



Annual Report 2022

Xplora[®]

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Introduction to Xplora



Xplora was founded with the mission of giving children 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 to their loved ones, and children to experience how their everyday activities can make a positive change in the world. Xplora's critically acclaimed products are trusted by kids worldwide, and the Xplora activity platform is made available for millions of kids through third parties and partners. 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 2022)

156 900
subscribers



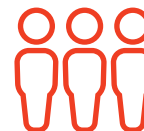
1.1 million
smartwatches sold



9 key
markets



139
employees



Highlights

■ Q1 2022

Significant new wins in the quarter include EE as a new telco distribution partner and IQ Mobile as a new connectivity partner, both in the UK market.

Xplora attended and presented at the Consumer Electronics Show (CES) in Las Vegas and at Mobile World Congress (MWC) in Barcelona. We established an office in New York City and started to build our US team, as well as established a Third-Party Logistics (3PL) agreement with Quality One Wireless in the US.

Migrated the map and location service to a new solution provider, improving the user experience and enhanced location service to improve its quality and performance, while cutting lifetime costs up to 40%.

The company onboarded Jason Pyne as Senior Vice President (SVP) of Platform & Services.

■ Q2 2022

Xplora entered into four service provider agreements with major telcos and MVNOs in the UK, the US, France and Germany.

Building US presence through team expansion and new distribution agreements.

The Company completed development of its new entry level product, XGO3, and

redesigned the packaging solution for its new smartwatch models, making it smaller, greener, and more cost efficient. The savings are estimated to be significant.

Xplora enhanced its IoT system for reliable messaging infrastructure to support new models (XGO3, X6Play and Pro).

■ Q3 2022

Finalizing major investments in new products, MSP operations and premium services while transitioning out of legacy products.

Launched our entry level smartwatch XGO3, winning international acclaim.

■ Q4 2021

Xplora announced a NOK 100m financing agreement with Nordea Bank, reducing equity requirements and improving liquidity.

CES announced Xplora X6Play as 2023 Innovation Award Honoree in addition to Best of Award winner.

Xplora is in 2022 investing in Microsoft Business Central ERP and logistics system. The system gives the Company complete financial, managerial, and operational control. It is implemented across the organization in all regions.

As a result of improved internal processes and focus

on profitability, the Company initiated a cost restructuring program intended to reduce operating expenses by 10-20%, targeting a 5-10 pp decrease in operating expenses as a percentage of revenue.

Xplora went live with its Xplora Connect SIM offering in Germany and France.

Xplora exited 2022 with 156.900 mobile subscribers, up 27% y/y.

Launched Xplora activity platform 2.0 as Xplora Premium service, to monetize services as new recurring revenue stream. The service includes new design and features, and personalization digital content download such as ringtone and watch faces.

Key Figures

Amounts in NOK millions	2022	2021
Device revenues	346.9	339.8
Service revenues	152.3	91.6
Total revenues	502.0	431.4
Growth y/y	16%	115%
Gross profit	237.0	196.0
Gross margin	47%	45%
EBITDA	-33.5	19.2
Subscribers (k)	156.9	123.4
Shares outstanding (million)	41.6	39.8
Share price (NOK)	9.9	29.1
Market capitalization	412	1158

XMH consolidated from Q2 21



Steps taken by all Xplora users in 2022

755 billion

steps from app and watch in 2022, the equivalent of walking the circumference of the Earth 14 times, or to the Moon and back.

Letter from the CEO

2022 has been a year of resilience, innovation, and growth. Strategically, we have expanded partnerships, entered new markets, and refined our focus area. Technically, we have developed new products and continued to improve our IoT system and location services. Operationally, we have established a US based office, initiated a cost restructuring program, and launched new revenue streams through Connectivity and Premium service offerings. Our team has worked to drive innovation, efficiency, and adaptability in our operations, ensuring that Xplora remains at the top of the market. This, combined with our commitment to safely onboarding children to the digital world and empowering them to make a positive change through everyday activities, has lifted us to new heights.

2022 has been another good year for Xplora, marked by accomplishments, progress, and investments in various aspects of our business. We achieved a 16% growth in group revenues, as well as seeing a consistent increase in our recurring service revenues. Throughout the year, our subscriber base grew consistently, reaching a total of 156.900 mobile subscribers by year-end. The successful launches of XGo3, X6Play and our mobile connectivity services in the UK, US, Germany, Spain, and France have solidified our position in the market and expanded our global presence. In addition, the launch of our revamped activity platform as a premium service and our partnership with Exertis for third-party logistics operations exemplify our drive to develop new revenue streams and improve efficiency.

We started 2022 by strategically positioning the company to support our planned growth. We reviewed ongoing projects, developed sales initiatives, and refined go-to-market strategies. As a result, we experienced a 27% growth in our subscriber base and a 66% increase in service revenue. During the year, in response to the market changes, we put increased focus on improving our operational efficiency. This included reorganization and a subsequent reduction in headcount, reducing the number of external consultants, and streamlining other parts of our cost base. These adjustments have positioned us to deliver on an



estimated 10-20% reduction in operational costs for 2023, targeting a 5-10 pp decrease in operating expenses as a percentage of revenue. Additionally, Xplora invested in a new ERP and logistics system, providing comprehensive financial, managerial, and operational control across all locations.

The ongoing economic uncertainty, strong currency fluctuations, and a decrease in consumer demand have had an impact on our business in 2022. Despite these obstacles we remained focused on strategic initiatives and continued to adapt our operations to navigate the evolving market conditions.

Looking ahead, we are excited about the opportunities that lie ahead for Xplora, and we are grateful for the experiences gained during the past year. We remain focused on driving revenue growth, improving operational efficiency and creating value for our employees, customers, shareholders, and partners.

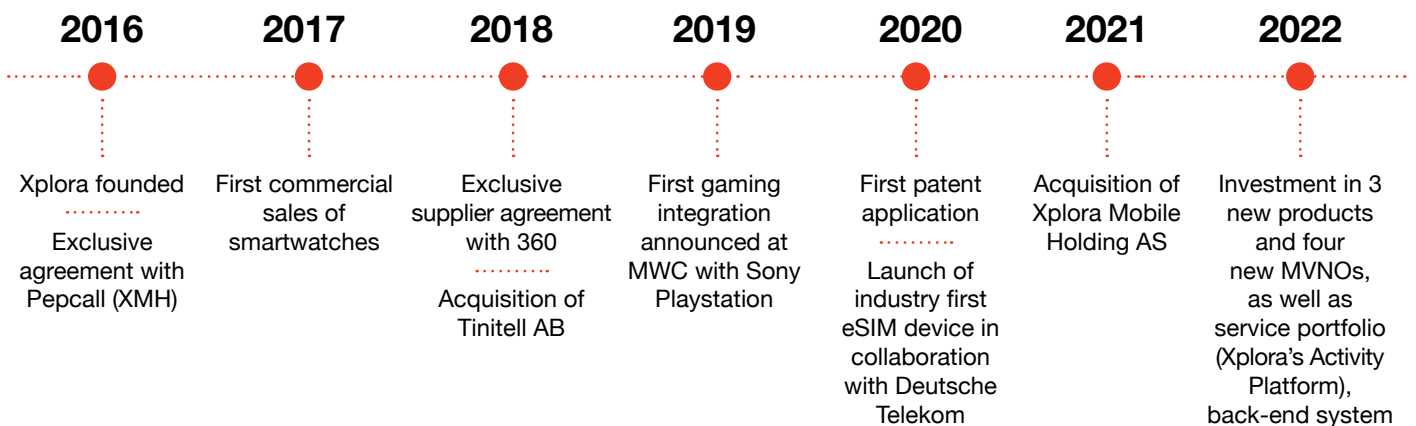
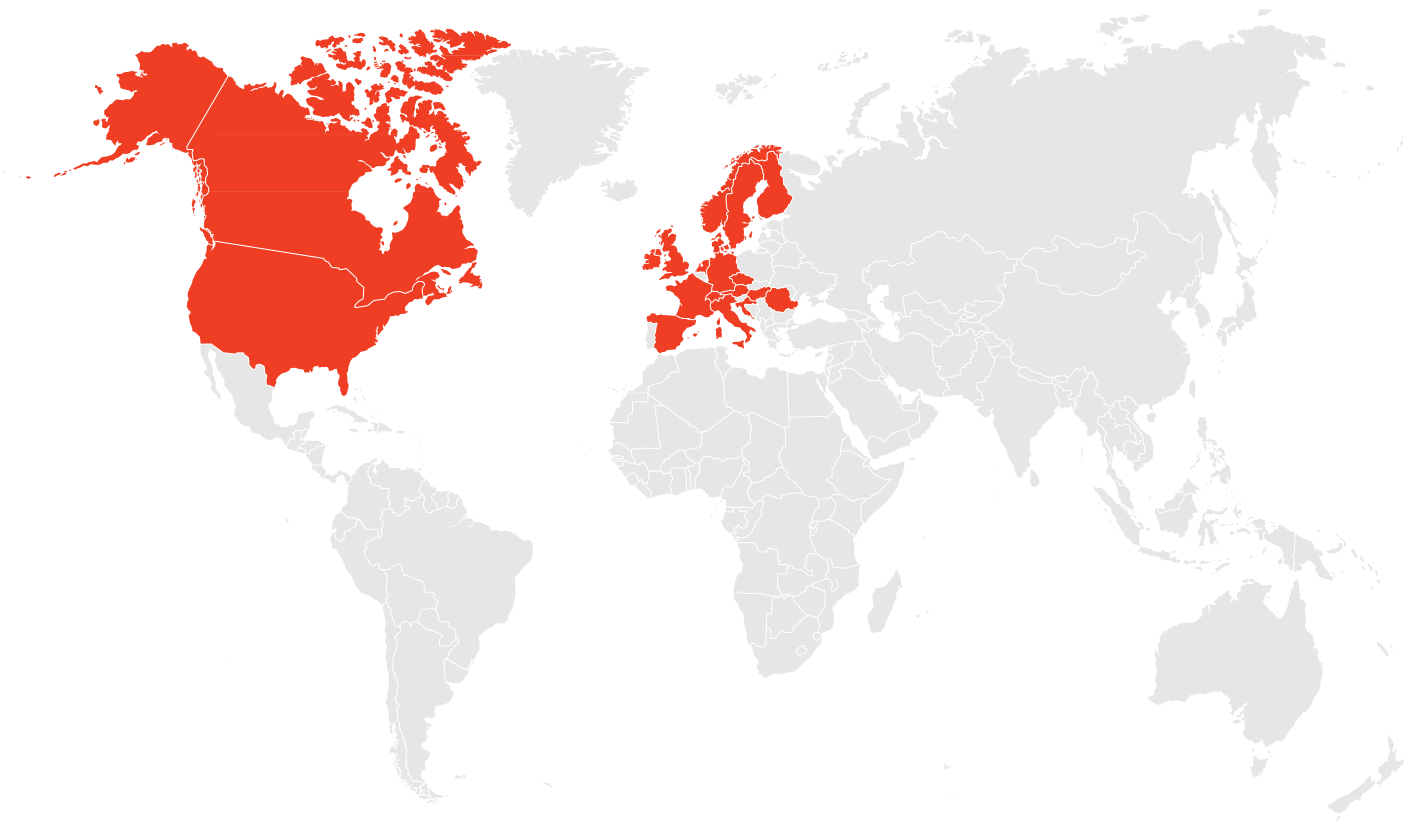
Sten Kirkbak

Our Business

STRATEGY AND VISION

Xplora strives to give children 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.

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 14 telecom partners.



GROUP ORGANIZATION

The significant subsidiaries of parent company, Xplora Technologies AS, is Xplora Mobile Holding AS, Xplora Technologies AS, Xplora Technologies Ltd (an English limited liability company), Xplora Technologies Deutschland GmbH (a German limited liability company), Xplora Technologies SL (a Spanish limited liability company), Xplora Technologies SAS (a French limited liability company) and Xplora Technologies Inc. (a Delaware corporation). All subsidiaries in the group are 100% owned.

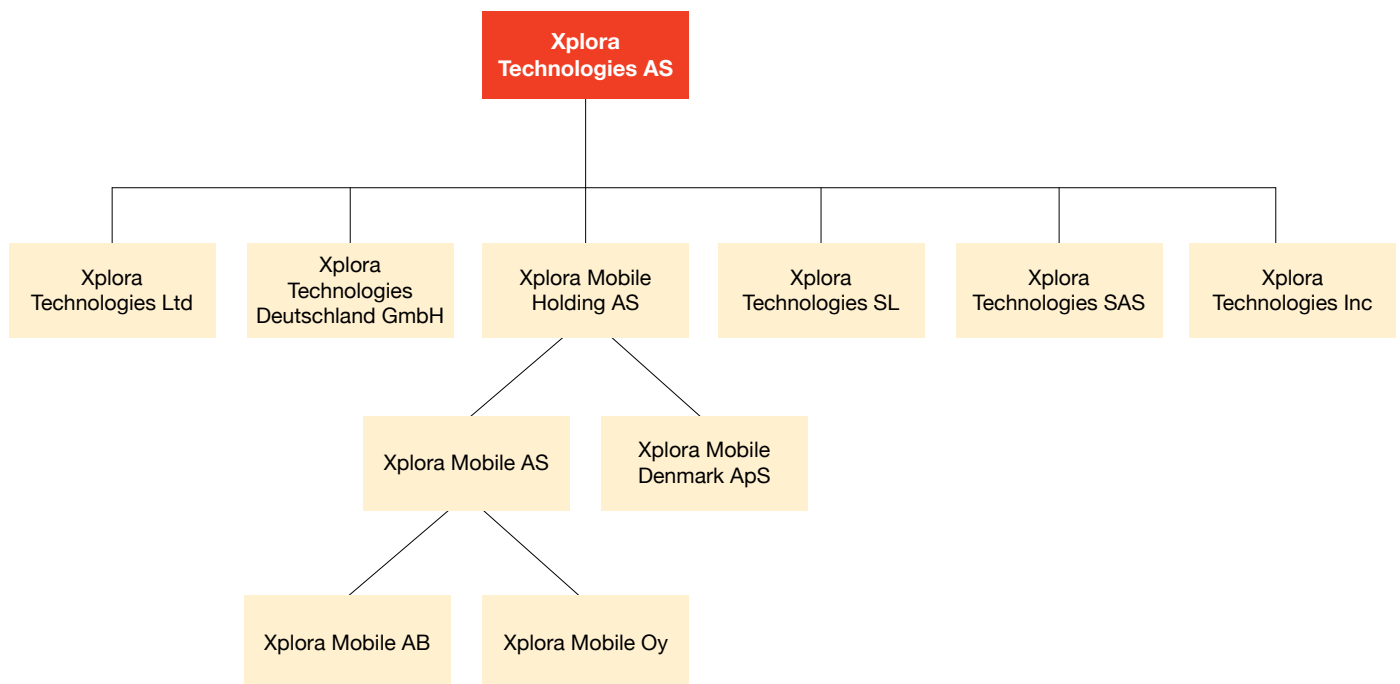
The parent company's operations are conducted from its Oslo and Trondheim offices in Norway. The Company's headquarters in Oslo accommodate the Group's finance, marketing, operations, and support functions, while the Trondheim office manages global and national marketing campaigns.

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, Xplora Technologies SL, Xplora Technologies Inc. and Xplora Technologies SAS 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.



Product Offering

Xplora is an information technology company which develops and offers wearable smart devices, connectivity and services for kids and families, with a particular focus on the smartwatch market for kids.

The company's main revenue drivers are:

- Sales of devices, such as connected and nonconnected smartwatches
- Recurring revenues from sale of connectivity and value-added services (VAS)

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 further targets tapping into sponsorship- and traditional ad-network revenue models.

Type	Product	Online	Retail	Telco
Devices	Smartwatches	✓	✓	✓
	Accessories	✓	✓	✓
	Connectivity	✓	✓	
Services	Value added services	✓	✓	✓

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 our distribution strategy, building brand awareness and securing visibility. As of 2022, Xplora has launched 8 devices. Legacy offering includes the following devices: X5Play, X5Play eSIM, XGO2 and XMOVE. The new 2022 offerings are X6Play and XGO3.



- **X6Play** – released in Q4 2022, a next-generation kid smartwatch, combines cutting-edge technology with safety and responsible digital engagement. Featuring a high-resolution screen, powerful 1.2GHz processor with a Qualcomm 2500 chipset for better performance, improved GPS, and a 5MP camera, the watch integrates with the activity platform universe to reward children for staying active. The customizable design and versatile features like personalization digital content, school mode, step counter, and emojis make the X6Play an engaging and secure experience. Available in eSIM and Nano SIM variants, the X6Play upholds Xplora’s commitment to providing a safe and enriching digital experience for children.



- **XGO3** – released in Q3 2022, offers a safe, secure, and reliable experience with its high level of data security. Equipped with phone, messaging, GPS location features, SOS, and safety zones, it provides parents with peace of mind while keeping kids connected. Additional features such as school mode, step counter, and camera ensure a fun and engaging experience for children. Adhering to GDPR regulations, Xplora’s encrypted communication and data storage, along with the absence of internet connectivity, make it a secure choice for parents who want to introduce their children to technology while safeguarding them from potential risks.



- **New smartwatches for 2023 release** – In 2022, Xplora launched two-thirds of its revamped product line, with the final model, X6Pro, slated for release in 2023.



XPLORA SERVICE PLATFORM

The Xplora Service Platform is designed on a modular architecture that consists of the Xplora IoT (Internet of Things) platform, connectivity services and value-added services through the Xplora activity platform. The IoT platform is the base layer of our systems architecture allowing wearable smart devices to securely connect to the Xplora app and manage connectivity of devices. The Connectivity platform offers tailored connectivity services and seamless onboarding of devices. Our activity platform addresses two key concerns among families: a high and growing screen time and physical inactivity among children, by rewarding kids for their physical activity.

IoT Platform

The IoT Platform is one of the base layers of the Xplora Service Platform allowing wearable smart devices to connect to the platform and secure regulatory compliance. It provides core functionalities such as calls, messages, safe zones, location and SOS. Its open architecture allows Xplora's own devices and smart devices from third party manufacturers to offer the core functionalities while meeting regulatory compliance.

The Xplora IoT platform enables smart devices to securely be connected and managed. Unlike a general IoT platform optimized for M2M IoT devices (Machine to Machine, normally without voice connectivity and low data traffic), the Xplora IoT platform is optimized for consumer IoT services. This allows business partners to manage the devices and consumers to easily access and monitor the device.



Connectivity

Xplora operates its mobile connectivity services in four Nordic countries, Germany, UK, Spain, France and the USA with a customer base of 156,900 subscribers as of 31 December 2022. Through the acquisition of Xplora Mobile Holding the company has an experienced and highly competent team and strong partners. Xplora operates its telco services on Telenor's network in Norway, Sweden and Denmark and on Elisa's network in Finland through long-term service provider and Mobile Virtual Network Operator (MVNO) contracts.

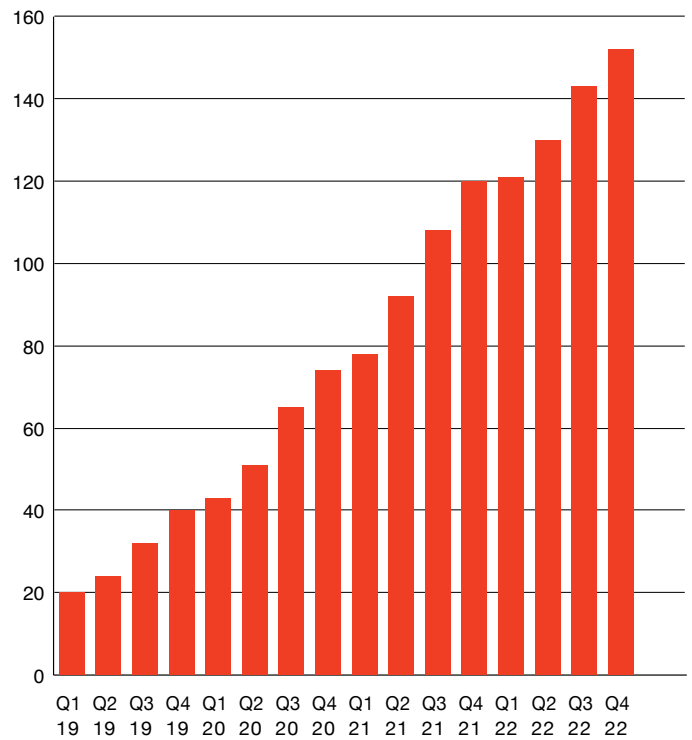
Xplora's business model of both being a smartwatch vendor and a Telco MVNO gives some unique opportunities in terms of product bundling, retail offerings and pricing options that are difficult to replicate.

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 4% in the Finnish market. Xplora has been in Denmark for two years and reached a penetration exceeding 2%. 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.

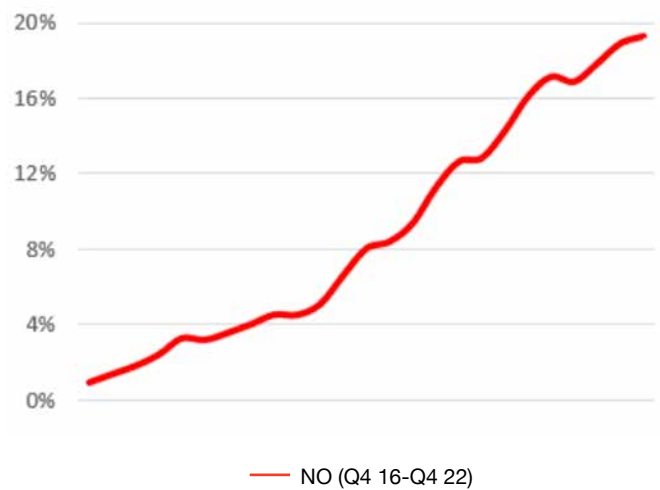
Xplora's smartwatch sales are well established in major European markets with an extensive distribution footprint. The company will use its strong distribution footprint as a basis to expand its connectivity business into the markets where it has established a mobile connectivity service. Growing the recurring revenue base and securing full commercial control of the connectivity value chain are our key objectives in our key markets.

Xplora's connectivity price plans are designed specifically for the data and voice consumption of our smartwatches, driving strong competitive profitability. The customer acquisition cost for our connectivity product is competitive as we cater to an underpenetrated market. The SIM card is preinstalled and sold as a bundle with the smartwatch.

Mobile subscribers (k)



Mobile penetration¹ – Norway by quarter



¹ Estimated penetration in target market age 4-10 according to UN population data

Xplora's Activity Platform

Xplora Technologies has recently changed the name of its Goplay platform to Xplora's Activity Platform. This change has been made to better reflect the platform's purpose and functionality, as well as build its relationship with Xplora Smartwatches. Xplora's Activity Platform is a value-added service platform where Xplora converts physical activity collected from smart devices to Xplora coins, Xplora's own digital currency. Xplora coins may be used for children to engage digital content and purchase products as well as make donations on the activity platform. The contents, referred to as Xplora campaigns or events, utilize gamification techniques to engage and motivate users. This may be done through leader boards, team plays, tournaments, mini games, auctions, badge collection, and reward systems.

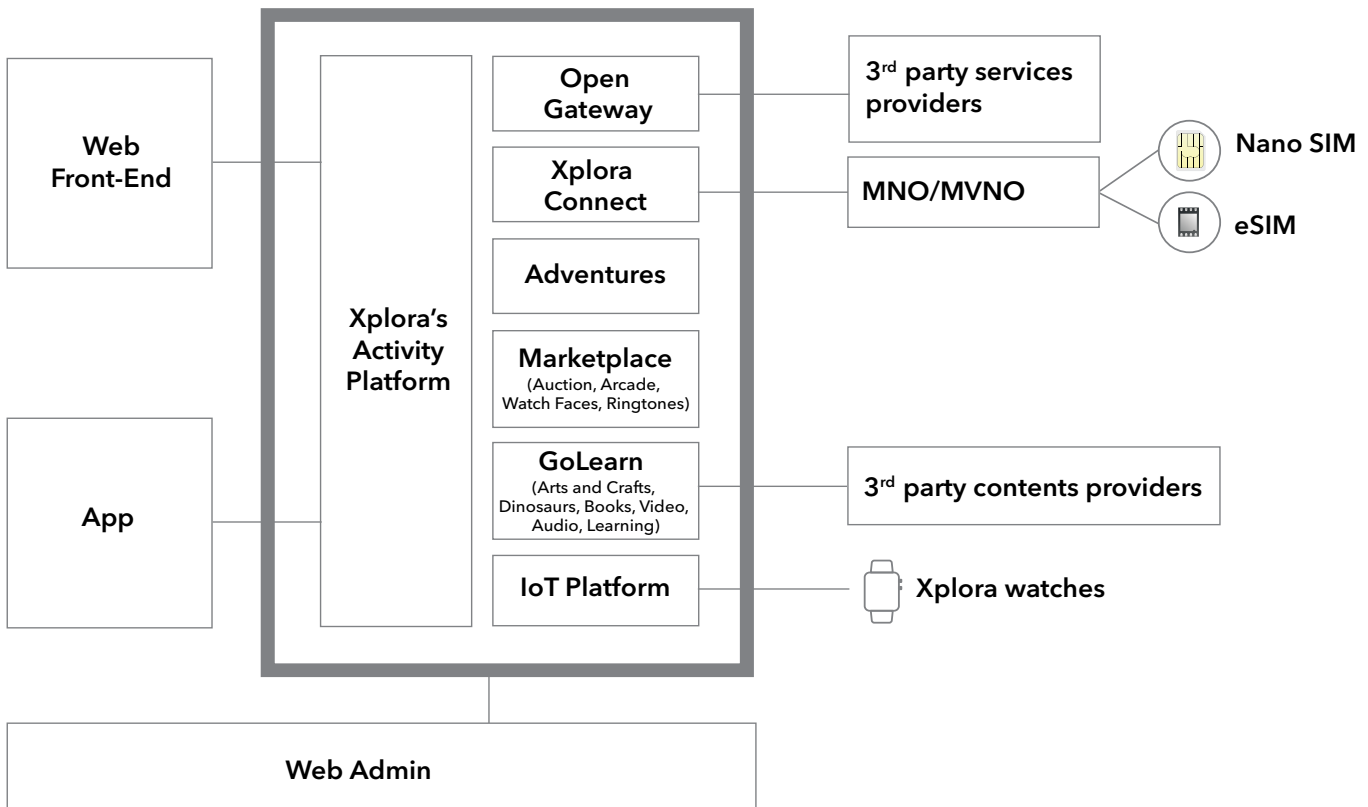
The Xplora activity platform is clearly differentiated from other legacy social networking services which often are based on text, image, or video.

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. Going forward Xplora will be continuing to build on its activity platform 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.

For 2023, Xplora's Activity Platform also is presented with a whole new and updated look, feel and user experience, combined with a much greater catalogue of engaging content.

With its focus on rewarding children through activities to enjoy and play online in a safe and secure way through parental control, Xplora's Activity Platform will continue to expand on its subscription-based value proposition through premium services.

Xplora Service System



Sales and Development Strategy

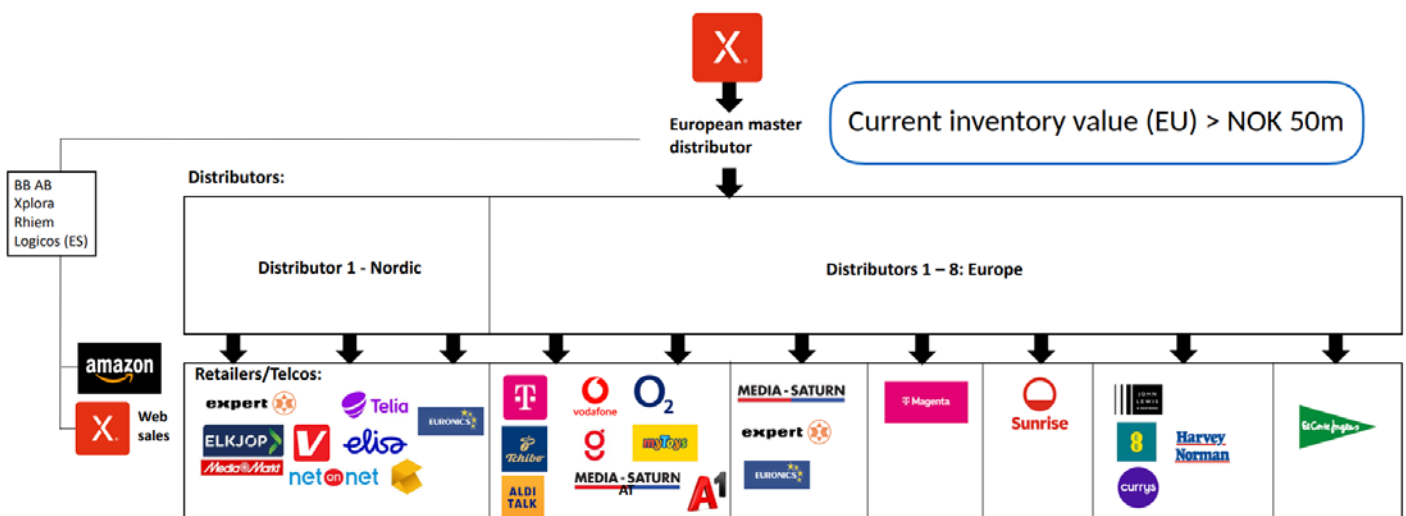
In 2022, Xplora shifted from a geographically broad go-to-market strategy to a more focused approach on the markets where we have built our mobile connectivity (MVNO) business. We aim to prioritize the development of our proven existing markets, as well as improving our product and service delivery. Drawing on our past experiences and utilizing a refined strategy focus, we seek to strengthen our foothold in our current markets, while optimizing profitability and enhancing our 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 us to test the market and gain valuable visibility. From there, we prioritize building relationships with retail channel partners to expand our reach and accessibility, before ultimately pursuing partnerships with telecom operators – a significant distribution channel that offers vast market potential. Through maintaining this approach and leveraging the valuable insight and experiences gained, we have established a strong foundation for growth and development in our existing markets. This has been demonstrated through 2022 where

we see growth across new markets like the US, the UK, Finland, and Denmark. Our Amazon sales in general doubled from 2021 to 2022, we have established new retail and telecom agreements in existing markets, and by successfully setting up a third-party logistics service operation in Poland, we have reduced costs.

As of 2022 Xplora is present through online, retail and telecom channels across 9 key markets in Europe and North America. The level of development varies between the different markets. In the Norwegian market, where Xplora is present since 2017, we have 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, our distribution set-up has significantly improved since 2021, with partnerships established with major retailers such as Amazon and Walmart. These collaborations have allowed us to reach a broader customer base and strengthen our market position in the US. Further, Xplora is present in France, Canada, Hungary, Poland, Estonia and Italy through online channels and distributors.

European distribution setup:



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 our retail partners display products in outlets, giving consumers the ability to test and physically evaluate our products. Xplora has a wide distribution network, online and in-store across its major markets.

TELECOM DISTRIBUTION PARTNERS

Xplora has successfully completed homologation tests and entered into distribution agreements with 14 telecom operators in Europe. These include Telecom (DE), Movistar (ES), T-Mobile (NL), EE (UK), Elisa (FI), Hrvatski Telekom (HR), Magyar Telekom (HU), Tango (LU), Telia (SE), 3 Sverige (SE) Vodafone (HU). 3 Sverige were entered into agreement in 2022, while O2 Telefónica and Vodafone (DE) was announced in 2023.

CUSTOMER SUCCESS

Our customer success team is at the heart of Xplora's operations. We operate in a market where our customers expect fast and prompt service and response to their support inquiries. Our overall goal is to create a customer experience and journey that is indifferent to the customer's geographic origin and to meet our customers on the platforms they wish to communicate with Xplora efficiently.

Our focus areas in 2022 in customer success were to prioritize our global team, ensure KPI achievement, continue to implement the use of chatbots, and to streamline our CRM system. To achieve global success, we worked to develop a cohesive team, cross-training employees and ensuring consistent communication. Increasing from 7 to 11 languages for our chatbot in 2022 has proven to be an effective way to improve response times and to increase customer satisfaction. Based on our latest data, the total global inquiries in 2022 were 371,990, and our chatbot was able to respond to 34% of these inquiries. This marks a significant increase from 2021 where our chatbot was able to respond to 22% of all global inquiries, demonstrating the effectiveness of our efforts to implement a chatbot and improve our response times. Finally, streamlining our CRM system has allowed us to improve our efficiency and provide a better customer experience.

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

Directors' Report

In 2022, Xplora strategically focused on investments to ensure future growth and success despite economic uncertainty, characterized by weaker consumer demand and currency fluctuations, particularly impacting the business in the last half of the year. The company expanded its product portfolio, entered into new markets as a Mobile Service Provider, and secured a NOK 100m supply-chain facility. These initiatives, combined with the establishment of a US presence and consistent revenue growth demonstrate the company's commitment to creating long-time value for customers and shareholders while adapting to market challenges.

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 2022 and at 31 December 2022. Consolidated numbers from 2021 is also included for the purpose of comparison.

Group revenues for Xplora Technologies reached NOK 502.0m in 2022, a growth of 16%¹ from 2021 group revenues of NOK 431.4m. Smartwatch revenue ended at NOK 347.0m, while recurring service revenues amounted to NOK 152.3m, up 66% y/y, representing 30% of group revenues. Xplora exited 2022 with 156.9k subscribers, up 27% y/y from 123.4k subscribers at the end of 2021.

On a geographic basis, Germany commanded the largest share of sales at 42% in 2022, generating NOK 210.4m in revenue, compared to NOK 175.5m in 2021. German revenues are mainly driven by device sales to telecom providers. Norway follows Germany as Xplora's second largest market with revenues of NOK 177.0m, 35% of group sales.

Sweden was Xplora's third largest market in 2022 with 10% of group sales, followed by Finland at 4% of group sales.

In the second half of 2022, the company's gross margin was affected by a strong USD and the ongoing transition to Xplora's new product line. However, despite the challenges the company's gross margin increased and ended at 47% in 2022, compared to 45% in 2021. Gross earnings were NOK 237.0m, up 21% from NOK 196.0m in 2021.

Operating cost amounted to NOK 270.5m in 2022, up from NOK 176.8m in 2021. The increase is mainly driven by investments in new and existing markets, development projects in the final stages, marketing and brand building and an increase in headcount from 90 to 139 employees. Salary and employee expenses ended at NOK 85.7m in 2022, up from NOK 72.4m in 2021. Other operating costs ended at NOK 184.8m NOK in 2022, including marketing costs of NOK 83.6m. This compares to operating costs of NOK 104.3m in 2021. Xplora announced in the second half of 2022 that the company will focus on improving its operational efficiency into 2023. The first steps taken were a reorganization and subsequent reduction in headcount and reduce use of external consultants, as well as streamlining other parts of the cost base. Other noteworthy operating costs include external consultants for accounting, auditing, and legal advice in connection with the organizational restructuring.

EBITDA amounted to negative NOK 33.5m in 2022, compared to NOK 19.2m in 2021. Depreciation, amortization, and write-downs were NOK 51.2m in 2022, up from NOK 33.7m in 2021. The increase is mainly due to the acquisition of Xplora Mobile AS and investments in platform and product development. EBIT ended at negative NOK 84.7m in 2022, down from negative NOK 14.5m in 2021. Profit before tax ended at negative NOK 85.0m in 2022, down from negative NOK 16.5m in 2021. Net finance was negative NOK 0.3m, up from negative NOK 2.0m in 2021. Income tax was NOK 10.6m, up from negative NOK 3.0m in 2021. Net profit ended at negative NOK 74.4m in 2022.

¹ Please note that the reported growth of 16% y/y is based on reported numbers with Xplora Mobile AS consolidated in Q2 2021.

Cash flow

The group's operating activities generated a net cash outflow of NOK 56.7m in 2022, compared to NOK 27.6m in 2021. Key driver for the negative cash flow was an increase in working capital of NOK 22.8m, from increased activity and higher sales volumes.

Investing activities generated a net cash outflow of NOK 58.1m in 2022, of which NOK 20.0m were an earnout from the acquisition of Xplora Mobile and NOK 38.1m were capital expenditures. In 2021 net cash outflows from investing activities were NOK 89.0m.

Financial activities generated a net inflow of NOK 25.4m in 2022. This compares to a net inflow of NOK 138.2m in 2021. The company raised NOK 8.5m in net debt and NOK 16.5m in total equity.

Cash and equivalents decreased by NOK 89.3m, from an initial cash balance of NOK 139.8m at the beginning of the year to a closing balance of NOK 50.4m at the end of the year.

Financial position

At the end of 2022, Xplora Technologies Group had total assets of NOK 507.9m, compared to NOK 576.7m at year-end 2021. The decrease in total assets and balance sheet resulted from the company's active efforts to reduce accounts receivable.

Group equity at year-end 2022 amounted to NOK 350.6m, with an equity ratio of 69%, compared to NOK 401.1m and a 70% equity ratio at year-end 2021.

Interest-bearing debt increased to NOK 38.3m at year-end 2022, up from NOK 29.9m in 2021. The debt consists of a loan from Innovation Norway and supply chain financing from Nordea Bank.

Cash and equivalents stood at NOK 50.4m at year-end 2022 for a net cash balance of NOK 12.0m, compared to NOK 109.9m in 2021. Accounts payable increased to NOK 41.2m in 2022, up from NOK 36.1m in 2021. Other short-term debt, totaling NOK 77.8m in 2022, includes accruals and deferred income.

Accounts receivable decreased to NOK 43.5m in 2022, down from NOK 78.3m in 2021. Inventories

increased to NOK 96.4m in 2022, up from NOK 82.5m in 2021. Total fixed assets were NOK 243.3m in 2022, compared to NOK 248.7m in 2021, due to an increase in intangible assets and reduction in goodwill and customer contracts.

Goodwill amounted to NOK 154.7m in 2022, while the value of remaining customer contracts reached NOK 41.5m. Capitalized development costs increased to NOK 41.0m at year-end 2022, up from NOK 17.4m in 2021.

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

Xplora Technologies AS (parent)

The parent company reported revenues of NOK 254.1m in 2022 from NOK 256.2m in 2021. Operating results for the year were negative NOK 84.6m, down from negative NOK 46.7m in 2021. Income from subsidiaries was NOK 36.9m in 2022, contributing to a financial income of NOK 64.4m, which offset by NOK 27.3m in financial expenses resulted in pre-tax loss NOK 47.5m in 2022. This compares to pretax earnings of NOK 1.1m in 2021.

Xplora Technologies AS (parent) total assets for 2022 were NOK 600.8m, compared to NOK 579.3m in 2021. The increase is driven by investment in intangible assets. Loans to group companies decreased from NOK 184.6m in 2021 to NOK 163.7m in 2022. Cash balance ended at NOK 27.8m at the end of 2022 with interest-bearing debt at NOK 22.9m. The parent company equity decreased from NOK 469.1m in 2021 to NOK 441.3m in 2022.

Shares and dividends

Xplora has one class of shares. At year-end 2022 there were 41,656,619 shares outstanding in the company. All shares are listed and freely traded on Euronext Growth under the ticker symbol XPLRA. Xplora did not hold any treasury shares at the end of 2022. The nominal value of Xplora shares is NOK 0.004.

The market valuation of Xplora on 31 December 2022 was NOK 412.4m.

At the end of 2022 the company had 1,319 shareholders, compared to 1,327 shareholders at

the end of 2021. The proportion of shares held by foreign investors went down slightly from 10.2% at the end of 2021, to 7.7% at the end of 2022.

The highest closing price during 2022 was NOK 30.55, and the lowest closing price was NOK 8.43. The share price at the last trading day in 2022 was NOK 9.9, compared to year-end 2021 share price at NOK 29.1. The Oslo Stock Exchange Benchmark Index OSEBX decreased 2% during 2022.

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 2022.

At the Annual General Meeting on 9 May 2022 the Board of Directors was granted the following authorizations valid until the general meeting in 2023, or to 30 June 2023 at the latest:

Authorization for buyback of shares with par value up to NOK 15,764.43, for use in acquisitions, mergers, de-mergers or other transactions, compensation programs or to amortize treasury shares. As of 31 December 2022, the authorization has not been used.

Top 20 Shareholders

The 20 largest investors in Xplora Technologies AS held 63.3% of outstanding shares per 31 December 2022. This compares to 67.2% at year-end in 2021. Please see note 12 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 axes, 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 2023 are expected to be more modest than in 2022, and between NOK 10-20m.

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 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 Technologies 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. 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 we 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, we 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 2023 as well as the Company's long-term strategic outlooks.

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.

Xplora faces several risk areas, including market and competition risk, financial risk, operational risk, and cybersecurity. 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 defense 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.

Geopolitical risk

Operating across multiple markets, Xplora Technologies 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 our financial results. Through vigilance and adaptability, the company is committed to mitigating any negative consequences arising from geopolitical uncertainties.

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 fulfills certain financial functions through services provided by local accounting partners for its subsidiaries.

Xplora Technologies 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 1.7m for bad debt in 2022, less than 0.5% of total revenue.

The majority of the Group's interest-bearing debt has a fixed rate and is as such not exposed to volatility in interest rates. As Xplora secured a NOK 100m financing facility in 2022, the company also has a small portion of its debt on floating interest rate, at favorable terms. As the financing facility comes into full effect, it is expected that the majority of the groups interest-bearing debt will become floating.

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). The group does not currently use financial instruments to manage foreign exchange risk, but has implemented contractual agreements with its key vendors to adjust the price of its products if there are significant changes in the USD exchange rate.

Operational risk

Business 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.

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.

Every quarter, Xplora partners with cyber security experts to perform penetration tests to seek out vulnerabilities. The reports from the penetration tests help to build our 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 Norwegian Transparency Act entered into force July 1st 2022. The purpose of the act is to promote Norwegian companies' respect for fundamental human rights and decent working conditions in connection with the production of goods and provision of services, and ensure public access to information regarding how enterprises address adverse impacts on fundamental human rights and decent working conditions. In accordance with Xplora's commitment to the Transparency Act, our account of the due diligence assessments we perform to promote fundamental human rights and decent working conditions, will be published on our website within June 30th, 2023.

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.

The board would also like to extend their gratitude to all employees for their dedication and hard work during another exceptional year marked by the seamless transition between remote and office work. The board appreciates your efforts and resilience in adapting to the evolving circumstances. The board would like to welcome all new employees and they are confident that the Xplora family will continue to thrive and support each other in future endeavors.

ENVIRONMENTAL ACTIONS

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 2022 through its operations and the Play for Good initiative. By re-engineering and developing more cost-efficient and environmentally friendly packaging, Xplora achieved a 40% volume reduction and a 20% weight reduction, utilizing nearly 100% recycled materials.

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 10 February 2023 CFO, Mikael Clement announced his resignation from Xplora Technologies to pursue new opportunities outside the company. Xplora and the board wish to thank Mikael for his great efforts and contributions during his years at Xplora and we wish him all the best in his new endeavors.

STATEMENT OF THE BOARD OF DIRECTORS

We confirm to the best of our knowledge that the financial statements for the Company for 2022 and the comparable numbers for 2021 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, 27th of April 2023

(sign.)

Tore Engebretsen
Chairman of the Board

(sign.)

Torkil Munkhaugen
Member of the Board

(sign.)

Harald Fredrik Hodne Ulltveit-Moe
Member of the Board

(sign.)

Kari Bech-Moen
Member of the Board

(sign.)

Sten Kirkbak
CEO

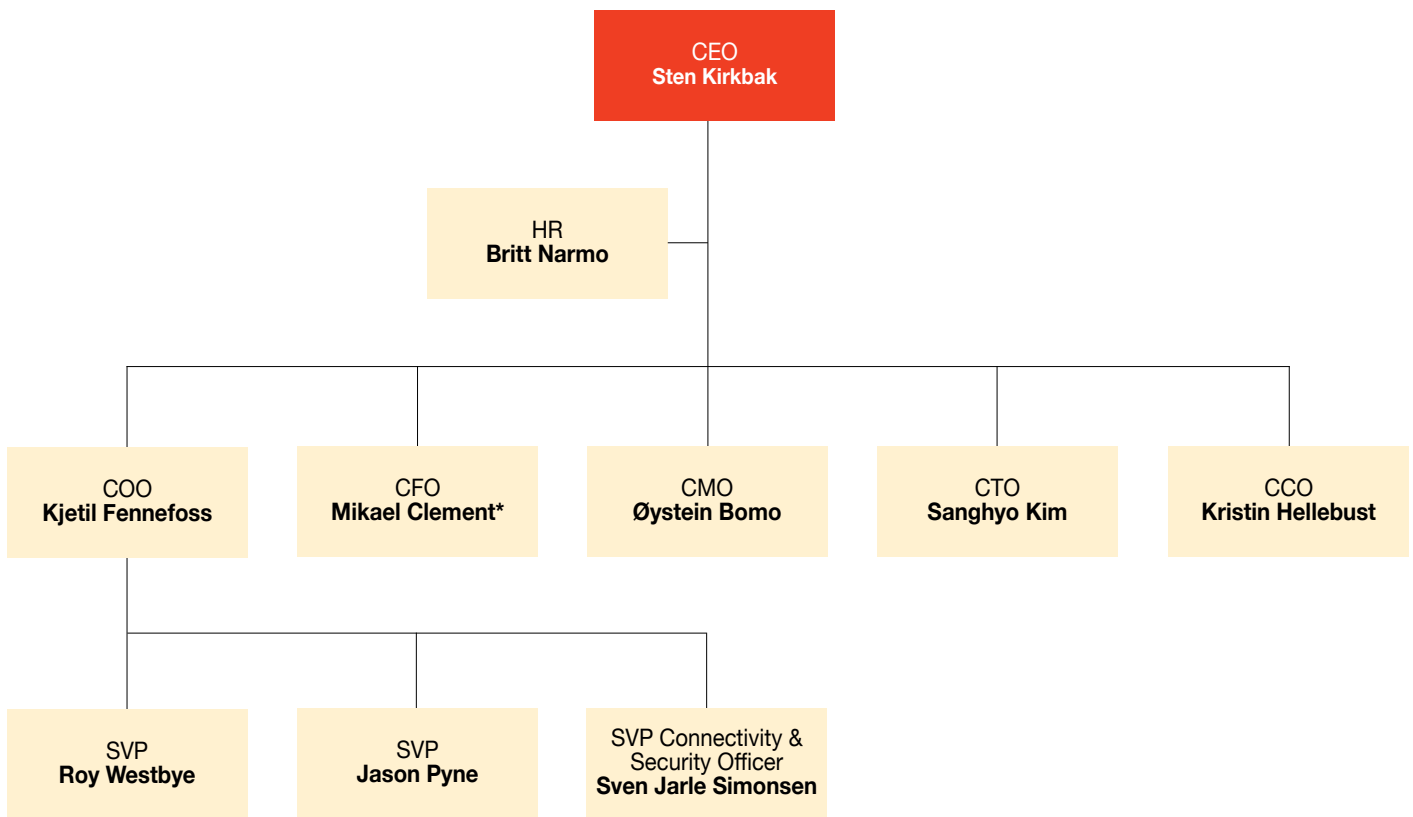
(sign.)

Bjørn Christian Eide
Member of the Board

(sign.)

Ingrid Elvira Leisner
Member of the Board

XPLORA'S ORGANIZATION STRUCTURE



* Mikael Clement announced his resignation from Xplora Technologies to pursue new opportunities outside the company. From April 1 2023, Jonas Ringstad will act as interim CFO.

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 our 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 seven 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 2022 Xplora held its annual general meeting 9 May 2022 with 37,52% of voting capital represented. The next general meeting is scheduled for 16 May 2023.

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 six members, two women and four men, as further set out in the next section. All members are elected for a term of two years and may be reelected.

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 is to act as a pre-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, we 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, we 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 established a whistleblowing policy to facilitate notification on censurable conditions and creating a culture of openness where staff are encouraged to speak up by reporting internally any concerns they may have about wrongdoing within the company so that Xplora can implement necessary measures. There were no reported cases in 2022.

Code of Ethics and Business Conduct

XPLORA has built a strong reputation for integrity and honesty in every facet of our 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 our 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 fulfill 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 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. 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 endeavor 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 Revisorforening"). 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, such as reduced size of packaging and maximizing use of recycled materials.
- 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 SDGs.

Xplora will in 2023 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 up to 70-80% of the sales in the industry to come from retailers and telcos. Unlike before, they are now all requiring their 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 Technologies 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 core mission is to educate and incentivize children in the value of being physically active. 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 which can be used on our auction site. 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.

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. A central element in the development of new smartwatches in 2022 is the re-engineering and development of new, more cost-effective, and environmentally friendly packaging. This innovation has resulted in volume reduction of more than 40% and weight reduction of more than 20% compared to our previous generations, and the packaging is now made of nearly 100% recycled materials.

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 2022 Xplora conducted more Sedex audits as highlighted in the 2021 Annual Report, advancing ethical and responsible business practices in our supply chains. With one audit in 2022, the effort continues in 2023.

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 is our way of giving back together, our promise to give something back to the world our kids play in. We have partnered up with leading organizations to be a part of something bigger. Play for Good is our promise 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.

In 2022, Xplora started the year by successfully completing the Sonic, UNICEF, and Plant-a-Tree campaigns and progressed in the "Net Zero in 12 months" initiative. The "Net Zero in 12 months" campaign, in partnership with Collectia and United Cities, reached 1.5 billion steps donated by 11,859 participants and aimed to bring clean energy to Bchaaleh, Lebanon, through a solar panel facility. Despite an expected completion by mid-December 2022, delays now push completion into the first quarter of 2023.

SOCIAL EMPLOYEES

The unwavering commitment and tireless efforts of its workforce are 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 and challenging 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 2022 Xplora had 139 employees, where 54% were women and 46% were men. This compares to 56% women and 44% men in 2021. 52% of Xplora's management were women at the end of 2022. The company's workforce consists of 20 nationalities across North- and South America, Europe, Asia, and Africa. At the end of 2022 65 employees worked in Norway, 10 in Sweden, 5 in Denmark, 8 in Finland, 33 in UK, 1 in Spain, 11 in Germany and 6 in the US.

As we have continued to grow, we see a constant need to attract new talent and nurture the skills of existing employees. The implementation of an agile organizational structure in 2021 has enabled Xplora to offer clear career progression pathways for its employees. Regular personal evaluation meetings are conducted to facilitate feedback and aid in the development of individual career goals, allowing our employees to maximize their skills and potential.

Table 1 – employee diversity and composition of BoD by gender

Diversity	2022
Women in BoD	33%
Women in manager positions	52%
Women in non-manager positions	45%
Women among all employees	54%

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	2022
Pay-ratio women to men in manager positions	75%
Pay-ratio women to men in non-manager positions	91%
Pay-ratio women to men for all employees	85%

In 2022, the company carried out an annual performance review for all employees, aimed at evaluating individual performance. To complement this approach, monthly anonymous performance appraisals are administered through employee surveys. The company introduced and implemented a new system, called Winning Temp to supplement this approach during 2022. 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 established a Work Environment Committee in 2022. The Committee consists of employees in various positions.

The use of both annual and monthly assessments, in connection with 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.

Table 3

Performance appraisals	2022
Employee performance appraisals	94%

Xplora is a dynamic and rapidly growing company that has experienced substantial expansion in recent years. This growth has been accompanied by an increased need for employees, as evidenced by a 38% increase in new hires in 2022, Table 4. However, the company has also taken steps in 2022 to maintain operational efficiency and reduce costs. One of the first steps taken towards this goal was a reduction in headcount. Xplora has also decreased its reliance on external consultants as major development programs have been completed. By prioritizing operational efficiency, Xplora aims to optimize its resources.

Table 4

Turnover and retention	2022	
	#	%
Total number of new employees	53	38%
Total number of employee turnover	34	24%

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 a minor injury rate reported in 2022. While the absence rate increased to 3% in 2022 (table 5), compared to 2.6% in 2021. The increase in absence rate was not unexpected, given the transition from pandemic-related interactions to more typical interaction patterns. The working environment at Xplora is considered good, and the company is dedicated to ongoing efforts to improve it further, ensuring a safe and healthy workplace for all employees.

Table 5

Health and safety	2022
Injury rate	1%
Lost day rate	0.3%
Absentee rate	3%
Work related fatalities	0%

In 2022, Xplora also began exploring ways to meet the changing needs and desires of its employees. One of the expressed desires was more flexible work arrangements, including the option of working from home. To accommodate these requests, the company initiated a process to create and settle on a home office policy. To ensure that the policy remains effective for both the company and our employees, the policy is expected to be reviewed each year. The company recognizes the importance of creating a healthy work-life balance. By listening to its employees and responding to their feedback, Xplora is taking a proactive approach to supporting the wellbeing of its workforce and enhancing its ability to attract and retain top 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 Elliptic Laboratories 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 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 mainly invests in health, sports, esports and technology related companies. Harald holds an M.D. degree from the University of Oslo.

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 committee member of the audit- and the People & organization Committees

Ms. Leisner has served on the Board of Xplora since June 2021. Ms. Leisner's directorships include current board positions for Techstep ASA, Self Storage Group ASA, Norwegian Air Shuttle ASA, Maritime and Merchant ASA and Elliptic Laboratories ASA. Ms. Leisner has a background as a trader of various oil and gas products in her 15 years with Statoil ASA. Her years of experience of, and expertise in, business strategy, M&A, management consulting and change management have been very valuable when serving on the boards of several companies listed on Oslo Stock Exchange. She holds a Bachelor of Business degree with honors from the University of Texas in Austin.

TORKIL MUNKHAUGEN

Board Member

Torkil Munkhagen has extensive experience from the IT service sector and has held positions within IT operations as well as strategic and operational support. In addition to being founder and CEO of Apex IT AS he is running the daily operations of his family's investment firm S.Munkhagen. Torkil holds a B.Sc. degree from the Norwegian University of Science and Technology (NTNU) as well as a BBA degree from BI. Torkil has been on Xplora's Board of Directors since July 2020.

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 start-ups 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.

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.

MIKAEL CLEMENT

CFO

Mikael has been CFO of Xplora since 2019. He is an accomplished financial and strategic executive with more than two decades of capital markets experience as CFO, corporate finance advisor and as buy- and sell-side analyst of publicly traded securities. Previous employers include Pareto Securities, Hagströmer & Qviberg and Arne Blystad AS. He has broad experience from strategic advisory at board level. Mikael holds a MSc (Siviløkonom, BBA Finance) from Pacific Lutheran University.

On 10 February 2023 Mikael Clement announced his resignation from Xplora Technologies to pursue new opportunities outside the company. From April 1 2023, Jonas Ringstad will act as interim CFO.

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.

KRISTIN HELLEBUST

CCO

Kristin Hellebust has extensive experience within the media- & entertainment industry as well as with technology management. She is the co-founder 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 lawfirm 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 Masterprogram 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.

ØYSTEIN BOMO

CMO

Øystein Bomo is an experienced sales and marketing executive and brings more than 25 years of expertise in sales, marketing, and business development across various sectors to his current role as CMO at Xplora Technologies AS. His previous leadership experience includes key positions at Devold of Norway AS, Bergans Fritid AS, Jordan AS, Navico AS, and Orkla ASA. Øystein holds a Master of Science degree in Strategy and Marketing from BI Norwegian Business School.

JASON PYNE

SVP Platform and Services

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.

ROY WESTBYE

SVP Smartwatches and Connectivity

Roy has accumulated over 20 years of experience in retail, telco, and B2B sales within the retail and telecommunications sectors. In 2022, he began his role as SVP Smartwatches and Connectivity at Xplora Technologies. Prior to this, Roy served as the Nordic Senior Product Manager for Wearables at Elkjøp AS. His previous experience also includes roles as Chain Manager at Officer AS, Sales Director at Nordisk Mobiltelefon AS (ICE.net), Sales and Marketing Director at ComHouse (Klart Svar/ Telebutikken), and Managing Director at Klart Svar AS. Roy holds a Master of Science in Marketing degree from BI Norwegian Business School.

SVENN JARLE SIMONSEN

SVP Connectivity & Security Officer

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 SVP Connectivity and Security Officer. Prior to Xplora Svenn Jarle was COO with the fitness brand ELIXIA for seventeen years.

Income Statement

XPLORA TECHNOLOGIES AS

XPLORA TECHNOLOGIES GROUP

2022	2021	Amounts in NOK 1000	Notes	2022	2021
		REVENUE			
254 088	256 235	Sales revenue	2	501 976	431 385
254 088	256 235	Revenue		501 976	431 385
		OPERATING EXPENSES			
193 582	218 980	Cost of sales		264 963	235 434
52 224	42 950	Payroll expenses	3	85 728	72 435
8 500	3 354	Depreciation and amortisation	4,5	49 358	33 417
1 830	267	Write-downs	4	1 830	267
82 514	37 407	Other operating expenses		184 834	104 345
338 650	302 958	Total operating expenses		586 714	445 898
-84 562	-46 723	OPERATING PROFIT/ (LOSS)		-84 738	-14 512
		FINANCIAL INCOME AND EXPENSE			
36 874	41 570	Income from investment in subsidiaries		-	-
5 892	4 175	Interest income from group companies		-	-
25 279	18 039	Other finance income		34 432	14 972
-3 692	-	Interest paid to group companies		-	-
-27 259	-15 921	Other finance expense		-34 677	-16 980
37 094	47 863	Net finance	6	-245	-2 008
-47 468	1 140	PROFIT/ (LOSS) BEFORE INCOME TAX		-84 983	-16 521
-	-	Income tax expense	7	-10 589	-2 997
-47 468	1 140	NET PROFIT/ (LOSS)		-74 394	-13 523
		Attributable to:			
-47 468	1 140	Other equity		-74 394	-13 523
-47 468	1 140	Total		-74 394	-13 523

Balance Sheet

XPLORA TECHNOLOGIES AS

XPLORA TECHNOLOGIES GROUP

2022	2021	Amounts in NOK 1000	Notes	2022	2021
NON CURRENT ASSETS					
Intangible assets					
34 967	12 868	Research and development	4	39 945	17 397
		Deferred tax asset	7	1 033	
		Goodwill	4	154 705	170 115
		Customer contracts	4	41 479	59 914
34 967	12 868	Total intangible assets		237 162	247 426
Tangible assets					
729	472	Property, plant and equipment	5	1 976	1 131
729	472	Total tangible assets		1 976	1 131
Financial assets					
163 654	184 625	Loans to group companies	8	–	–
241 933	241 933	Investments in subsidiaries	9	–	–
–	–	Other receivables		4 188	160
405 587	426 558	Total financial assets		4 188	160
441 284	439 898	Total non current assets		243 326	248 717
CURRENT ASSETS					
37 575	18 872	Inventories	10	96 350	82 479
Receivables					
30 711	6 904	Accounts receivable		43 521	78 333
63 436	20 669	Other receivables		74 337	27 448
–	41 570	Receivable from group companies	8	–	–
94 147	69 143	Total receivables		117 858	105 781
27 762	51 366	Cash and cash equivalents	11	50 409	139 751
159 485	139 382	Total current assets		264 617	328 010
600 769	579 280	TOTAL ASSETS		507 943	576 727

2022	2021	Amounts in NOK 1000	Notes	2022	2021
EQUITY					
Owners equity					
167	159	Share capital	12,13	167	159
438 031	465 832	Share premium	13	347 313	397 870
3 106	3 106	Other paid-in capital	13	3 106	3 106
441 303	469 097	Total owners equity		350 585	401 135
441 303	469 097	Total equity	13	350 585	401 135
LIABILITIES					
Provisions					
		Deferred tax liability			12 989
-	-	Total provisions		-	12 989
Other non current liabilities					
75 342	7 100	Other long-term group liabilities		-	-
22 917	25 000	Liabilities to financial institutions	14	22 917	29 850
98 259	32 100	Total other non current liabilities		22 917	29 850
Current liabilities					
13 146	-	Liabilities to financial institutions	14	15 396	-
26 761	25 155	Accounts payable		41 238	36 103
4 137	12 149	Public duties payable		5 052	10 453
17 163	40 778	Other current liabilities		72 755	86 197
61 207	78 082	Total current liabilities		134 441	132 753
159 466	110 183	Total Liabilities		157 358	175 592
600 769	579 280	TOTAL EQUITY AND LIABILITIES		507 943	576 727

The Board of Xplora Technologies AS
Oslo, 27th of April 2023

(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.)

Torkil Munkhaugen
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 Flow

XPLORA TECHNOLOGIES AS

XPLORA TECHNOLOGIES GROUP

2022	2021	Amounts in NOK 1000	Notes	2022	2021
Cash flow from operating activities					
-47 468	1 140	Profit/ (loss) before income taxes		-84 983	-16 521
-	-	Income tax payable		-2 400	-
10 316	3 621	Depreciation and amortisation expenses	4,5	51 188	33 684
-18 703	-8 229	Change in inventories	10	-13 871	-47 493
-50 445	5 098	Change in accounts receivable		34 812	-36 208
1 605	5 885	Change in accounts payable		5 134	5 187
-	-	Currency effects		557	-2 806
2 689	-	Recognized operating cost option program	20	2 689	7 056
-23 045	-15 634	Changes in other accruals		-49 772	29 512
-125 051	-8 118	Net cash flow from operating activities		-56 646	-27 589
Cash flow from investing activities					
-32 687	-10 031	Purchase of intangible and fixed assets	4,5	-38 139	-12 125
-20 000	-241 662	Purchase of shares and investments		-20 000	-76 921
126 086	-80 706	Items classified as investment activities			
73 399	-332 400	Net cash flow from investing activities		-58 139	-89 046
Cash flow from financing activities					
-2 083	-	Payments on long-term debt	14	-6 933	-1 950
13 146	-	Cash inflows from short-term debt	14	15 391	-7 142
16 500	292 622	Proceeds from issue of share capital	12	16 500	146 776
485	485	Recognized financing cost option program	20	485	485
28 048	293 107	Net cash flow from financing activities		25 443	138 169
-23 604	-47 411	Net change in cash and cash equivalents		-89 342	21 535
51 366	98 778	Cash and cash equivalents at 01.01		139 751	118 216
27 762	51 366	Cash and cash equivalents at 31.12		50 409	139 751

NOTE 1 Accounting Principles

The consolidated financial statements and 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.

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 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 relates to subscription fees for mobile services. 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 recognised 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 is 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. Capitalised 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 ongoing 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. Dividend 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 net.

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.

NOTE 2 Revenues

Per Segment	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Revenue from sales of goods	210 646	227 460	346 881	339 792
Revenue from services performed	43 356	26 662	152 269	90 730
Other revenue	86	2 113	2 826	864
Total revenue	254 088	256 235	501 976	431 385
Geographical allocation				
Norway	66 211	81 148	176 445	164 710
Sweden	9 297		49 218	40 419
Finland	1 607		19 392	9 087
Denmark	273		8 491	3 210
Germany	119 993	151 874	210 355	175 488
UK	28 100	5 901	9 898	16 641
USA	21 829	7 707	12 103	9 731
Spain	6 618	5 161	12 170	12 099
France	113		3 904	–
Other countries	47	4 444		
Total	254 088	256 235	501 976	431 385

NOTE 3 Salary and personnel costs, number of employees, loans to employees and auditor's fee

Salary and personnel costs	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Salaries	37 365	21 888	73 132	58 053
Payroll tax	5 948	2 949	9 103	6 587
Pension costs	1 898	813	2 965	1 095
Teamcost subsidiaries	6 525	17 186	0	0
Other benefits	488	114	528	6 700
Total	52 224	42 950	85 728	72 435
Average full-time employees	53,3	24,4	114,0	51,0

2022

Management remuneration	Salary	Board remuneration	Bonus¹	Pension costs	Other benefits	Total
Chief executive officer	2 583 355		1 213 877	66 126	4 392	3 867 750
<i>Board of Directors:</i>						
Chairman Tore Engebretsen		150 000				150 000
Harald Fredrik Hodne Ulltveit-Moe		150 000				150 000
Bjørn Christian Eide		230 000				230 000
Torkil Munkhaugen		150 000				150 000
Kari Bech-Moen		150 000				150 000
Ingrid Elvira Leisner		230 000				230 000
Total	2 583 355	1 060 000	1 213 877	66 126	4 392	4 927 750

¹ Bonus for 2021

2021

Management remuneration	Salary	Board remuneration	Bonus²	Pension costs	Other benefits	Total
Chief executive officer	2 365 610		809 415	64 438	4 392	3 243 855
<i>Board of Directors:</i>						
Chairman Tore Engebretsen						0
Harald Fredrik Hodne Ulltveit-Moe						0
Bjørn Christian Eide						0
Torkil Munkhaugen						0
Kristin Hellebust		298 500				298 500
Total	2 365 610	298 500	809 415	64 438	4 392	3 542 355

² Bonus for 2020

Kristin Hellebust received 10 000 shares as remuneration for her board position in 2020-2021. The shares were issued in January 2022.

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 3 year management incentive program as adopted by the board, for which the employee has received 1 298 700 stock options. 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.

Options to leading employees

During the year five employees have been granted options of the company's shares.

Below is an overview of the Group Management's share options:

	Opening	Granted	Ending
Management	balance	options	balance
CEO	974 025	324 675	1 298 700
Director	608 750	202 916	811 666
Director	–	250 000	250 000
Director	–	250 000	250 000
Director	608 750	–	608 750
Director	–	81 167	81 167
Total	2 191 525	1 108 758	3 300 283
Former Director	24 350	(24 350)	–
Former Director	243 500	(243 500)	–
Lapsed options this year	267 850	(267 850)	–

All issued options 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.

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 requirement of this law.

Auditor

Specification of auditor's fee:

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
Statutory audit fee	1 729 576	1 011 356	2 728 526	1 460 439
Audit related service	–	381 556	–	381 556
Tax advisory fee	–	–	–	–
Other services	–	973 994	–	1 098 746
Total fee to auditor	1 729 576	2 366 906	2 728 526	2 940 741

VAT is not included in the fee specified above.

Loans and guarantees to management and share holders 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

Xplora Technologies AS	Research and development cost	Total
Acquisition cost at 01.01.22	20 629	20 629
Additions	32 194	32 194
Disposals	-2 291	-2 291
Acquisition cost 31.12.22	50 532	50 532
Accumulated amortisation/impairment at 31.12.22	-15 565	-15 565
Net carrying value at 31.12.22	34 967	34 967
Amortisation for the year	-8 265	
Impairment loss for the year	-1 830	
Useful economic life	4 years	
Amortisation plan	Linear	

Amounts in NOK 1000

Xplora Technologies Group	Goodwill	Customer Contracts	Research and development cost	Total
Acquisition cost at 01.01.22	187 522	73 740	28 600	289 861
Additions			35 712	35 712,00
Disposals			-2 291	-2 291,19
Acquisition cost 31.12.22	187 522	73 740	62 021	323 282
Accumulated amortisation/impairment at 31.12.22	-32 816	-32 261	-22 075	-87 153
Reversed impairments 31.12.22				-
Net carrying value at 31.12.22	154 705	41 479	39 945	236 129
Amortisation for the year	-19 023	-18 435	-11 335	
Impairment loss for the year			-1 830	
Useful economic life	10 years	4 years	4 years	
Amortisation plan	Linear	Linear	Linear	

NOTE 5 Tangible assets

Amounts in NOK 1000

Xplora Technologies AS

Property, plant and equipment	Art	Machinery and equipment	Total
Acquisition cost at 01.01.22	50	527	577
Additions		493	493
Disposals			-
Acquisition cost 31.12.22	50	1 020	1 070
Accumulated amortisation/impairment at 31.12.22		-340	-340
Net carrying value at 31.12.22	50	679	729
Depreciation for the year		-235	
Useful economic life		3/5 years	
Amortisation plan		Linear	

Amounts in NOK 1000

Xplora Technologies Group

Property, plant and equipment	Art	Machinery and equipment	Total
Acquisition cost at 01.01.22	50	1 383	1 433
Additions		1 410	1 410
Disposals			-
Acquisition cost 31.12.22	50	2 793	2 843
Accumulated amortisation/impairment at 31.12.22		-868	-868
Net carrying value at 31.12.22	50	1 926	1 976
Depreciation/impairment for the year	-	-565	
Useful economic life		3/5 years	
Amortisation plan		Linear	

NOTE 6 Finance income and expenses

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Finance income				
Income from investment in subsidiaries	36 874	41 570	–	–
Interest income from group companies	5 892	4 175	–	–
Other interest income	18	3	70	21
Other finance income	2	2	2	2
Exchange gain (Agio)	25 259	18 035	34 360	14 949
Total finance income	68 045	63 784	34 432	14 972

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Finance expenses				
Interest expenses from group companies	-2 712	–		
Other interest expenses	-980	-519	-1 721	-620
Exchange loss (Disagio)	-26 774	-14 918	-32 472	-15 523
Other finance cost	-485	-485	-485	-837
Total finance expenses	-30 951	-15 921	-34 678	-16 980
Net finance income and expenses	37 094	47 863	-245	-2 008

NOTE 7 Income taxes

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Income tax expense				
Tax payable	–	–	2 281	–
Correction of tax payable from prior period	–	–	517	–
Changes in deferred tax	–	–	-13 387	-2 997
Total income tax expense	–	–	-10 589	-2 997
Tax base calculation				
Profit before income tax	-47 468	1 140	-84 983	16 521
Group contribution	34 409	41 570	–	–
Permanent differences *)	-36 412	-41 310	496	141
Change in temporary differences	-7 001	-2 731	-5 798	16 380
Tax base	-56 472	-1 331	-90 285	–
Changes in tax papers				
Profit before income tax		–		
Group contribution		–		
Permanent differences *)		–		
Change in temporary differences		8 109		
Tax base		6 778		
Payable tax in the balance sheet				
Payable tax on this years profit	–	–	–	–
Total payable tax in the balance sheet	–	–	–	–

Xplora Technologies AS

Temporary differences:	2022	2021	Change in difference
Tangible and In assets	464	52	-411
Accounts receivable	-452	-452	-
Allocations and more	-	-	-
Inventories	-	-	-
Provisions	-1 520	-8 109	-6 590
Corrections	-	-	-
Total	-1 508	-8 509	-7 001
Accumulated loss to be brought forward	-91 192	-34 719	-56 473
Not included in the deferred tax calculation	92 700	43 228	49 472
Basis for calculation of deferred tax asset	-0	-	-
Deferred tax liability (asset)	-	-	-

Xplora Technologies Group

Temporary differences:	2022	2021	Change in difference
Intangible assets	41 479	59 914	18 435
Tangible assets	2 303	79	-2 224
Accounts receivable	-1748	441	-2 189
Allocations and more	-1 589	-2 191	3 780
Inventories	-	-	-
Provisions	-3 701	-2 815	886
Corrections	-	-	-
Total	36 744	59 810	23 066
Accumulated loss to be brought forward	-157 906	-100 492	-57 414
Not included in the deferred tax calculation	116 467	99 723	16 744
Basis for calculation of deferred tax asset	-4 695	59 041	-
Deferred tax liability (asset)	-1 033	12 989	-

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

	XPLORA TECHNOLOGIES AS	XPLORA TECHNOLOGIES GROUP
	2022	2022
Profit before tax	-47 468	-84 983
22% taxes on profit before tax	-10 443	-9 288
Permanent differences (22%) *	-441	130
Calculated income tax expense	-10 884	-9 158
Effective tax rate in % **)	22,9 %	10,8 %

*) 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

Xplora Technologies AS

Receivable from group companies (loans)	2022	2021
Xplora Technologies LTD	–	–
Xplora Technologies GmbH	68 585	136 788
Xplora Technologies SL	32 352	39 680
Xplora Technologies Inc	24 897	8 158
Xplora Mobile AB	–	–
Xplora Mobile OY	–	–
Xplora Mobile AS *)	36 874	41 570
Xplora Technologies APS	–	–
Xplora Technologies SAS	946	–
Total	163 654	226 195
Receivables maturing > 1 year	163 654	

*) Group contribution

Loans from group companies	2022	2021
Xplora Technologies LTD	19 656	7 100
Xplora Technologies GmbH	–	–
Xplora Technologies SL	–	–
Xplora Technologies Inc	–	–
Xplora Mobile AB	5 068	–
Xplora Mobile OY	4 506	–
Xplora Mobile AS	46 097	–
Xplora Technologies APS	14	–
Xplora Technologies SAS	–	–
Total	75 342	7 100
Payable maturing > 1 year	75 342	

Accounts receivable group companies	2022	2021
Xplora Technologies LTD	–	–
Xplora Technologies GmbH	–	–
Xplora Technologies SL	–	–
Xplora Technologies Inc	–	–
Xplora Mobile AB	3 005	599
Xplora Mobile OY	459	118
Xplora Mobile AS	25 402	6 185
Xplora Technologies APS	409	–
Xplora Technologies SAS	–	–
Total	29 276	6 902

Xplora Technologies AS

Accounts payable group companies	2022	2021
Xplora Technologies LTD	-	-
Xplora Technologies GmbH	-	-
Xplora Technologies SL	-	-
Xplora Technologies Inc	-	-
Xplora Mobile AB	-	-
Xplora Mobile OY	-	-
Xplora Mobile AS	3 176	-19
Xplora Technologies APS	-	-
Xplora Technologies SAS	-	-
Total	3 176	-19

NOTE 9 Investment in subsidiaries and associates

The following subsidiaries are included in the consolidated financial statements 31.12.22

Amounts in NOK 1000

Xplora Technologies AS

Subsidiaries	Location	Established	Ownership/ voting rights	Cost price shares	Net profit/ loss 31.12.22	Equity 31.12.22
Xplora Technologies GmbH	Hamburg	15.08.2017	100 %	236	-270	5 442
Xplora Technologies Ltd	London	13.07.2017	100 %	1	-395	-18 740
Xplora Technologies SI	Madrid	05.12.2018	100 %	34	-771	-19 003
Xplora Technologies Inc	Dower, DE	13.02.2020	100 %	0	-586	-2 952
Xplora Technologies SAS	Paris	22.07.2022	100 %	0	4	-5
Xplora Mobile Holding AS *)	Oslo	24.01.2019	100 %	241 662	-42	68 466
Xplora Mobile Holding subsidiaries:						
Xplora Mobile AS	Oslo	29.10.2014	100 %	55 010	25 745	9 354
Xplora Mobile AB	Sollentuna	03.11.2015	100 %	53	6 937	9 023
Xplora Mobile OY	Espoo	05.04.2019	100 %	24	210	1 992
Xplora Technologies APS	Copenhagen	04.05.2020	100 %	60	-362	-6 060

*) 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

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Goods for resale	37 575	18 872	96 350	82 479
Total	37 575	18 872	96 350	82 479

The Group's inventories consists of finished goods in it's entirety.

	31.12.2022	31.12.2021
Inventories Xplora AS (Norway)	37 575	18 872
Inventories Xplora GMBH (Germany)	7 793	48 894
Inventories Xplora SL (Spain)	734	553
Inventories Xplora LTD (GB)	17 597	5 336
Inventories Xplora Inc (USA)	21 473	4 951
Inventories Xplora SAS (France)	89	0
Inventories Xplora Mobile AS (Norway)	8 423	4 167
Inventories Xplora Mobile AB (Sweden)	3 963	3 029
Inventories Xplora Technologies APS (Denmark)	225	207
Total Inventories	97 872	86 010
Elimination margin in stock	-1 403	-3 443
Provision for damaged goods	-119	-88
Total	96 350	82 479

NOTE 11 Bank deposits

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Employees tax deduction, deposited in a separate bank account	1 773	846	1 841	1 698
Deutsche Telekom funding account	5 016	-	5 016	-
Other bank deposits and cash	20 974	50 521	43 552	138 053
Total bank deposit and cash	27 762	51 366	50 409	139 751
Overdraft account	-	-	-	-
Total liquid assets	27 762	51 366	50 409	139 751

NOTE 12 Share capital and shareholder information

Xplora Technologies AS

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

Main shareholders at 31.12.22:	Ordinary 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	1 822 165	4,4 %	4,4 %
MK CAPITAL AS	1 320 325	3,2 %	3,2 %
Citibank	1 268 385	3,0 %	3,0 %
SKATTUM INVEST AS	1 124 355	2,7 %	2,7 %
Commerzbank Aktiengesellschaft	1 119 519	2,7 %	2,7 %
ESMAR AS	1 092 576	2,6 %	2,6 %
KIRKBAK HOLDING AS	1 029 000	2,5 %	2,5 %
FOUGNER INVEST AS	937 750	2,3 %	2,3 %
AREPO AS	840 000	2,0 %	2,0 %
THUNDERSTORM INVEST AS	688 323	1,7 %	1,7 %
INGVARDA AS	551 329	1,3 %	1,3 %
CAMELBACK HOLDING AS	550 800	1,3 %	1,3 %
NORDNET LIVSFORSIKRING AS	546 813	1,3 %	1,3 %
VERDIPAPIRFONDET DNB SMB	523 557	1,3 %	1,3 %
VINTERSTUA AS	489 389	1,2 %	1,2 %
SPAREBANK 1 MARKETS AS	483 550	1,2 %	1,2 %
Total	26 373 253	63,3 %	63,3 %
Other (less than 1 % ownership)	15 283 366	36,7 %	36,7 %
Total number of shares	41 656 619	100,0 %	100,0 %

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 %
Torkil Munkhaugen	Director	S.Munkhaugen AS	1 991 325	33 %
Bjørn Christian Eide	Director	Esmar AS	1 092 576	45%
Ingrid E. Leisner	Director	Duo Jag AS	25 000	50 %
Kari Bech-Moen	Director	M-Effective Holding AS	6 000	100 %
Sten Kirkbak	CEO	MK Capital AS**	1 320 325	50 %
Sten Kirkbak	CEO	EF Investigo Holding AS	402 100	15,4 %
Sten Kirkbak	CEO	Kirkbak Holding AS	1 029 000	100 %

Related Parties to Board Members and CEO:

Tove Wehn, a related party to Sten Kirkbak, CEO at Xplora Technologies AS, owns 18,191 shares in Xplora.

Options/rights outstanding:

There are a total of 3 300 283 options and 2 500 000 subscription rights as of 31 December 2022, where;

Holder;	Type	Number:
Guarantors for IN and SMN loans	Subscription right	2 500 000
Management Incentive Program	Option	3 300 283
Total:		5 800 283

In return for guaranteeing for loan financing in 2019 and 2020, the company has issued independent subscription rights to Skadi AS, Harmonium Invest AS, Hering AS and Torsen Tankers & Towers AS (collectively the "Subscribers").

On July 12th 2022, The Subscribers exercised 928 571 subscriber rights at price NOK 7 and 934 200 subscriber rights at a price of NOK 10.70. After this, the guarantors hold 2 500 000 rights with subscription price of NOK 7 and expiration 31.12.2023.

NOTE 13 Equity

Amounts in NOK 1000

Xplora Technologies AS	Share capital	Share premium	Other paid-up equity	Total equity
Equity at 01.01.2022	159	465 832	3 106	469 097
Proceeds from share issue	7	16 896	–	16 903
Paid not registered capital	–	–	–	–
ProSieben Effekt	–	–	–	–
Foreign currency translation	–	–	–	–
Option program	–	2 770	–	2 770
Net profit as of 31.12.22	–	-47 468	–	-47 468
As of 31.12.2022	167	438 031	3 106	441 303

Xplora Technologies Group	Share capital	Share premium	Other paid-up equity	Total equity
Equity at 01.01.2022	159	397 870	3 106	401 135
Proceeds from share issue	7	16 896	–	16 903
Paid not registered capital	–	–	–	–
ProSieben Effekt	–	–	–	–
Foreign currency translation	–	4 170	–	4 170
Option program	–	2 770	–	2 770
Net profit as of 31.12.22	–	-74 394	–	-74 394
As of 31.12.2022	167	347 313	3 106	350 585

NOTE 14 Liabilities and receivables

	XPLORA TECHNOLOGIES AS		XPLORA TECHNOLOGIES GROUP	
	2022	2021	2022	2021
<i>Amounts in NOK 1000</i>				
Long term receivables				
Other long term receivables			4 188	160
Long term liabilities				
Liabilities to Innovasjon Norge	22 917	25 000	22 917	25 000
Liabilities to financial institutions	–	–	–	4 850
Total	22 917	25 000	22 917	29 850
Short term liabilities				
Liabilities to Nordea	13 146	–	13 146	–
Liabilities to financial institutions	–	–	2 250	–
Total	13 146	0	15 396	0
	2022	2021	2022	2021
Secured debts:	36 063	25 000	38 313	29 850
Pledged assets:				
Accounts receivable	30 711	6 904	61 712	32 826
Inventories	37 575	18 872	45 998	22 872
Tangible assets	729	472	748	496
Total	69 015	26 248	108 458	56 194

Innovasjon Norway has registered a mortgage on Xplora Technologies AS of MNOK 25 in the Personal Property Register as of 31.12.22 related to the abovementioned long term debt.

The mortgage/guarantee is distributed as follows:

Inventories	25 MNOK
Accounts receivable	25 MNOK
Plant and equipment 2	5 MNOK

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

Nordea has registered a mortgage on Xplora Technologies AS of MNOK 150 in the Personal Property Register as of 31.12.22 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

Pareto has registered a mortgage on Xplora Mobile AS of MNOK 1000 in the Personal Property Register as of 31.12.22 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

Lease object	Duration	Lease cost
Land, buildings and other real estate	3-5 yrs	8 261 940
IT and software systems	3-5 yrs	3 756 000
Equipment, fixtures and fittings		268 538
Total		12 286 478

New offices were established in Spain and US. Increased office space in Norway and UK.

NOTE 16 Transactions with related parties

Amounts in NOK 1000

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:

- Purchase of goods for sale.
- The sale of goods and services for operations.

The receivables and payables among group companies is specified in the balance sheet and in note 12.

Related-party transactions with subsidiaries	31.12.2022	31.12.2021
Sales of goods / services:		
Sales of watches	207 687	227 460
Service fee and administration fee	42 322	26 662
Other	0	1 521
Total	250 009	255 643

Purchase of goods / services:

Purchase of watches	8 389	3 746
Service fee and administration fee	1 990	21 660
Total	10 380	25 407

Related-party transactions with subsidiaries			2022
Xplora Technologies AS	sale to	Xplora Mobile AS	62 179
Xplora Technologies AS	sale to	Xplora Mobile AB	9 297
Xplora Technologies AS	sale to	Xplora Mobile OY	1 607
Xplora Technologies AS	sale to	Xplora Technologies APS	273
Xplora Technologies AS	sale to	Xplora Technologies GmbH	119 993
Xplora Technologies AS	sale to	Xplora Technologies Ltd	28 100
Xplora Technologies AS	sale to	Xplora Technologies Inc	21 829
Xplora Technologies AS	sale to	Xplora Technologies SL	6 618
Xplora Technologies AS	sale to	Xplora Technologies SAS	113
Xplora Mobile AS	sale to	Xplora Technologies AS	1 780
Xplora Technologies Ltd	sale to	Xplora Technologies AS	1 894
Xplora Technologies GmbH	sale to	Xplora Technologies AS	6 496
Xplora Technologies SL	sale to	Xplora Technologies AS	211

NOTE 17 Provisions for liabilities and charges

Guarantee provision

Germany have a two year warranty period where Xplora must prove any defects within the first year, while the customer must prove that the defect existed in the first year for the second year.

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

All other countries have a 2-year warranty period for direct purchase from Xplora.

NOTE 18 Contingent liabilities and events after the reporting period

On 10 February 2023 CFO, Mikael Clement announced his resignation from Xplora Technologies to pursue new opportunities outside the company.

From April 1 2023, Jonas Ringstad will act as interim CFO.

NOTE 19 Financial market risk

The company currently does not use financial instruments to hedge financial market risk.

Interest rate risk

Interest rate risk in 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 primarily in EUR SEK and NOK. The Company also reports its earnings and financial information in NOK.

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 has issued a stand-alone basis subscription rights to the guarantors. The table below shows an overview of independent subscription rights issued as compensation for surety liability:

Agreement	Innovasjon Norge (IN)	SMN 3
Number of options	68 571,00	31 429,00
Number of options (after split)	1 714 286,00	785 714,00
Share price (including dilution)	158,32	158,00
Stock price	175,00	175,00
Strike price (before split)	175,00	175,00
Strike price (after split)	7,00	7,00
Grant date	29.06.2020	25.06.2020
Expiry date	31.12.2023	31.12.2023
Vesting date	The warranty is expensed over the loan term	31.03.2021

A total of NOK 484,637 has been recognized in 2022 as a cost for Innovasjon Norge surety agreement.

2. Management Incentive Program

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 with a fourth year. Further to this, the Company has today entered into option agreements with primary insiders Sten Kirkbak, CEO, and Mikael Clement, CFO, respectively.

Sten Kirkbak is given the right, but not the obligation to subscribe for 324 675 shares in the Company, and Mikael Clement is given the right, but not the obligation to subscribe for 202 916 shares in the Company, both with a subscription price of NOK 14.7008. The subscription price is based on a 30 days VWAP as per 20 June 2022. The vesting period is 1 year from 1 January 2023 to 31 December 2023, and exercise is conditional upon employment in the Company.

The annual allotment for 2022 of the option program was announced to OSE on 29.06.22. The other allotments relates to Kristin Hellebust (16.12.2021), Sverre Jarle Simonsen (11.03.2022) and Kjetil Fennefoss (08.02.2022). For further information, see details in note 3.

A total of NOK - 3,757,079 has been recognized in 2022 (NOK 2,285,630 is the expensed value of options and NOK - 6,042,710 is released 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 behaviour for ESOP.

Audit Report



BDO AS
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0121 Oslo

Independent Auditor's Report

To the Annual Shareholders meeting of Xplora Technologies AS

Opinion

We have audited the financial statements of Xplora Technologies AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2022, 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 2022, the income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- 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 2022, 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 2022, 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 Director's 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.

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)

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