company's operations. Xplora complies with existing environmental regulations and strives to reduce its environmental footprint by promoting sustainable operations and initiatives. Moreover, Xplora supports the UN sustainable development goals (SDGs).

Xplora's core mission is to educate and incentivize children in the value of being physically active and raise environmental awareness. All the children that own an Xplora watch, and their parents, can engage together in several activity campaigns where their physical steps are converted into Xplora coins. These coins can be used on the Xplora Activity Platform for various features, such as auctions and games. The platform also features educational adventures that encourages environmental awareness. It is clearly documented that this incentive model inspires our customers to be substantially more physically active. Short term increased physical activity has a positive effect on individual physical and mental health, and longer term it contributes to improved public health and as a result public savings.

Xplora actively supports community initiatives. In 2023, the Company extended its partnership with One Tree Planted, planting a tree for every watch sold in the US during April 2023. Additionally, Xplora collaborated with the Childhood Cancer Foundation, raising awareness and funds for childhood cancer research on International Childhood Cancer Day through a campaign that matched customer donations. Xplora remains dedicated to identifying and pursuing further initiatives that supports the UN sustainable development goals.

OPERATIONS

With a global and rapidly growing business model Xplora faces a wide range of stakeholders with different needs and requirements. We value feedback from all stakeholders and take suggestions into account when reviewing our sustainability issues and their impact on our business.

Xplora has a strong focus on sustainability in its operations. The Company is committed to continuously improving its packaging solutions, now utilizing nearly 100% recycled materials. In 2023, Xplora launched a specific project to further optimizing its return processes. This initiative aims to enhance the refurbishment, resale, or recycling of products, contributing to a reduction in resource waste and a decrease in environmental impact.

Xplora became a member of Sedex in 2021. Sedex is a membership organization that provides one of the world's leading online platforms for companies to manage and improve working conditions in global supply chains. Sedex provides practical tools, services, and a community network to help companies improve their responsible and sustainable business practices, and source responsibly. In 2021 and 2022, Xplora conducted several audits within our supply chain. Additional audits are scheduled to be conducted in 2024.

PLAY FOR GOOD®

We all need to take part in creating a better and more sustainable future. No one is more aware of this than the future generation which Xplora seeks to engage. Xplora will bring ESG strategies one step forward, from keynotes to actions through various partnerships using our activity platform. Play for Good represents our collective commitment to giving back, promising to enrich the world our kids play in. Play for Good is our initiative to teach children how small contributions to good causes can have a strong impact on the world.

Play for Good campaigns can address a number of different good causes, including charities, equality programs, environmental programs and other sustainability projects.

When combining activity campaigns with charities, Xplora creates inspiring synergies between public health, public awareness for the selected charity partners, and the donated money naturally makes a direct difference. We documented a clear growth in participation and activity when connecting a charity to the activity campaign. It is clear that when children learn that they can help other children in less fortunate circumstances, the engagement grows substantially.

Social

EMPLOYEES

The workforce is the foundation upon which Xplora builds its accomplishments. The company strives to establish a working environment that promotes mutual respect, where individuals feel comfortable sharing, can challenge each other's ideas, and where equal opportunities are available to all. Xplora recognizes the importance of its employees as the driving force behind its success and aims to cultivate a collaborative and inclusive culture that encourages open communication and fosters innovation.

At the end of 2023 Xplora had 121 employees, where 51% were women and 49% were men. This compares to 54% women and 46% men in 2022. 44% of Xplora's management were women at the end of 2023. The company's workforce consists of 19 nationalities across North America, Europe, Asia, and Africa. At the end of 2023 55 employees worked in Norway, 11 in Sweden, 5 in Denmark, 7 in Finland, 28 in UK, 1 in Spain, 10 in Germany and 4 in the US.

As the Company have continued to grow, there is a constant need to attract new talent and nurture the skills of existing employees. Yearly personal evaluation meetings are conducted to facilitate feedback and aid in the development of individual career goals, allowing employees to maximize their skills and potential.

Table 1 – employee diversity and composition of BoD by gender

Diversity	2023
Women in BoD	40%
Women in manager positions	44%
Women in non-manager positions	53%
Women among all employees	51%

Xplora is dedicated to creating a work environment that is fair and inclusive for all employees, regardless of gender. The Company recognizes the importance of equal pay for equal work and offers competitive wages that are in line with industry standards. To ensure transparency and fairness in its pay structure, Xplora's management and Board of Directors oversee and monitor its compensation schemes. Salaries are determined on an individual basis, considering factors such as the level of responsibility, qualifications, experience, tasks, and performance of each position holder.

Table 2 illustrates a variation in salaries between women and men, especially between women and men in manager positions. Although women make up half of the manager positions, the top management of the company mainly consist of male employees.

"All employees" refer to the employees in manager and non-manager positions summarized, and the discrepancies in compensation between male and female employees across various categories can be attributed to factors such as tenure, seniority, and differing responsibilities associated with their respective positions.

Table 2

Pay-ratio	2023
Pay-ratio women to men in manager positions	74%
Pay-ratio women to men in non-manager positions	86%
Pay-ratio women to men for all employees	83%

Each year Xplora carries out an annual performance review for all employees, aiming at evaluating individual performance. To compliment this approach, weekly anonymous surveys are administrated through an employee feedback system, Winning Temp. The system offers valuable insights and fosters a deeper understanding of the company's workplace dynamics. Xplora's comprehensive performance assessment strategy aligns with its commitment to employee development and organizational growth, allowing for the analysis of findings and the implementation of measures to ensure an optimal work environment. In addition, Xplora has a Work Environment Committee, consisting of employees in various positions. The committee is dedicated to maintaining good processes within the company and collaborates closely with the management to identify and implement solutions that contribute to a more positive and productive work environment.

The use of both annual and weekly assessments, in addition to the insight from the Work Environment Committee helps to ensure that feedback is timely, actionable, and relevant, further supporting the

company's focus on continuous improvement. The findings from this work are presented to the management each month. This approach reinforces Xplora's commitment to transparency and inclusivity, giving each employee a voice in shaping the company's future.

In 2023, Xplora conducted a comprehensive organizational risk assessment, engaging stakeholders from all departments. This initiative is a central part of the Company's broader risk management strategy, which addresses various risk areas including market, operational, geopolitical, climate-related, and cybersecurity risks. By engaging a third party to conduct employee surveys, a CEO assessment, and workshops throughout the organization, Xplora focuses on identifying areas for improvement and enhancing the work environment. These internal assessments align with Xplora's annual risk assessment and mitigation plan, which is presented to and discussed with the Board of Directors to address emerging challenges effectively. The Company ensures follow-up by concentrating on the implemented actions and areas for improvement, with a new assessment scheduled for autumn 2024.

Table 3

Performance appraisals	2023
Employee performance appraisals	96%

Xplora is a dynamic and rapidly growing company that has experienced substantial expansion in recent years. With a strong focus on operational efficiency, the Company has strategically streamlined its resource utilization. In 2023, new hires represented 12% of Xplora's workforce as of December 31, a decrease from a 38% increase in 2022, reflecting a more measured and strategic utilization to support sustainable growth. In a key strategic move, Xplora outsourced parts of its customer support team to enhance operational flexibility by allowing quick adaptation to seasonal demand, while maintaining high service standards through close collaboration with a third-party customer support provider. This outsourcing is balanced by a strong in-house team that includes a leadership group and a Nordic team of specialists. This

allows Xplora to better focus its core competencies and drive innovation.

Table 4

Turnover and retention	2023	
	#	%
Total number of new employees	14	12%
Total number of employee turnover	27	21%

The health and safety of Xplora's employees is of great importance. The company complies with relevant local health and safety laws, regulations, and best practices in the countries where it operates. Xplora is proud to maintain a low injury rate, with no work-related injuries reported in 2023. Absence rate (sick leave) increased to 4.4% in 2023 (table 5), compared to 3.0% in 2022. The working environment at Xplora is considered good, and the company remains devoted to continual efforts to improve it further, ensuring a safe and healthy workplace for all employees.

Table 5

Health and safety	2023
Injury rate	0%
Lost day rate	0%
Absence rate	4.4%
Work related fatalities	0%

Xplora is committed to continuously adapting to the evolving needs and preferences of its employees. As part of this commitment, Xplora has upheld the Home Office Policy introduced in 2022, allowing employees to benefit from a flexible work environment. The company places great value on fostering a healthy work-life balance, understanding its significance in employee wellbeing. By actively listening to employee feedback and responding accordingly, Xplora takes a proactive position in supporting its workforce's wellbeing and bolstering its capacity to attract and retain top-tier talent.

Members of the Board

TORE ENGBRETSSEN

Chairman

Tore Engebretsen is the owner of Passesta AS, an investment company with a focus on technology-oriented investments. Tore holds several board and chairman positions in a variety of companies such as Media Network Services AS and Squarehead Technology AS. He is previously founder and CEO of VMETRO ASA, an OSE listed technology company, and previously served as chairman of Elliptic Laboratories AS and Nordic Semiconductor ASA, also listed on the OSE. Tore holds a Cand. Real. From the University of Oslo in theoretical physics.

HARALD FREDRIK H. ULLTVEIT-MOE

Board Member

Harald Fredrik H. Ulltveit-Moe is an investor and medical doctor and specialist in ophthalmology. He is the founder and managing director of Øyelegeklinikken AS, a specialist eye clinic based in Trondheim, Norway. His investment firm Harmonium Invest invests in a broad range of businesses. Harald holds an M.D. degree from the University of Oslo.

KARI BECH-MOEN

Board Member and member of the People & organization Committee

Ms. Bech-Moen has served on the Board of Xplora since June 2021. Ms. Bech-Moen's directorships include current board positions for Huma AS, Conexus AS, Smart Cylinders AS, Diversity Index AS, Seema AS. Ms Bech-Moen has more than 20 years of management experience from tech startups to corporate executive positions. She has in recent years worked as Executive VP, Head of People at DNB, and has 12 years of experience from Telenor with various executive positions. She was the CEO and founder of FamWeek. Kari holds an MSc from London School of Economics and Political Science and is a Siviløkonom from Handelshøyskolen BI.

BJØRN CHRISTIAN EIDE

Board Member and member of the Audit Committee

Bjørn Christian Eide is an investor and finance professional that has more than 20 years of experience from finance, business operations, and accounting. He recently relocated back to Norway after more than 10 years in various roles at Microsoft around the world. Bjørn currently serves as a board member and Co-Chief Investment Officer of Esmar AS, a shareholder in Xplora. He holds a Siviløkonom degree from Norwegian School of Economics (NHH).

INGRID ELVIRA LEISNER

Board Member and member of the Audit- and the People & organization Committee

Ms Leisner has served on the Board of Xplora since June 2021. She has extensive experience from serving as a board member in companies listed on the Oslo Stock Exchange. She is currently serving on the board of Norwegian Air Shuttle ASA, Maritime and Merchant Bank ASA, Techstep ASA and Elliptic Labs ASA. Ms Leisner is Chair of the Audit Committee in several of the companies where she serves as Board Member. She holds a Bachelor of Business Administration (Siviløkonom) from the University of Texas.

Management

STEN KIRKBAK

Founder and CEO

Sten Kirkbak has more than 25 years of extensive experience from the telecommunications and technology sectors, holding both executive positions and as a founder of multiple start-ups. Prior to Xplora, Sten was the founder and chief creative officer of FiLIP Technologies and CEO of Black Moose Brand Agency. Additionally, he has held various roles at KPNQwest and Telenor Telehuset. Sten holds multiple patents in the technology and wearable space as well as PR and marketing awards for launching technology products in Europe and US.

KNUT STÅLEN

CFO

Knut Stålen has been CFO of Xplora since August 2023. He has a solid background with 30 years of experience in the software and technology industry, particularly with global scale-ups. Throughout his career, he has served as CFO in several publicly listed technologies companies. Previous employers include Next Biometrics ASA, Trolltech ASA and Mamut ASA. Knut holds a finance and marketing degree from BI Norwegian Business School.

KRISTIN HELLEBUST

CLO

Kristin Hellebust has extensive experience within the media- & entertainment industry as well as with technology management. She is the cofounder and CEO of Nordisk Film Shortcut with prior equivalent experience from Storm Studios. Furthermore, Kristin has practiced for several years as a lawyer in the law firm Selmer. Kristin has also served as board member for multiple private as well as publicly listed companies, including Hunter Group ASA, Arribatec ASA and Saga Tankers ASA. She holds a Cand. Jur. from the University of Oslo, Executive Master program in Financial Strategy from BI as well as Executive MBA from Norwegian School of Economics (NHH) in Bergen.

KJETIL FENNEFOSS

COO

Kjetil Fennefoss has been with Xplora since 2017 serving as a Managing Director for Xplora Mobile AS and currently in the role as COO. He has previously worked internationally for many years as a Group Director with Millicom in Dubai, Group Director in VEON in The Netherlands and as a Vice President for Telenor in various markets. Kjetil has also served as a Managing Director for Ingram Micro AS, Telenor Telehuset AS, MobilDatakjeden AS and United Distribution Business Ltd. in Thailand. He holds a MSc (Siviløkonom) from University of Mannheim, Germany and Executive Management Program from London School of Business and Finance.

SANGHYO KIM

CTO

Sanghyo Kim has more than 25 years of experience from the telecommunications and value-added service industry holding several roles within sales, business development and product marketing. Prior to joining Xplora as CTO, Sanghyo served as an independent business development consultant, head of business development and product marketing after various senior roles at RealNetworks. Sanghyo holds a degree in Computer Science from Changwon National University, South Korea.

ANJA VON LOM

VP PRODUCT MARKETING

Anja von Lom joined Xplora in 2017 as a PR & Marketing Consultant for Germany, effectively establishing the brand in the DACH region. With 23 years of expertise in media, marketing, and PR, she previously founded and led a PR agency for approximately 10 years, focusing on promoting emerging fashion labels. Anja has also contributed her skills to renowned media houses like Condé Nast, as well as prestigious fashion brands such as Chanel and Céline.

JONAS RINGSTAD

EVP SaaS division

Jonas has been with Xplora for 2.5 years, holding positions as Finance Director, interim CFO, and now EVP of the SaaS division. Before joining Xplora, Jonas worked with M&A processes for KPMG and risk analysis for NBIM in New York. He is experienced in financial planning and analysis and has broad experience from several start-ups. Jonas holds a degree in finance from BI Norwegian Business School.

SVENN JARLE SIMONSEN

EVP Senior division

Since 2015, Svenn Jarle Simonsen has been a part of Xplora, first as the Chief Operations Officer for Xplora Mobile AS, and now in the position of EVP Senior division. Prior to Xplora Svenn Jarle was COO with the fitness brand ELIXIA for seventeen years.

JASON PYNE

EVP Kids division

Joining Xplora in 2022 following a career in media and technology, Jason has more than 30 years' experience working in media, advertising, digital marketing, and technology, working for and with some of the largest regional and national newspaper organizations worldwide. Holding various senior and leadership positions, he has been instrumental in the development of brand products as well as audience and market growth. Originally from a design background, Jason has evolved through his many experiences to gain end to end business management functions.

Xplora Technologies Group
INCOME STATEMENT

Amounts in NOK 1000	Note	2023	2022
REVENUE			
Sales revenue	2	689,099	501,976
Revenue		689,099	501,976
OPERATING EXPENSES			
Cost of sales		-356,785	-264,963
Payroll expenses	3	-113,349	-85,728
Depreciation and amortization	4, 5	-56,518	-49,358
Write-downs		-	-1,830
Marketing expenses		-72,106	-83,619
Other operating expenses		-113,191	-101,215
Total operating expenses		-711,948	-586,714
OPERATING PROFIT / (LOSS)		-22,849	-84,738
FINANCIAL INCOME AND EXPENSES			
Other finance income	6	51,615	34,432
Other finance expenses	6	-58,386	-34,677
Net finance		-6,771	-245
PROFIT / (LOSS) BEFORE INCOME TAX		-29,620	-84,983
Income tax expenses	7	-8,260	-10,589
NET PROFIT / (LOSS)		-21,360	-74,394
Attributable to:			
Other equity		-21,360	-74,394
Total		-21,360	-74,394

Xplora Technologies Group
BALANCE SHEET

Amounts in NOK 1000	Note	31.12.2023	31.12.2022
NON-CURRENT ASSETS			
Intangible assets			
Research and development	4	45,794	39,945
Deferred tax asset	7	10,947	1,033
Goodwill	4	138,167	154,705
Customer contracts	4	23,044	41,479
Total intangible assets		217,952	237,162
Tangible assets			
Property, plant, and equipment	5	1,456	1,976
Total tangible assets		1,456	1,976
Financial assets			
Other receivables	13	6,577	4,188
Total financial assets		6,577	4,188
Total non-current assets		225,985	243,326
CURRENT ASSETS			
Inventories	9	107,998	96,350
Receivables			
Accounts receivables		38,760	43,521
Other receivables		36,672	74,337
Total receivables		75,432	117,858
Cash and cash equivalents	10	137,433	50,409
Total current assets		320,863	264,617
TOTAL ASSETS		546,848	507,943

Amounts in NOK 1000	Note	31.12.2023	31.12.2022
EQUITY			
Owners' equity			
Share capital	11, 12	167	167
Share premium	12	317,021	347,313
Other paid-in capital	12	20,606	3,106
Total owners' equity		337,793	350,585
Total equity		337,793	350,585
LIABILITIES			
Provisions			
Deferred tax liability		-	-
Total provisions		-	-
Other non-current liabilities			
Liabilities to financial institutions	13	14,583	22,917
Total non-current liabilities		14,583	22,917
Current liabilities			
Liabilities to financial institutions	13	55,303	15,396
Accounts payable		47,423	41,238
Public duties payable		5,006	5,052
Other current liabilities	7, 15	86,740	72,755
Total current liabilities		194,471	134,441
Total Liabilities		209,055	157,358
TOTAL EQUITY AND LIABILITIES		546,848	507,943

The Board of Xplora Technologies AS
Oslo, 25th of April 2024

(sign.)

Tore Engebretsen
Chairman of the Board

(sign.)

Harald Fredrik Hodne Ulltveit-Moe
Member of the Board

(sign.)

Bjørn Christian Eide
Member of the Board

(sign.)

Kari Bech-Moen
Member of the Board

(sign.)

Ingrid Elvira Leisner
Member of the Board

(sign.)

Sten Kirkbak
CEO

STATEMENT OF CASH FLOWS

Amounts in NOK 1000	Note	2023	2022
Cash flow from operating activities			
Profit/ (loss) before income taxes		-29,620	-84,983
Income tax payable		-1,654	-2,400
Depreciation and amortization expenses	4, 5	56,518	51,188
Change in inventories	9	-11,648	-13,871
Change in accounts receivable		4,761	34,812
Change in accounts payable		6,185	5,134
Currency effects		-2,163	557
Share based compensation	3, 18	4,499	2,689
Settlement of options	3	-6,609	-
Changes in other accruals		39,985	-49,772
Net cash flow from operating activities		60,254	-56,646
Cash flow from investing activities			
Purchase of intangible and fixed assets	4, 5	-22,787	-38,139
Purchase of shares and investments		-	-20,000
Net cash flow from investing activities		-22,787	-58,139
Cash flow from financing activities			
Payments on long-term debt	13	-8,333	-6,933
Cash inflows from short-term debt	13	39,907	15,391
Proceeds from issue of share capital	12	17,500	16,500
Recognized cost on subscription rights	18	485	485
Net cash flow from financing activities		49,558	25,443
Net change in cash and cash equivalents		87,025	-89,342
Cash and cash equivalents at 01.01		50,409	139,751
Cash and cash equivalents at 31.12		137,433	50,409

ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

Consolidation

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The group also assesses the existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. De facto control may arise in circumstances where the size of the group's voting rights relative to the size and dispersion of holdings of other shareholders give the group the power to govern the financial and operating policies, etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree, and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Revenue

Income from the sale of goods and services are recognized as fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from the sale of goods is recognized in the income statement when both risk and control have been passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Normally this will be when the goods are delivered to the customer. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Revenue from sale of services

Revenues from sale of services relate to connectivity plans (mobile subscriptions), premium services, telco operator revenue share, and service fees for Xplora smartwatches without Xplora mobile subscriptions (Nordics). Revenues for services are recognized when the services are performed, and the company has a right to payment for the performed service. Subscription fees are recognized over the subscription period.

Discounts and marketing contribution

Payments and price reduction included in the initial sales agreement are presented as a reduction of sales revenues. Marketing contributions to customers agreed not included in the initial sales

agreement are treated as marketing expenses and included in the line "Other operating expenses" in the income statement.

Share-based payments

The group/company has established equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) in the parent company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted at the grant date.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Classification of balance sheet items

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. The first year's instalment on long-term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Intangible assets

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably measured. Otherwise, such expenses are expensed as and when incurred. Capitalized R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

Tangible assets

Tangible fixed assets are capitalized and depreciated linearly over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation periods. Maintenance of operating equipment is expensed on an ongoing basis.

Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

Impairment of intangible and tangible assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Inventory

The inventory of purchased goods is valued at the lower of cost according to the FIFO principle and net sales value.

Receivables

Accounts receivable and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Additionally, for accounts receivable, an unspecified provision is made to cover expected losses.

Pensions

The pension schemes are financed through payments to insurance companies.

Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated with the tax rate applicable in each country the Group companies is situated in, on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted. Deferred tax on excess values relating to acquisitions of subsidiaries will not be equalized.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented next.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognized as operating income and cost of goods sold.

Currency effects relating to intercompany transactions are recognized directly against the Group's equity in the consolidated statements.

Warranties, guarantee commitments/complaints and service

Provision for warranties and service work for completed projects / sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognized in the income statement on a straight-line basis over the warranty and service period.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash and bank deposits.

NOTES

NOTE 2 REVENUES

PER SEGMENT		
Amounts in NOK 1000	2023	2022
Device revenue	476,579	346,881
Service revenue	210,248	152,269
Other revenue	2,272	2,826
Total	689,099	501,976
Geographical allocation		
Amounts in NOK 1000		
Germany	222,418	170,600
Sweden	160,890	49,413
Norway	132,287	177,145
Great Britain	93,186	60,123
USA	27,242	12,151
Finland	25,251	19,469
Denmark	19,705	8,525
Spain	7,628	4,458
France	490	92
Total	689,099	501,976

From 2023, geographical allocation is based on the legal entities in which the revenue is recognized.

NOTE 3 SALARY AND PERSONELL COSTS, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES AND AUDITOR'S FEE

Amounts in NOK 1000	2023	2022
Salaries/Wages	93,929	73,132
Social security fees	14,370	9,103
Pension expenses	3,850	2,965
Team cost subsidiaries	-	-
Other benefits	1,199	528
Total	113,349	85,728
Included in the above		
Share-based compensation	4,499	2,286
Social security provision for share-based compensation	1,076	(6,043)
Total	5,575	(3,757)
Average full-time employees	111.0	114.0

2023**Amounts in NOK 1000**

Management remuneration	Salary	Board remuneration	Bonus	Pension costs	Other benefits	Total
Chief executive officer	2,725	-	-	71	2	2,799
<i>Board of Directors:</i>						
Chairman Tore Engebretsen		155				155
Harald Fredrik Hodne Ulltveit-Moe		155				155
Bjørn Christian Eide		235				235
Torkil Munkhaugen **		155				155
Kari Bech-Moen *		155				155
Ingrid Elvira Leisner		235				235
Total	2,725	1,090	0	71	2	3,889

The table reflects actual payments in the respective year. Bonus is paid to the employee the year after it is earned. As there were no bonuses in 2022, there were no bonus payments in 2023. For 2023, the CEO earned a total of NOK 0.6m in bonus. The bonus will be paid in 2024.

* Board member Kari Bech-Moen has in addition delivered services to Xplora Technologies AS for NOK 0.5m in 2023 and NOK 1.05m in 2022. This is billed through her company B-Effective AS.

** Board Member Torkil Munkhaugen resigned from the BOD in May 2023

2022

Amounts in NOK 1000

Management remuneration	Salary	Board remuneration	Bonus*	Pension costs	Other benefits	Total
Chief executive officer	2,583		1,214	66	4	3,868
<i>Board of Directors:</i>						
Chairman Tore Engebretsen		150				150
Harald Fredrik Hodne Ulltveit-Moe		150				150
Bjørn Christian Eide		230				230
Torkil Munkhaugen		150				150
Kari Bech-Moen **		150				150
Ingrid Elvira Leisner		230				230
Total	2,583	1,060	1,214	66	4	4,928

*Bonus for 2021

** Board member Kari Bech-Moen has in addition delivered services to Xplora Technologies AS for NOK 0.5m in 2023 and NOK 1.05m in 2022. This is billed through her company B-Effective AS.

CEO

Employee bonus program: The CEO participates in the Company's current bonus scheme for the employee group which the Employee is a part of.

Management Incentive Program: The CEO also participates in the management incentive program as adopted by the board. For further details, see below.

On certain terms, the CEO is entitled to a severance payment equal to 9 months of salary which begins after the end of a 6 month notice period.

In 2023, the CEO exercised a total of 974,025 options. The CEO will receive a payment from the company of NOK 6.3m for these options. The payment will be executed in 2024.

Options to leading employees

During the year, seven employees have been granted options for the company's shares. Below is an overview of the Group Management's share options:

Management	Opening Balance	Exercised options	Granted Options	Ending balance
CEO	1,298,700	(974,025)	225,325	550,000
Director	250,000	-	125,000	375,000
Director	608,750	(608,750)	375,000	375,000
Director	-	-	275,000	275,000
Director	250,000	-	-	250,000
EVP	81,167	-	143,833	225,000
EVP	-	-	225,000	225,000
EVP	-	-	225,000	225,000
Total	2,488,617	(1,582,775)	1,594,158	2,500,000
		-	-	-
Former Director	811,666	(811,666)		-
Total	3,300,283	(2,394,441)	1,594,158	2,500,000

The exercised options in 2023 had a strike price of NOK 7 per share. The exercise will in total be a NOK 11.8m cash payment, where NOK 5.5m was paid in 2023 and the remaining NOK 6.3m will be paid in 2024.

The balance of the 2.5m outstanding options is distributed with the following exercise price and dates:

Expiration date	30.06.2024	30.06.2025	31.12.2025	05.11.2029
Options	324,675	456,167	125,000	1,594,158
Exercise price	14.7008	7.00	7.00	14.90
Fully earned	30.06.2023	30.06.2024	31.12.2024	05.11.2026

All options issued before 2023 can be exercised two years after they have been granted and for one subsequent year. The exercise requires continued employment in the company two years after the grant date.

A new option-based incentive program has been established in 2023. On 06.11.2023 a total of 1,594,158 options were granted to primary insiders with an exercise price of NOK 14.90 per share, VWAP last 30 days. 1/3 of the granted options will be earned after 1, 2, and 3 years respectively, with the options expiring after 6 years.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of this law.

Auditor

Specification of auditor's fee:

Amounts in NOK 1000	2023	2022
Statutory audit fee	2,902	2,729
Total fee to auditor	2,902	2,729

VAT is not included in the fee specified above.

Loans and guarantees to management and shareholders etc.

Loans/guarantees have not been granted to the shareholders, the General Manager and the Chairman of the Board, neither employees or related parties of management.

NOTE 4 INTANGIBLE ASSETS

Amounts in NOK 1000	Goodwill	Customer Contracts	Research and development cost	Total
Acquisition cost at 01.01.23	190,575	73,740	62,021	326,336
Additions			22,545	22,545
Disposals				
Acquisition cost at 31.12.23	190,575	73,740	84,566	348,881
Accumulated amortization/impairment at 31.12.23	-52,408	-50,696	-38,772	-141,876
Reversed impairments 31.12.23				
Net carrying value at 31.12.23	138,167	23,044	45,794	207,005
Amortization for the year	-19,592	-18,435	-17,419	
Impairment loss for the year	-	-	-	
Useful economic life	10 years	4 years	4 years	
Amortization plan	Linear	Linear	Linear	

NOTE 5 TANGIBLE ASSETS

Amounts in NOK 1000

Property, plant, and equipment	Art	Machinery and equipment	Total
Acquisition cost at 01.01.23	50	2,793	2,843
Additions		267	267
Disposals			-
Acquisition cost at 31.12.23	50	3,060	3,110
Accumulated amortization/impairment at 31.12.23		-1,654	-1,654
Reversed impairments 31.12.23			
Net carrying value at 31.12.23	50	1,406	1,456

Depreciation/impairment for the year

-1,071

Useful economic life

3/5 years

Amortization plan

Linear

NOTE 6 FINANCE INCOME AND EXPENSES

Amounts in NOK 1000

Finance Income	2023	2022
Other interest income	606	70
Other finance income	2	2
Exchange gain (Agio)	51,007	34,360
Total finance income	51,615	34,432

Finance expenses	2023	2022
Other interest expenses	-9,245	-1,721
Exchange loss (Disagio)	-44,656	-32,472
Other finance cost	-4,485	-485
Total finance expenses	-58,386	-34,677

	2023	2022
Net finance income and expenses	-6,771	-245

NOTE 7 INCOME TAXES

Amounts in NOK 1000

	2023	2022
Income tax expense		
Tax payable	2,171	2,281
Correction of tax payable from prior period	-517	517
Changes in deferred tax	-9,914	-13,387
Effect of changes in tax rate	-	-
Total income tax expense	-8,260	-10,589
Tax base calculation		
Profit before income tax	-29,620	-84,983
Permanent differences *)	16,042	496
Change in temporary differences	23,235	-5,798
Tax Base	9,657	-90,285
Payable tax in the balance sheet		
Payable tax on this year's profit	2,171	2,281
Total payable tax in the balance sheet	-	-

Amounts in NOK 1000

Temporary differences:	2023	2022	Change in difference
Intangible assets	23,044	41,479	-18,435
Tangible assets	-290	2,303	-2,593
Accounts receivable	-2,553	-1,748	-805
Other differences	-1,274	-1,589	315
Provisions	-5,418	-3,701	-1,717
Corrections	-	-	-
Total	13,509	36,744	-23,235
Accumulated loss to be brought forward *	-155,036	-154,034	-1,002
Not included in the deferred tax calculation	87,734	112,595	-24,861
Basis for calculation of deferred tax asset	-53,793	-4,695	-49,098
Deferred tax liability (asset)	10,947	1,033	9,914

* Tax loss carried forward from prior period has been based on new tax returns submitted for prior periods.

Explanation as of why the current year's tax expense is not 22% of the profit before tax:

Amounts in NOK 1000	2023
Profit before tax	-29,620
22% taxes on profit before tax	-6,516
Adjustment to tax paid prior period	-517
Amortization of goodwill	4,310
Other differences	714
Tax effect of share-based payment	-1,489
Other non deductible expenses	708
Change in deferred tax not recognized	-5,469
Calculated income tax expense	-8,260
Effective tax rate in % **	27.9 %

Permanent differences consist of non-deductible costs, for instance entertainment, and deduction of the share of profits of associates. (The share of profits of associates are deducted since tax has already been assessed in the individual financial statements)

** Tax expense in percentage of profit before tax

NOTE 8 INVESTMENTS IN SUBSIDIARIES

Amounts in NOK 1000

Xplora Technologies AS (Parent)

Subsidiaries	Location	Established	Ownership/ voting rights	Cost price shares	Net profit/ loss 31.12.2023	Equity per 31.12.2023
Xplora Technologies GMBH	Hamburg	15.08.2017	100%	236	4,415	9,324
Xplora Technologies LTD	London	13.07.2017	100%	1	5,794	-14,954
Xplora Technologies SL	Madrid	05.12.2018	100%	34	-1,528	-22,132
Xplora Technologies Inc	Dower, DE	13.02.2020	100%	0	-1,133	-4,317
Xplora Technologies SAS	Paris	22.07.2022	100%	0	-56	-62
Xplora Mobile Holding AS*	Oslo	24.01.2019	100%	241,662	495	69,302
Xplora Mobile AS	Oslo	29.10.2014	100%	55,010	43,957	16,045
Xplora Mobile AB	Sollentuna	03.11.2015	100%	53	6,668	18,112
Xplora Mobile OY	Espoo	05.04.2019	100%	24	3,963	5,970
Xplora Technologies APS	Copenhagen	04.05.2020	100%	60	1,223	-5,292

*Acquisition date 01.04.2021

Audit exemption Xplora Technologies GmbH

Xplora Technologies AS, the parent company of Xplora Technologies GmbH takes over the responsibility for the liabilities of the subsidiary and the subsidiary is exempted from the audit, from the obligation to prepare the management report and from publishing of own financial statements in the German Federal Gazette.

NOTE 9 INVENTORIES

Amounts in NOK 1000	2023	2022
Goods for resale	107,998	96,350
Total	107,998	96,350
The group's inventories consist of finished goods in its entirety	31.12.23	31.12.22
Inventories Xplora AS (Norway)	46,733	37,575
Inventories Xplora GMBH (Germany)	11,271	7,793
Inventories Xplora SL (Spain)	675	734
Inventories Xplora LTD (GB)	19,263	17,597
Inventories Xplora Inc (USA)	22,143	21,473
Inventories Xplora SAS (France)	149	89
Inventories Xplora Mobile AS (Norway)	4,188	8,423
Inventories Xplora Mobile AB (Sweden)	4,644	3,963
Inventories Xplora Technologies APS (Denmark)	406	225
Total inventories	109,471	97,872
Elimination margin in stock	-1,334	-1,403
Provision for damaged goods	-139	-119
Total	107,998	96,350

NOTE 10 BANK DEPOSITS

Amounts in NOK 1000	2023	2022
Employees tax deduction, deposited in a separate bank account	3,138	1,841
Deutsche Telekom funding account	5,137	5,016
Other bank deposits and cash	129,159	43,552
Total bank deposit and cash	137,433	50,409
Overdraft account	-	-
Total liquid assets	137,433	50,409

Within the 'total bank deposit and cash', the entire employee tax deduction and NOK 5.0m allocated from the Deutsche Telekom funding represent restricted cash. Total restricted cash equals NOK 8.1m.

Xplora have a financing facility with DNB consisting of a NOK 90m supply-chain financing agreement and a NOK 10m revolving credit facility. The supply chain financing will optimize Xplora's working capital in the period from procurement of goods through sales, often up to six months, thus better matching payment schedules between suppliers and customers.

NOTE 11**SHARE CAPITAL AND SHAREHOLDER INFORMATION**

Share capital	Number of shares	Face value	Book value
Ordinary shares	41,656,619	0.004	166 626.48
Total	41,656,619		166 626.48

SHAREHOLDERS AS OF 31.12.2023

Shareholder	Shares	Ownership	Voting rights interest
Passesta AS	5,603,342	13.5%	13.5%
Eden AS	2,240,125	5.4%	5.4%
Harmonium Invest AS	2,150,625	5.2%	5.2%
S. Munkhaugen AS	1,991,325	4.8%	4.8%
MP Pensjon PK	1,907,165	4.6%	4.6%
Vinterstua AS	1,381,406	3.3%	3.3%
Fougner Invest AS	1,338,344	3.2%	3.2%
MK Capital AS	1,320,325	3.2%	3.2%
Commerzbank Aktiengesellschaft	1,124,519	2.7%	2.7%
Skattum Invest AS	1,124,355	2.7%	2.7%
Esmar AS	1,092,576	2.6%	2.6%
Kirkbak Holding AS	1,076,750	2.6%	2.6%
Nordnet Livsforsikring AS	886,871	2.1%	2.1%
Arepo AS	840,000	2.0%	2.0%
Camelback Holding AS	754,000	1.8%	1.8%
Thunderstorm Invest AS	592,337	1.4%	1.4%
Clearstream Banking S.A.	511,840	1.2%	1.2%
Torsen Tankers & Towers AS	477,174	1.1%	1.1%
August Industrier AS	450,000	1.1%	1.1%
Alden AS	450,000	1.1%	1.1%
Top 20 Shareholders	27,313,079	65.6%	65.6%
Other	14,343,540	34.4%	34.4%
Total Shares Outstanding	41,656,619	100%	100%

*As of January 2, 2024, Xplora completed a share capital increase, resulting in a new share capital of NOK 176,626.48, divided into 44,156,620 shares. For more information, please refer to Note 16.

Shares held by Board members and CEO

Name	Role	Shareholder	No of shares	Ownership
Tore Engebretsen	Chairman	Passesta AS	5,603,342	100%
Harald Fredrik Hodne Ulltveit-Moe	Director	Harmonium Invest AS	2,150,625	100%
Bjørn Christian Eide	Director	ESMAR AS	1,092,576	45%
Kari Bech-Moen	Director	M-Effective Holding AS	6,000	100%
Ingrid Elvira Leisner	Director	Duo Jag AS	25,000	50%
Sten Kirkbak	CEO	MK Capital AS	1,320,325	50%
Sten Kirkbak	CEO	Kirkbak Holding AS	1,076,750	100%
Sten Kirkbak	CEO	EF Investigo Holding AS	402,100	15.40%
Torkil Munkhaugen *	Director	S. MUNKHAUGEN AS	1,991,325	33%

*Torkil Munkhaugen resigned from the Board of Directors on 16 May 2023.

Options and rights outstanding

There are a total of 2 500 000 options as of 31 December 2023, where:

Holder	Type	Number
Guarantors for IN and SMN loans	Subscription rights	0
Management incentive program	Option	2,500,000
Total		2,500,000

In return for guaranteeing for the loan financing in 2019 and 2020, the company issued independent subscription rights to Skadi AS, Harmonium Invest AS, Hering AS and Torsen Tankers & Towers AS (collectively the "Subscribers"). The remaining subscription rights were exercised and paid in 2023 before the 2023 December expiry. Recorded as non-registered equity, 2.5m new shares were issued January 2, 2024. After the exercise there are no more contractual subscription rights.

Please refer to Note 3 for more information about the management incentive program.

NOTE 12 EQUITY

Amounts in NOK '1000	Share capital	Share premium	Other paid-up equity	Total equity
Equity at 01.01.2023	167	347,313	3,106	350,585
Proceeds from share issue	-	-	-	-
Paid not registered capital	-	-	17,500	17,500
Foreign currency translation	-	-2,163	-	-2,163
Option program *	-	4,984	-	4,984
Settlement of options **	-	-11,753	-	-11,753
Net profit as of 31.12.2023	-	-21,360	-	-21,360
As of 31.12.2023	167	317,021	20,606	337,793

*For more information on the option program, please refer to Note 18.

**For more information on the settlement of options, please refer to Note 3.

NOTE 13 **LIABILITIES AND RECEIVABLES**

Amounts in NOK 1000

	2023	2022
Long term receivables		
Other long-term receivables	6,577	4,188
Long term liabilities		
Liabilities to Innovasjon Norge	14,583	22,917
Total	14,583	22,917
Short term liabilities		
Liabilities to supply chain financing facilitators*	55,303	13,146
Liabilities to financial institutions	-	2,250
Total	55,303	15,396
Secured debts	69,886	38,313
Pledged assets:		
Accounts receivable	669	61,712
Inventories	46,733	45,998
Tangible assets	528	748
Total	47,929	108,458

*Supply chain financing facilitators are Nordea and DNB. As of 31.12.2023, the liability is distributed as follows: NOK 50.3m in Nordea and NOK 5.0m in DNB.

Innovasjon Norge has registered a mortgage on Xplora Technologies AS of MNOK 25 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	25 MNOK
Accounts receivable	25 MNOK
Plant and equipment	25 MNOK

*See note 18 for subscription rights issued to lender in conjunction with the loan.

DNB has registered a mortgage on Xplora Technologies AS of MNOK 150 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	150 MNOK
Accounts receivable	150 MNOK
Plant and equipment	150 MNOK

Nordea has registered a mortgage on Xplora Technologies AS of MNOK 150 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt. In 2023, Xplora transferred its NOK 100m financing facility from Nordea to DNB. This obligation will cease in connection with the termination of the agreement with Nordea on July 1, 2024.

The mortgage/guarantee is distributed as follows:

Inventories	150 MNOK
Accounts receivable	150 MNOK
Plant and equipment	150 MNOK

Pareto has registered a mortgage on Xplora Mobile AS of MNOK 1000 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	1000 MNOK
Accounts receivable	1000 MNOK
Plant and equipment	1000 MNOK

NOTE 14 RENTAL AGREEMENTS AND LEASING

Yearly lease of operational lease agreements (NOK)

Lease object	2023	2024	2025	2026	2027
Land, buildings and other real estate	10,996,396	10,569,780	7,805,926	7,108,871	2,133,959
Equipment, fixtures, and fittings	389,503	368,360	234,321	78,888	-
Other rentals	632,861	396,091	239,154	41,045	-
Total	12,018,759	11,334,231	8,279,401	7,228,804	2,133,959

The 2023 column displays the total lease payments that were actually paid in 2023.

For 2024-2027 the following applies:

The table shows the payment profile of the group's leases, based on the remaining agreed lease periods per 31.12.23.

The table does not take into account the potential renewals of expiring agreements.

NOTE 15 PROVISIONS FOR LIABILITIES AND CHARGES

Other current liabilities	2023	2022
Short term debt	42,092	27,211
Provisions *	11,059	16,608
Deferred Income	33,589	28,936
Total	86,740	72,755

*For a more detailed breakdown of the provisions, see table below:

Provisions	Social security contributions on share options	Provision for warranties	Refund liabilities	Other provision	Total
Balance sheet as at 1 January 2023	1,520	5,167	4,831	5,090	16,608
Additions in 2023	53	-	-	-	53
Provisions reversed 2023	-	(188)	(324)	(5,090)	-5,601
Amounts utilised 2023	-	-	-	-	0
Balance sheet as at 31 December 2023	1,572	4,979	4,507	-	11,059
Current	1,572	4,979	4,507	-	11,059

Social security contributions on share options

The provision for social security contributions on share options is calculated based on the number of options outstanding at the reporting date that are expected to be exercised. The provision is based on market price of the shares at the reporting date which is the best estimate of the market price at the date of exercise.

Provision for warranties

A provision is recognized for expected warranty claims on product sold during the year, based on past experience of the level of repairs and returns. It is expected that these cost will be incurred in the financial year. Assumptions used to calculate the provision for warranties were based on current information available about returns based on the warranty period for all products sold.

Refund liabilities

A provision is recognized for expected returns on consumers sales where there is a right of return. The provision is based on past experience of the level of returns.

Deferred income

Deferred income is customer prepayment of subscriptions and represent cash received that will be recognized as revenue when delivered during the subscription period.

Other provision

Other provision relates contracts regulations regarding previous events where it is probable (more likely than not) that a financial settlement will take place as a result of this obligation and the size of the amount can be measured reliably.

Guarantee provision

Germany has a two-year warranty period for products purchased from Xplora. Within a year any defects are presumed to exist at the time of delivery unless proven otherwise by Xplora. This presumption extends the burden of proof from six to twelve months, however, for purchases made before January 1, 2022, the period remains six months.

Spain has a three-year warranty period for hardware and 10 years for parts.

The United States and Canada have a one-year warranty period for direct purchases from Xplora.

All other countries have a two-year warranty period for direct purchases from Xplora.

NOTE 16 EVENTS AFTER THE REPORTING PERIOD

On January 2, 2024, Xplora announced the completion of a share capital increase, registered with the Norwegian Register of Business Enterprises. Following the Board of Director's resolution, based on the authorization from the Annual General Meeting on May 16, 2023, the new share capital is NOK 176,626.48, with 44,156,620 shares at a par value of NOK 0.004 each, where each share carries one vote. The contractual subscription rights were exercised and paid in 2023, recorded as paid non-registered equity. Gross proceeds from the capital increase were NOK 17.5m. After this exercise there are no more contractual subscription rights, excluding employee options.

On April 2, 2024, Xplora entered into a new sales agreement with Freenet AG, a German telecom and digital service provider. The Xplora Premium Service will be bundled as an add-on service with Freenet's mobile subscription. This agreement expands Xplora's Premium Service platform in the German market and adds a new recurring service revenue stream. Xplora has received an initial purchase order of more than NOK 30 mill (30,000 smartwatches), to be delivered over the next 12 months.

NOTE 17 FINANCIAL MARKET RISK**Interest rate risk**

Interest rate risk in the short- and medium-term occurs as a result of fluctuations in the floating market interest rates on company debts. The company is exposed to LIBOR on its supply chain financing facility.

Currency risk

Currency fluctuations represent both a direct and an indirect financial risk for the company, as the Company buys its goods in USD, and sells the majority of its products in the European market. The Company also reports its earnings and financial information in NOK. Recognizing the importance of mitigating these risks, at the end of Q2 2023, the Company initiated a program to hedge part of its EUR/USD exposure.

Credit risk

The company is exposed to credit risk related to counterparty default on contractual agreements, trade, and other current receivables. The Company has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. The Company further complements these internal controls with a factoring agreement related to device sales. This approach mitigates the risk of counterparty default and enables a more stable financial environment.

Liquidity risk

Liquidity risk is characterized by the potential risk of not being able to meet financial obligations. The company regularly monitors both forecasted and actual cash flows, alongside aligning the maturity of its assets and liabilities.

NOTE 18 SHARE-BASED PAYMENTS

Agreements and principles:

Outstanding warrants and options include:

- Surety agreements with shareholders
- Option program for current management
- Share based payment to advisors to the Board of Directors

1. Surety agreements with shareholders

As remuneration for guaranteeing for loan financing, the company had issued a stand-alone basis of subscription rights to the guarantors. All guarantors of the loans exercised their right within the expiry date of 31 December 2023. Total subscription amount of NOK 17.5m was paid within 31 December 2023 and was booked as paid in 'not registered equity'. The 2,500,000 new shares from this subscription were registered on 2 January 2024.

A total of NOK 484,637 has been recognized in 2023 as a cost for Innovasjon Norge surety agreement.

2. Management Incentive Program

	2023	2022
Outstanding at the beginning of the period	3,300,283	2,191,525
Exercised / Settlement	-2,394,441	-
Forfeited	-	-
Granted	1,594,158	1,108,758
Total options	2,500,000	3,300,283
Vested Closing Balance	788,148	2,705,858
Share-based compensation	4,499,469	2,285,630
Social security provision	1,075,956	-6,042,710
Option program expensed for the year (NOK)	5,575,425	(3,757,079)

Specifications of options held by the executive management as of 31 December 2022 is disclosed in Note 3.

The board of directors of Xplora Technologies AS ("Xplora Technologies" or the "Company") resolved on 20 August 2020 to implement a share option program for management of the Company, for the fiscal years 2020-2022. At a meeting of the board of directors of the Company on 2 June 2022 it was resolved to extend the program for a fourth year. A new option-based incentive program has been established in 2023.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

A total of NOK 5.6m has been recognized in 2023 (NOK 4.5m is the expensed value of options and NOK 1.1m is employer's contribution based on market value). The valuation of the options is done by the use of a Black-Scholes model; however, the company applies different scenarios to account for early exercise behavior for ESOP.

A new option-based incentive program has been established in 2023. On 06.11.2023 a total of 1,594,158 options were granted to primary insiders with an exercise price of NOK 14.90 per share, VWAP last 30 days. 1/3 of the granted options will be earned after 1, 2, and 3 years respectively, with the options expiring after 6 years. The fair value at grant date of options is calculated to 6.16 in trance 1, 6.92 in trance 2 and 7.49 in trance 3. The calculation has been performed using Black-Scholes with a volatility of 60%. The total value of options granted amounts to NOK 10.9m.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

Xplora Technologies AS
INCOME STATEMENT

Amounts in NOK 1000	Note	2023	2022
REVENUE			
Sales revenue	2, 16	386,147	254,088
Revenue		386,147	254,088
OPERATING EXPENSES			
Cost of sales		-279,370	-193,582
Payroll expenses	3	-83,507	-52,224
Depreciation and amortization	4, 5	-14,640	-8,500
Write-downs		-	-1,830
Other operating expenses		-57,638	-82,514
Total operating expenses		-435,154	-338,650
OPERATING PROFIT / (LOSS)		-49,007	-84,562
FINANCIAL INCOME AND EXPENSES			
Income from investment in subsidiaries	6	56,046	36,874
Interest income from group companies	6	9,378	5,892
Other finance income	6	36,526	25,279
Interest paid to group companies	6	-13,185	-3,692
Other finance expenses	6	-41,498	-27,259
Net finance		47,267	37,094
PROFIT / (LOSS) BEFORE INCOME TAX		-1,741	-47,468
Income tax expenses	7	-	-
NET PROFIT / (LOSS)		-1,741	-47,468
Attributable to:			
Other equity		-1,741	-47,468
Total		-1,741	-47,468

Xplora Technologies AS
BALANCE SHEET

Amounts in NOK 1000	Note	31.12.2023	31.12.2022
NON-CURRENT ASSETS			
Intangible assets			
Research and development	4	41,221	34,967
Total intangible assets		41,221	34,967
Tangible assets			
Property, plant, and equipment	5	528	729
Total tangible assets		528	729
Financial assets			
Loans to group companies	8	216,598	163,654
Investments in subsidiaries	9	241,933	241,933
Other receivables	14	3,382	3,382
Total financial assets		461,913	408,970
Total non-current assets		503,661	444,666
CURRENT ASSETS			
Inventories	10	46,733	37,575
Receivables			
Accounts receivables		669	30,711
Other receivables		32,960	60,054
Receivables from group companies		-	-
Total receivables		33,628	90,765
Cash and cash equivalents	11	51,204	27,762
Total current assets		131,566	156,103
TOTAL ASSETS		635,227	600,769

Amounts in NOK 1000	Note	31.12.2023	31.12.2022
EQUITY			
Owners' equity			
Share capital	12, 13	167	167
Share premium	13	429,521	438,031
Other paid-in capital	13	20,606	3,106
Total owners' equity		450,293	441,303
Total equity		450,293	441,303
LIABILITIES			
Provisions			
Deferred tax liability	7	-	-
Total provisions		-	-
Other non-current liabilities			
Other long-term group liabilities	8	44,678	75,342
Liabilities to financial institutions	14	14,583	22,917
Total non-current liabilities		59,261	98,259
Current liabilities			
Liabilities to financial institutions	14	55,303	13,146
Accounts payable		31,496	26,761
Public duties payable		6,507	4,137
Other current liabilities	17	32,366	17,163
Total current liabilities		125,673	61,207
Total Liabilities		184,934	159,466
TOTAL EQUITY AND LIABILITIES		635,227	600,769

The Board of Xplora Technologies AS
Oslo, 25th of April 2024

(sign.)

Tore Engebretsen
Chairman of the Board

(sign.)

Harald Fredrik Hodne Ulltveit-Moe
Member of the Board

(sign.)

Bjørn Christian Eide
Member of the Board

(sign.)

Kari Bech-Moen
Member of the Board

(sign.)

Ingrid Elvira Leisner
Member of the Board

(sign.)

Sten Kirkbak
CEO

STATEMENT OF CASH FLOWS

Amounts in NOK 1000	Note	2023	2022
Cash flow from operating activities			
Profit/ (loss) before income taxes		-1,741	-47,468
Income tax payable		-	-
Depreciation and amortization expenses	4, 5	14,640	10,316
Consolidated contribution recognized in the income statement		-	-
Change in inventories	10	-9,157	-18,703
Change in accounts receivable		30,042	-50,445
Change in accounts payable		4,735	1,605
Currency effects		-	-
Share based compensation	3, 20	4,499	2,689
Settlement of options		-6,609	-
Changes in other accruals		39,523	-23,045
Net cash flow from operating activities		75,933	-125,051
Cash flow from investing activities			
Purchase of intangible and fixed assets	4, 5	-20,692	-32,687
Purchase of shares and investments		-	-20,000
Change in loans between group entities	8	-83,608	126,086
Net cash flow from investing activities		-104,299	73,399
Cash flow from financing activities			
Payments on long-term debt	14	-8,333	-2,083
Cash inflows from short-term debt	14	42,157	13,146
Proceeds from issue of share capital	12, 13, 18	17,500	16,500
Recognized cost on subscription rights	20	485	485
Net cash flow from financing activities		51,808	28,048
Net change in cash and cash equivalents		23,442	-23,604
Cash and cash equivalents at 01.01		27,762	51,366
Cash and cash equivalents at 31.12	11	51,204	27,762

ACCOUNTING PRINCIPLES

The parent financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway.

Use of estimates

The preparation of accounts in accordance with the Accounting Act requires the use of estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in the notes.

Revenue

Income from the sale of goods and services are recognized as fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from the sale of goods is recognized in the income statement when both risk and control have been passed on to the buyer. The risk being the asset's profit and loss potential, whilst control is defined as having both the decision-making rights as well as the jurisdiction. Normally this will be when the goods are delivered to the customer. Historical data is applied to estimate and make provisions for quantity discount and returns at the date of sales.

Revenue from sale of services

In the parent company, revenue from sales of services primarily consists of intercompany transactions within the group.

Revenues for services are recognized when the services are performed, and the company has a right to payment for the performed service. Subscription fees are recognized over the subscription period.

Discounts and marketing contribution

Payments and price reduction included in the initial sales agreement are presented as a reduction of sales revenues. Marketing contributions to customers agreed not included in the initial sales agreement are treated as marketing expenses and included in the line "Other operating expenses" in the income statement.

Share-based payments

The group/company has established equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) in the parent company. The fair value of the employee services received in exchange for the grant of the options is recognized as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted at the grant date.

The social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

Classification of balance sheet items

Assets intended for long term ownership or use are classified as fixed assets. Assets relating to the operating cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. The first year's instalment on long-term liabilities and long-term receivables are, however, not classified as short-term liabilities and current assets.

Intangible assets

R&D expenses are taken into the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the expenses can be reliably

measured. Otherwise, such expenses are expensed as and when incurred. Capitalized R&D expenses are depreciated on a straight-line basis over the asset's expected useful life.

Tangible assets

Tangible fixed assets are capitalized and depreciated linearly over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation periods. Maintenance of operating equipment is expensed on an ongoing basis.

Upgrades or improvements are added to the acquisition cost of the asset and depreciated in line with the asset. The difference between maintenance and upgrade / improvement is assessed based on the condition of the asset when purchased. Plots and land are not depreciated.

Impairment of intangible and tangible assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use.

Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Investments in other companies

The cost method is applied to investments in other companies, included for investment in subsidiaries in the parents separate financial statement. The cost price is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are initially taken to income. Dividends exceeding the portion of retained equity after the purchase are reflected as a reduction in purchase cost. Dividend/group contribution from subsidiaries are reflected in the same year as the subsidiary makes a provision for the amount. Dividends from other companies are reflected as financial income when it has been approved.

Inventory

The inventory of purchased goods is valued at the lower of cost according to the FIFO principle and net sales value.

Receivables

Accounts receivable and other receivables are recorded in the balance sheet at face value after deduction of provisions for expected loss. Provisions for losses are made on the basis of individual assessments of the individual receivables.

Additionally, for accounts receivable, an unspecified provision is made to cover expected losses.

Pensions

The pension schemes are financed through payments to insurance companies.

Defined contribution plan

With a defined contribution plan the company pays contributions to an insurance company. After the contribution has been made the company has no further commitment to pay. The contribution is recognized as payroll expenses. Prepaid contributions are reflected as an asset (pension fund) to the degree the contribution can be refunded or will reduce future payments.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated with the tax rate applicable in each country the Group companies is situated in, on the basis of the temporary differences that exist between accounting and tax values, as well as any possible taxable loss carried forwards at the end of the accounting year. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been offset and netted. Deferred tax on excess values relating to acquisitions of subsidiaries will not be equalized.

The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and tax losses varied forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented next.

Foreign currencies

Assets and liabilities in foreign currencies are valued at the exchange rate at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognized as operating income and cost of goods sold.

Warranties, guarantee commitments/complaints and service

Provision for warranties and service work for completed projects / sales is recorded at the expected cost of such work. The estimate is based on historical figures for service and warranty repairs. The amount is recorded under other current liabilities and is recognized in the income statement on a straight-line basis over the warranty and service period.

Cash Flow statement

The cash flow statement has been prepared according to the indirect method. Cash and cash equivalents include cash and bank deposits.

NOTES

NOTE 2 REVENUES

PER SEGMENT		
Amounts in NOK 1000	2023	2022
Device revenue	315,690	210,646
Service revenue	70,561	43,356
Other revenue	(104)	86
Total	386,147	254,088
Geographical allocation		
Amounts in NOK 1000		
Germany	198,867	120,153
Sweden	81,097	9,297
Norway	22,937	66,211
Great Britain	49,433	28,100
USA	18,593	21,829
Finland	3,542	1,607
Denmark	2,881	273
Spain	8,233	6,618
France	564	-
Total	386,147	254,088

Geographic allocation in the parent company illustrates the location of intercompany transactions within the group.

NOTE 3 SALARY AND PERSONELL COSTS, NUMBER OF EMPLOYEES, LOANS TO EMPLOYEES AND AUDITOR'S FEE

Amounts in NOK 1000	2023	2022
Salaries/Wages	43,550	37,365
Social security fees	7,702	5,948
Pension expenses	2,117	1,898
Team cost subsidiaries	19,756	6,525
Other benefits	10,382	488
Total	83,507	52,224
Included in the above:		
Share-based compensation	4,499	2,286
Social security provision	1,076	(6,043)
Share-based compensation	5,575	(3,757)
Average full-time employees	68.8	53.3

2023**Amounts in NOK 1000**

Management remuneration	Salary	Board remuneration	Bonus	Pension costs	Other benefits	Total
Chief executive officer	2,725	-	-	71	2	2,799
<i>Board of Directors:</i>						
Chairman Tore Engebretsen		155				155
Harald Fredrik Hodne Ulltveit-Moe		155				155
Bjørn Christian Eide		235				235
Torkil Munkhaugen **		155				155
Kari Bech-Moen *		155				155
Ingrid Elvira Leisner		235				235
Total	2,725	1,090	0	71	2	3,889

The table reflects actual payments in the respective year. Bonus is paid to the employee the year after it's earned. As there were no bonus earned in 2022, there were no bonus payments in 2023. For 2023, the CEO earned a total of NOK 0.6m in bonus. The bonus will be paid in 2024.

* Board member Kari Bech-Moen has in addition delivered services to Xplora Technologies AS for NOK 0.5m in 2023 and NOK 1.05m in 2022. This is billed through her company B-Effective AS.

** Board Member Torkil Munkhaugen resigned from the BOD in May 2023

2022

Amounts in NOK 1000

Management remuneration	Salary	Board remuneration	Bonus*	Pension costs	Other benefits	Total
Chief executive officer	2,583		1,214	66	4	3,868
<i>Board of Directors:</i>						
Chairman Tore Engebretsen		150				150
Harald Fredrik Hodne Ulltveit-Moe		150				150
Bjørn Christian Eide		230				230
Torkil Munkhaugen		150				150
Kari Bech-Moen **		150				150
Ingrid Elvira Leisner		230				230
Total	2,583	1,060	1,214	66	4	4,928

*Bonus for 2021

* Board member Kari Bech-Moen has in addition delivered services to Xplora Technologies AS for NOK 0.5m in 2023 and NOK 1.05m in 2022. This is billed through her company B-Effective AS.

CEO

Employee bonus program: The CEO participates in the Company's current bonus scheme for the employee group which the Employee is a part of.

Management Incentive Program: The CEO also participates in the management incentive program as adopted by the board. For further details, see below.

On certain terms, the CEO is entitled to a severance payment equal to 9 months of salary which begins after the end of a 6 month notice period.

In 2023, the CEO exercised a total of 974,025 options. The CEO will receive a payment from the company of NOK 6.3m for these options. The payment will be executed in 2024.

Options to leading employees

During the year, seven employees have been granted options for the company's shares. Below is an overview of the Group Management's share options:

Management	Opening Balance	Exercised options	Granted Options	Ending balance
CEO	1,298,700	(974,025)	225,325	550,000
Director	250,000	-	125,000	375,000
Director	608,750	(608,750)	375,000	375,000
Director	-	-	275,000	275,000
Director	250,000	-	-	250,000
EVP	81,167	-	143,833	225,000
EVP	-	-	225,000	225,000
EVP	-	-	225,000	225,000
Total	2,488,617	(1,582,775)	1,594,158	2,500,000
		-	-	-
Former Director	811,666	(811,666)		-
Total	3,300,283	(2,394,441)	1,594,158	2,500,000

The exercised option in 2023 had a strike price of NOK 7 per share. The exercise will in total be a NOK 11.8m cash payment, where NOK 5.5m was paid in 2023 and the remaining NOK 6.3m will be paid in 2024.

The balance of the 2.5 M outstanding options is distributed with the following exercise price and dates:

Expiration date	30.06.2024	30.06.2025	31.12.2025	05.11.2029
Options	324,675	456,167	125,000	1,594,158
Exercise price	14.7008	7.00	7.00	14.90
Fully earned	30.06.2023	30.06.2024	31.12.2024	05.11.2026

All options issued before 2023 can be exercised two years after they have been granted and for one subsequent year. The exercise requires continued employment in the company two years after the grant date.

A new option-based incentive program has been established in 2023. On 06.11.2023 a total of 1,594,158 options were granted to primary insiders with an exercise price of NOK 14.90 per share, VWAP last 30 days. 1/3 of the granted options will be earned after 1, 2, and 3 years respectively, with the options expiring after 6 years.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

OTP (Statutory occupational pension)

The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"). The company's pension scheme meets the requirements of this law.

Auditor

Specification of auditor's fee:

Amounts in NOK 1000	2023	2022
Statutory audit fee	1,827	1,730
Total fee to auditor	1,827	1,730

VAT is not included in the fee specified above.

Loans and guarantees to management and shareholders etc.

Loans/guarantees have not been granted to the shareholders, the General Manager and the Chairman of the Board, neither employees or related parties of management.

NOTE 4 INTANGIBLE ASSETS

Amounts in NOK 1000	Research and development cost	Total
Acquisition cost at 01.01.23	48,054	48,054
Additions	20,589	20,589
Disposals	-	-
Acquisition cost at 31.12.23	68,643	68,643
Accumulated amortization/impairment at 31.12.23	- 27,423	- 27,423
Reversed impairments 31.12.23		
Net carrying value at 31.12.23	41,221	41,221
Depreciation/impairment for the year	-14,336	
Useful economic life	4 years	
Amortization plan	Linear	

NOTE 5 TANGIBLE ASSETS

Amounts in NOK 1000

Property, plant, and equipment	Art	Machinery and equipment	Total
Acquisition cost at 01.01.23	50	1,020	1,070
Additions		102	102
Disposals			-
Acquisition cost at 31.12.23	50	1,122	1,172
Accumulated amortization/impairment at 31.12.23		-644	-644
Reversed impairments 31.12.23			
Net carrying value at 31.12.23	50	478	528

Depreciation/impairment for the year -304
 Useful economic life 3/5 years
 Amortization plan Linear

NOTE 6 FINANCE INCOME AND EXPENSES

Amounts in NOK 1000

Finance Income	2023	2022
Income from investment in subsidiaries	56,046	36,874
Income from group companies	9,378	5,892
Other interest income	369	18
Other finance income	3	2
Exchange gain (Agio)	36,155	25,259
Total finance income	101,951	68,045
Finance expenses		
Interest expenses from group companies	-3,522	-2,712
Other interest expenses	-9,664	-980
Exchange loss (Disagio)	-40,861	-26,774
Other finance cost	-637	-485
Total finance expenses	-54,684	-30,951
Net finance income and expenses	47,267	37,094

NOTE 7 INCOME TAXES

Amounts in NOK 1000

	2023	2022
Income tax expense		
Tax Base Calculation		
Profit before income tax	-1,741	-47,468
Permanent differences *)	-3,549	-2,003
Adjustment to prior year taxable income	-	-
Change in temporary differences	-6,640	-7,001
Tax Base	-11,930	-56,472
Payable tax in the balance sheet		
Payable tax on this years profit	-	-
Total payable tax in the balance sheet	-	-

Amounts in NOK 1000

Temporary differences:	2023	2022	Change in difference
Tangible assets	-267	45	-312
Accounts receivable	-452	-452	-
Provisions	-2,018	-9,944	7,927
Other differences	-	-	-
Total	-2,737	-10,352	7,615
Accumulated loss to be brought forward *	-91,752	-79,822	-11,930
Not included in the deferred tax calculation	94,489	90,174	4,315
Basis for calculation of deferred tax asset	-	-	-
Deferred tax liability (asset)	-	-	-

* Tax loss carried forward from prior period has been based on new tax returns submitted for prior periods.

Explanation as of why the current year's tax expense is not 22% of the profit before tax:

Amounts in NOK 1000	2023
Profit before tax	-1,741
22% taxes on profit before tax	-383
Income from subsidiaries	484
Tax effect of share-based payment	-1,489
Other non deductible expenses	224
Change in deferred tax not recognized	1,164
Calculated income tax expense	-
Effective tax rate in % **	0.0 %

* Permanent differences consist of non-deductible costs, for instance entertainment, and deduction of the share of profits of associates. (The share of profits of associates are deducted since tax has already been assessed in the individual financial statements)

** Tax expense in percentage of profit before tax

NOTE 8**INTERCOMPANY BALANCES WITH GROUP COMPANIES AND ASSOCIATES**

Amounts in NOK 1000

Receivables from group companies (loans)	2023	2022
Xplora Technologies LTD	11,227	-
Xplora Technologies GmbH	72,763	68,585
Xplora Technologies SL	40,497	32,352
Xplora Technologies Inc	32,541	24,897
Xplora Mobile AS *)	57,577	36,874
Xplora Technologies SAS	1,993	946
Total	216,598	163,654

*) group contribution

Loans from group companies		
Xplora Technologies LTD	-	19,656
Xplora Mobile AB	41,927	5,068
Xplora Mobile OY	1,683	4,506
Xplora Mobile AS	-	46,097
Xplora Technologies APS	1,068	14
Total	44,678	75,342

Accounts receivable group companies	2023	2022
Xplora Mobile AB	224	3,005
Xplora Mobile OY	49	459
Xplora Mobile AS		25,402
Xplora Technologies APS	49	409
Total	322	29,276

Accounts payable group companies		
Xplora Mobile AS	-	3,176
Total	-	3,176

NOTE 9 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

Amounts in NOK 1000

Xplora Technologies AS (Parent)

Subsidiaries	Location	Established	Ownership/ voting rights	Cost price shares	Net profit/ loss 31.12.2023	Equity per 31.12.2023
Xplora Technologies GMBH	Hamburg	15.08.2017	100%	236	4,415	9,324
Xplora Technologies LTD	London	13.07.2017	100%	1	5,794	-14,954
Xplora Technologies SL	Madrid	05.12.2018	100%	34	-1,528	-22,132
Xplora Technologies Inc	Dower, DE	13.02.2020	100%	0	-1,133	-4,317
Xplora Technologies SAS	Paris	22.07.2022	100%	0	-56	-62
Xplora Mobile Holding AS*	Oslo	24.01.2019	100%	241,662	495	69,302
<hr/>						
Xplora Mobile AS	Oslo	29.10.2014	100%	55,010	43,957	16,045
Xplora Mobile AB	Sollentuna	03.11.2015	100%	53	6,668	18,112
Xplora Mobile OY	Espoo	05.04.2019	100%	24	3,963	5,970
Xplora Technologies APS	Copenhagen	04.05.2020	100%	60	1,223	-5,292

*Acquisition date 01.04.2021

Audit exemption Xplora Technologies GmbH

Xplora Technologies AS, the parent company of Xplora Technologies GmbH takes over the responsibility for the liabilities of the subsidiary and the subsidiary is exempted from the audit, from the obligation to prepare the management report and from publishing of own financial statements in the German Federal Gazette.

NOTE 10 INVENTORIES

Amounts in NOK 1000	2023	2022
Goods for resale	46,733	37,575
Total	46,733	37,575

NOTE 11 BANK DEPOSITS

Amounts in NOK 1000	2023	2022
Employees tax deduction, deposited in a separate bank account	3,138	1,773
Deutsche Telekom funding account	5,137	5,016
Other bank deposits and cash	42,930	20,974
Total bank deposit and cash	51,204	27,762
Overdraft account	-	-
Total liquid assets	51,204	27,762

Within the 'total bank deposit and cash', the entire employee tax deduction and NOK 5.0m allocated from the Deutsche Telekom funding represent restricted cash. Total restricted cash equals NOK 8.1m.

Xplora have a financing facility with DNB consisting of a NOK 90m supply-chain financing agreement and a NOK 10m revolving credit facility. The supply chain financing will optimize Xplora's working capital in the period from procurement of goods through sales, often up to six months, thus better matching payment schedules between suppliers and customers.

Share capital	Number of shares	Face value	Book value
Ordinary shares	41,656,619	0.004	166 626.48
Total	41,656,619		166 626.48

SHAREHOLDERS AS OF 31.12.2023

Shareholder	Shares	Ownership	Voting rights interest
Passesta AS	5,603,342	13.5%	13.5%
Eden AS	2,240,125	5.4%	5.4%
Harmonium Invest AS	2,150,625	5.2%	5.2%
S. Munkhaugen AS	1,991,325	4.8%	4.8%
MP Pensjon PK	1,907,165	4.6%	4.6%
Vinterstua AS	1,381,406	3.3%	3.3%
Fougner Invest AS	1,338,344	3.2%	3.2%
MK Capital AS	1,320,325	3.2%	3.2%
Commerzbank Aktiengesellschaft	1,124,519	2.7%	2.7%
Skattum Invest AS	1,124,355	2.7%	2.7%
Esmar AS	1,092,576	2.6%	2.6%
Kirkbak Holding AS	1,076,750	2.6%	2.6%
Nordnet Livsforsikring AS	886,871	2.1%	2.1%
Arepo AS	840,000	2.0%	2.0%
Camelback Holding AS	754,000	1.8%	1.8%
Thunderstorm Invest AS	592,337	1.4%	1.4%
Clearstream Banking S.A.	511,840	1.2%	1.2%
Torsen Tankers & Towers AS	477,174	1.1%	1.1%
August Industrier AS	450,000	1.1%	1.1%
Alden AS	450,000	1.1%	1.1%
Top 20 Shareholders	27,313,079	65.6%	65.6%
Other	14,343,540	34.4%	34.4%
Total Shares Outstanding	41,656,619	100%	100%

*As of January 2, 2024, Xplora completed a share capital increase, resulting in a new share capital of NOK 176,626.48, divided into 44,156,620 shares. For more information, please refer to Note 18.

Shares held by Board members and CEO

Name	Role	Shareholder	No of shares	Ownership
Tore Engebretsen	Chairman	Passesta AS	5,603,342	100%
Harald Fredrik Hodne Ulltveit-Moe	Director	Harmonium Invest AS	2,150,625	100%
Bjørn Christian Eide	Director	ESMAR AS	1,092,576	45%
Kari Bech-Moen	Director	M-Effective Holding AS	6,000	100%
Ingrid Elvira Leisner	Director	Duo Jag AS	25,000	50%
Sten Kirkbak	CEO	MK Capital AS	1,320,325	50%
Sten Kirkbak	CEO	Kirkbak Holding AS	1,076,750	100%
Sten Kirkbak	CEO	EF Investigo Holding AS	402,100	15.40%
Torkil Munkhaugen *	Director	S. MUNKHAUGEN AS	1,991,325	33%

*Torkil Munkhaugen resigned from the Board of Directors on 16 May 2023.

Options and rights outstanding

There are a total of 2 500 000 options as of 31 December 2023, where:

Holder	Type	Number
Guarantors for IN and SMN loans	Subscription rights	0
Management incentive program	Option	2,500,000
Total		2,500,000

In return for guaranteeing for the loan financing in 2019 and 2020, the company issued independent subscription rights to Skadi AS, Harmonium Invest AS, Hering AS and Torsen Tankers & Towers AS (collectively the "Subscribers"). The remaining subscription rights were exercised and paid in 2023 before the 2023 December expiry. Recorded as non-registered equity, 2.5m new shares were issued January 2, 2024. After the exercise there are no more contractual subscription rights.

Please refer to Note 3 for more information about the management incentive program.

NOTE 13 EQUITY

Amounts in NOK '1000	Share capital	Share premium	Other paid-up equity	Total equity
Equity at 01.01.2023	167	438,031	3,106	441,303
Proceeds from share issue	-	-	-	-
Paid not registered capital	-	-	17,500	17,500
Option program *	-	4,984	-	4,984
Settlement of options **	-	-11,753	-	-11,753
Net profit as of 31.12.2023	-	-1,741	-	-1,741
As of 31.12.2023	167	429,521	20,606	450,293

*For more information on the option program, please refer to Note 18.

**For more information on the settlement of options, please refer to Note 3.

NOTE 14 LIABILITIES AND RECEIVABLES

Amounts in NOK 1000

	2023	2022
Long term receivables		
Other long-term receivables	3,382	3,382
Long term liabilities		
Liabilities to Innovasjon Norge	14,583	22,917
Total	14,583	22,917
Short term liabilities		
Liabilities to supply chain financing facilitators*	55,303	13,146
Liabilities to financial institutions	-	-
Total	55,303	13,146
Secured debts	69,886	36,063
Pledged assets:		
Accounts receivable	669	30,711
Inventories	46,733	37,575
Tangible assets	528	729
Total	47,929	69,015

*Supply chain financing facilitators are Nordea and DNB. As of 31.12.2023, the liability is distributed as follows: NOK 50.3m in Nordea and NOK 5.0m in DNB.

Innovasjon Norge has registered a mortgage on Xplora Technologies AS of MNOK 25 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	25 MNOK
Accounts receivable	25 MNOK
Plant and equipment	25 MNOK

*See note 20 for subscription rights issued to lender in conjunction with the loan.

DNB has registered a mortgage on Xplora Technologies AS of MNOK 150 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	150 MNOK
Accounts receivable	150 MNOK
Plant and equipment	150 MNOK

Nordea has registered a mortgage on Xplora Technologies AS of MNOK 150 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt. In 2023, Xplora transferred its NOK 100m financing facility from Nordea to DNB. This obligation will cease in connection with the termination of the agreement with Nordea on July 1, 2024.

The mortgage/guarantee is distributed as follows:

Inventories	150 MNOK
Accounts receivable	150 MNOK
Plant and equipment	150 MNOK

Pareto has registered a mortgage on Xplora Mobile AS of MNOK 1000 in the Personal Property Register as of 31.12.23 related to the abovementioned long-term debt.

The mortgage/guarantee is distributed as follows:

Inventories	1000 MNOK
Accounts receivable	1000 MNOK
Plant and equipment	1000 MNOK

NOTE 15 RENTAL AGREEMENTS AND LEASING

Yearly lease of operational lease agreements (NOK)

Lease object	2023	2024	2025	2026	2027
Land, buildings and other real estate	8,006,676	6,994,894	6,962,800	6,698,482	2,133,959
Equipment, fixtures, and fittings	389,503	232,001	234,321	78,888	
Other rentals	86,738				
Total	8,482,917	7,226,895	7,197,121	6,777,370	2,133,959

The 2023 column displays the total lease payments that were actually paid in 2023.

For 2024-2027 the following applies:

The table shows the payment profile of the group's leases, based on the remaining agreed lease periods per 31.12.23.

The table does not take into account the potential renewals of expiring agreements.

NOTE 16 TRANSACTIONS WITH SUBSIDIARIES

Transactions with subsidiaries

The Company has various transactions with subsidiaries. All the transactions have been carried out as part of the ordinary transfer pricing policy. The most significant transactions are as follows:

- a) Purchase of goods for sale
- b) Sale of goods and services for operations

Balances of loans and claims with group companies are specified in Note 8.

Amounts in NOK 1000

Purchase of goods and services	2023	2022
Goods	5,782	8,389
Services	53,543	1,990
Total	59,325	10,379
Sale of goods and service		
Goods	313,984	207,687
Services	68,100	42,322
Total	382,084	250,009

Transactions with subsidiaries	2023	2022
Xplora Technologies AS sale to Xplora Mobile AS	20,690	62,179
Xplora Technologies AS sale to Xplora Mobile AB	81,073	9,297
Xplora Technologies AS sale to Xplora Mobile OY	3,542	1,607
Xplora Technologies AS sale to Xplora Technologies APS	2,881	273
Xplora Technologies AS sale to Xplora Technologies GmbH	197,076	119,993
Xplora Technologies AS sale to Xplora Technologies Ltd	49,433	28,100
Xplora Technologies AS sale to Xplora Technologies Inc	18,593	21,829
Xplora Technologies AS sale to Xplora Technologies SL	8,233	6,618
Xplora Technologies AS sale to Xplora Technologies SAS	564	113
Xplora Mobile AS sale to Xplora Technologies AS	398	1,780
Xplora Technologies Ltd sale to Xplora Technologies AS	37,425	1,894
Xplora Technologies GmbH sale to Xplora Technologies AS	3,530	6,496
Xplora Technologies SL sale to Xplora Technologies AS	2,593	211
Xplora Technologies SAS sale to Xplora Technologies AS	899	-
Xplora Technologies Inc sale to Xplora Technologies AS	14,426	-

NOTE 17 **PROVISIONS FOR LIABILITIES AND CHARGES**

Other current liabilities	2023	2022
Short term debt	30,794	10,553
Provisions	1,572	6,610
Total	32,366	17,163

Guarantee provision

Germany has a two-year warranty period for products purchased from Xplora. Within a year any defects are presumed to exist at the time of delivery unless proven otherwise by Xplora. This presumption extends the burden of proof from six to twelve months, however, for purchases made before January 1, 2022, the period remains six months.

Spain has a three-year warranty period for hardware and 10 years for parts.

The United States and Canada have a one-year warranty period for direct purchases from Xplora.

All other countries have a two-year warranty period for direct purchases from Xplora.

NOTE 18 **EVENTS AFTER THE REPORTING PERIOD**

On January 2, 2024, Xplora announced the completion of a share capital increase, registered with the Norwegian Register of Business Enterprises. Following the Board of Director's resolution, based on the authorization from the Annual General Meeting on May 16, 2023, the new share capital is NOK 176,626.48, with 44,156,620 shares at a par value of NOK 0.004 each, where each share carries one vote. The contractual subscription rights were exercised and paid in 2023, recorded as paid non-registered equity. Gross proceeds from the capital increase were NOK 17.5m. After this exercise there are no more contractual subscription rights, excluding employee options.

On April 2, 2024, Xplora entered into a new sales agreement with Freenet AG, a German telecom and digital service provider. The Xplora Premium Service will be bundled as an add-on service with Freenet's mobile subscription. This agreement expands Xplora's Premium Service platform in the German market and adds a new recurring service revenue stream. Xplora has received an initial purchase order of more than NOK 30 mill (30,000 smartwatches), to be delivered over the next 12 months.

NOTE 19 **FINANCIAL MARKET RISK****Interest rate risk**

Interest rate risk in the short- and medium-term occurs as a result of fluctuations in the floating market interest rates on company debts. The company is exposed to LIBOR on its supply chain financing facility.

Currency risk

Currency fluctuations represent both a direct and an indirect financial risk for the company, as the Company buys its goods in USD, and sells the majority of its products in the European market. The Company also reports its earnings and financial information in NOK. Recognizing the importance of mitigating these risks, at the end of Q2 2023, the Company initiated a program to hedge part of its EUR/USD exposure.

Credit risk

The company is exposed to credit risk related to counterparty default on contractual agreements, trade, and other current receivables. The Company has policies and procedures to ensure that sales are made to customers with appropriate credit profiles within defined limits. The Company further complements these internal controls with a factoring agreement related to device sales. This approach mitigates the risk of counterparty default and enables a more stable financial environment.

Liquidity risk

Liquidity risk is characterized by the potential risk of not being able to meet financial obligations. The company regularly monitors both forecasted and actual cash flows, alongside aligning the maturity of its assets and liabilities.

NOTE 20 SHARE-BASED PAYMENTS

Agreements and principles:

Outstanding warrants and options include:

- Surety agreements with shareholders
- Option program for current management
- Share based payment to advisors to the Board of Directors

1. Surety agreements with shareholders

As remuneration for guaranteeing for loan financing, the company had issued a stand-alone basis of subscription rights to the guarantors. All guarantors of the loans exercised their right within the expiry date of 31 December 2023. Total subscription amount of NOK 17.5m was paid within 31 December 2023 and was booked as paid in 'not registered equity'. The 2,500,000 new shares from this subscription were registered on 2 January 2024.

A total of NOK 484,637 has been recognized in 2023 as a cost for Innovasjon Norge surety agreement.

2. Management Incentive Program

	2023	2022
Outstanding at the beginning of the period	3,300,283	2,191,525
Exercised / Settlement	-2,394,441	-
Forfeited	-	-
Granted	1,594,158	1,108,758
Total options	2,500,000	3,300,283
Vested Closing Balance	788,148	2,705,858
Share-based compensation	4,499,469	2,285,630
Social security provision for share based compensation	1,075,956	-6,042,710
Option program expensed for the year (NOK)	5,575,425	-3,757,079

Specifications of options held by the executive management as of 31 December 2022 is disclosed in Note 3.

The board of directors of Xplora Technologies AS ("Xplora Technologies" or the "Company") resolved on 20 August 2020 to implement a share option program for management of the Company, for the fiscal years 2020-2022. At a meeting of the board of directors of the Company on 2 June 2022 it was resolved to extend the program for a fourth year. A new option-based incentive program has been established in 2023.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

A total of NOK 5.6m has been recognized in 2023 (NOK 4.5m is the expensed value of options and NOK 1.1m is employer's contribution based on market value). The valuation of the options is done by the use of a Black-Scholes model; however, the company applies different scenarios to account for early exercise behavior for ESOP.

A new option-based incentive program has been established in 2023. On 06.11.2023 a total of 1,594,158 options were granted to primary insiders with an exercise price of NOK 14.90 per share, VWAP last 30 days. 1/3 of the granted options will be earned after 1, 2, and 3 years respectively, with the options expiring after 6 years. The fair value at grant date of options is calculated to 6.16 in trance 1, 6.92 in trance 2 and 7.49 in trance 3. The calculation has been performed using Black-Scholes with a volatility of 60%. The total value of options granted amounts to NOK 10.9m.

Total options outstanding cannot surpass 7.5% of the total number of shares outstanding in the company.

Audit Report



BDO AS
Munkedamsveien 45
Postboks 1704 Vikå
0121 Oslo

Independent Auditor's Report

To the General meeting of Xplora Technologies AS

Opinion

We have audited the financial statements of Xplora Technologies AS.

<p>The financial statements comprise:</p> <ul style="list-style-type: none">• The financial statements of the parent Company, which comprise the balance sheet as at 31 December 2023, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and• The financial statements of the Group, which comprise the balance sheet as at 31 December 2023, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	<p>In our opinion:</p> <ul style="list-style-type: none">• The financial statements comply with applicable statutory requirements.• The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.• The accompanying financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
--	--

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.

Other information

The Board of Directors and the Managing Director (management) is responsible for the other information. The other information comprises the Board of Directors' report and other 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 other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with



the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on the Board of Directors' report

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

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

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

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, 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 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 insofar as it is not likely that the enterprise will cease operations.

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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

BDO AS

Reidar Jensen
State Authorised Public Accountant
(This document is signed electronically)

PENNEO

The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

"By my signature I confirm all dates and content in this document."

Jensen, Reidar

Statsautorisert revisor

Serial number: no_bankid:9578-5997-4-335370

IP: 46.9.xxx.xxx

2024-04-25 17:13:55 UTC



Penneo document key: 8XKEN-WQFT1-N6CYK-ELK1D-YBETG-B7WYM

This document is digitally signed using **Penneo.com**. The digital signature data within the document is secured and validated by the computed hash value of the original document. The document is locked and timestamped with a certificate from a trusted third party. All cryptographic evidence is embedded within this PDF, for future validation if necessary.

How to verify the originality of this document

This document is protected by an Adobe CDS certificate. When you open the

document in Adobe Reader, you should see, that the document is certified by **Penneo e-signature service <penneo@penneo.com>**. This guarantees that the contents of the document have not been changed.

You can verify the cryptographic evidence within this document using the Penneo validator, which can be found at <https://penneo.com/validator>

CEO

Sten Kirkbak
+47 922 03 710
sten.kirkbak@xplora.com

CFO

Knut Stålen
+47 920 43 458
knut.stalen@xplora.com

Xplora Technologies AS
Nedre Slottsgate 8
0157 Oslo
Norway

xplora.com
xplora.com/investor