



# Q1

**Xplora Quarterly Report 2024**  
**Quarter 1 | January 1 - March 31**



# Q1 Agenda

We will run a slightly different format for Q1 presentation

1. Our business model
2. Quarter at a glance
3. Financial Update
4. Post Quarter events & Outlook statement
5. Q&A Session

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Capital Markets Day: June 13, 2024





# Xplora team presenting/QA today



**Sten Kirkbak**  
CEO

25 years experience from telecom, consumer and technology industry. Honored multiple patents and awards within the wearable industry, including the first certified and commercially launched kids smartwatch product in EU/US.



**Knut Stålen**  
CFO

30 years experience from global scale-ups within the software and technology industry. Degree in finance and marketing from BI, and has served as CFO in several publicly listed technology companies.



**Kjetil Fennefoss**  
COO

MSc. in Business Administration from University of Mannheim, Germany. Ex. MBA from LSE, London UK. 25+ yrs. in international telco. business before Xplora (Telenor, VEON, Millicom), incl. C-level positions from sales, distribution and customer operations



# Our Business Model

B2C/B2B

## Unit sales



- ✓ Prices from € 149
- ✓ Multiple products
- ✓ Target 30% margin
- ✓ 36 months life cycle

B2C

## Service Revenues



- ✓ Prices from € 6,99/m
- ✓ Basic and Premium options
- ✓ Target 80% margin
- ✓ 9 Global MVNO setups

B2B

## Service Revenues



- ✓ Prices from € 2/m
- ✓ Telco + IoT industry
- ✓ Target 90% margin
- ✓ Utilize Premium serv.

\* Average prices





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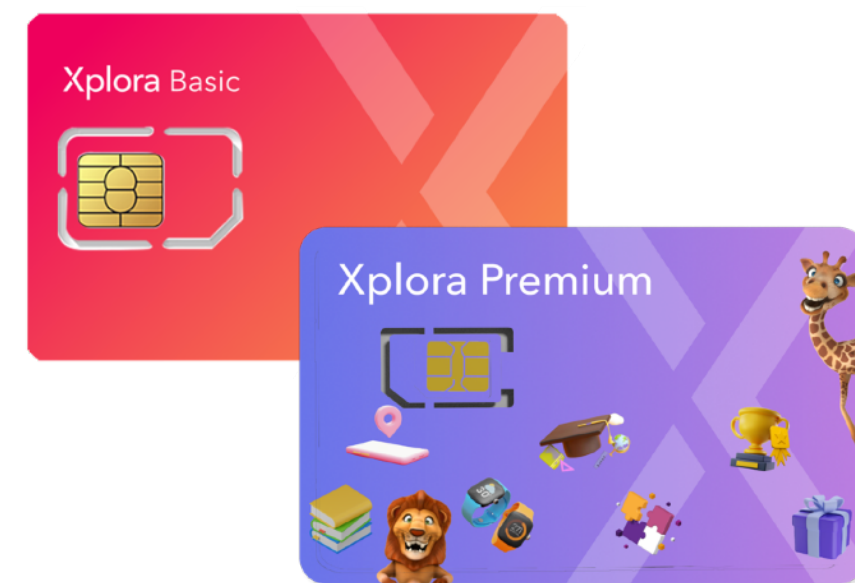
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## Service Revenues

	LTV	IP	Launch
Xplora Basic	Avg. 30 m	No	Launched
Xplora Premium	Avg. 30 m	Yes	Launched
Senior	TBA	Yes	TBA

\* Average prices



# Our Business Model

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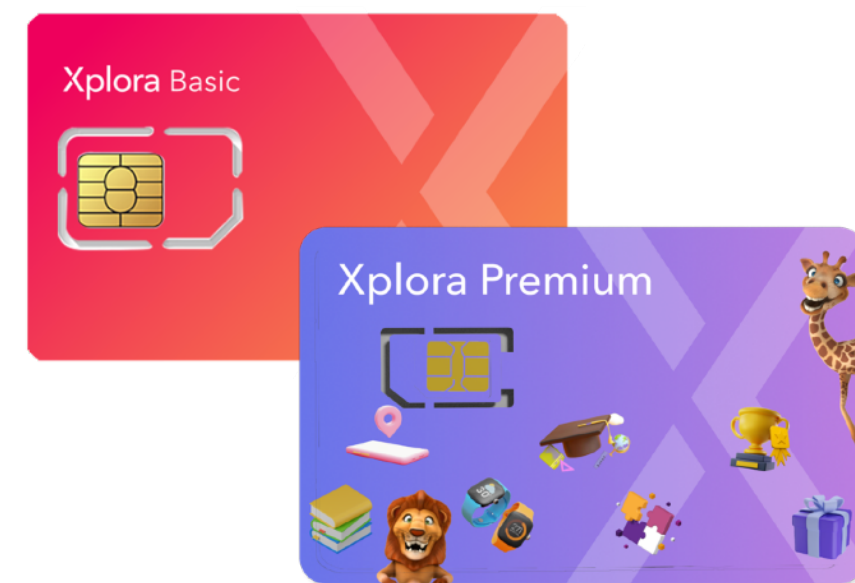
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B2B

## Service Revenues

	LTV	IP	Launch
Service Revenue model to telcos.	Active user base	Yes	5 announced
Service Revenue model to IoT industry.	TBA	Yes	TBA

\* Average prices



# 2024 focus areas



- ✓ Sell the right **product mix** to maximize unit economics (gross profit)
- ✓ Prioritize unit sales that generate **Service Revenues** (in particular global markets)
- ✓ Still focus on our **9 core markets**
- ✓ Introduce **new revenue streams** from B2B Service revenues and Senior market (H2)
- ✓ Continued focus on **cost efficiency** (OPEX in % of revenue)

Entering 2024 with **ARR of NOK 240m**

Approx. **half a million units** sold in 2023



Extending from kids to **new family IoT verticals**





# Q1 24 at a glance

## Group revenues

NOK 119m  
+24% y/y

## Recurring services

NOK 63 m  
+38% y/y

## Subscriptions

255K (215+40K)  
+51% y/y

## Gross earnings

NOK 69m  
+20% y/y

## Reported EBITDA

NOK 1.6m  
+NOK 4.3m y/y

## Cash balance

NOK 120m

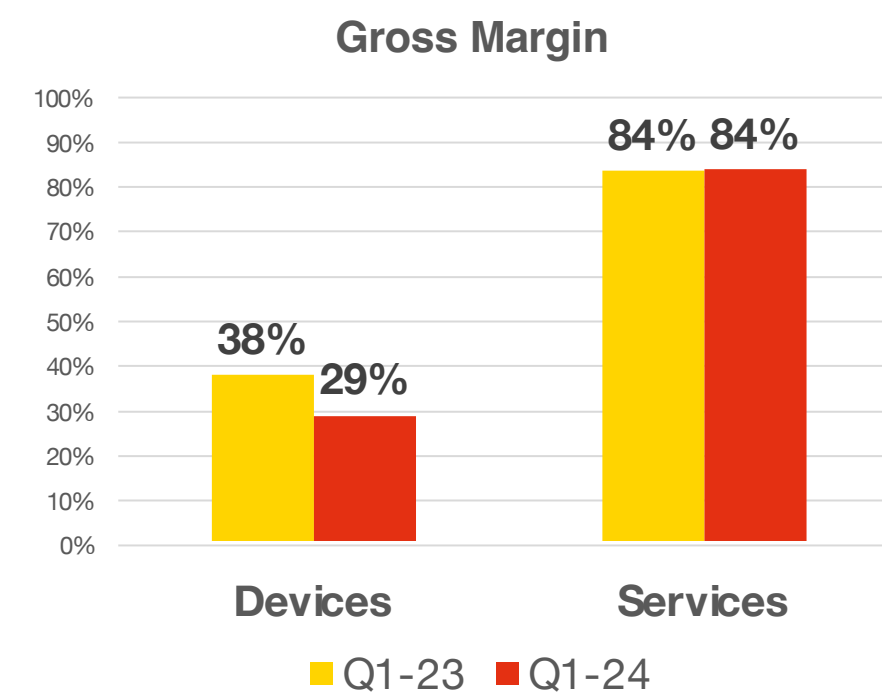
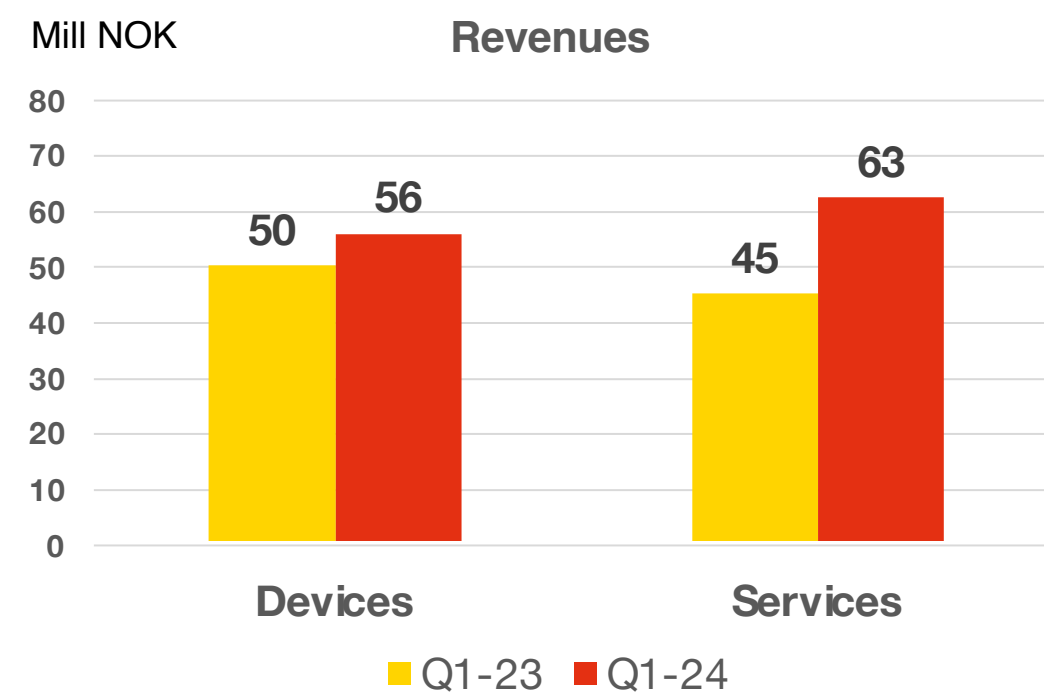
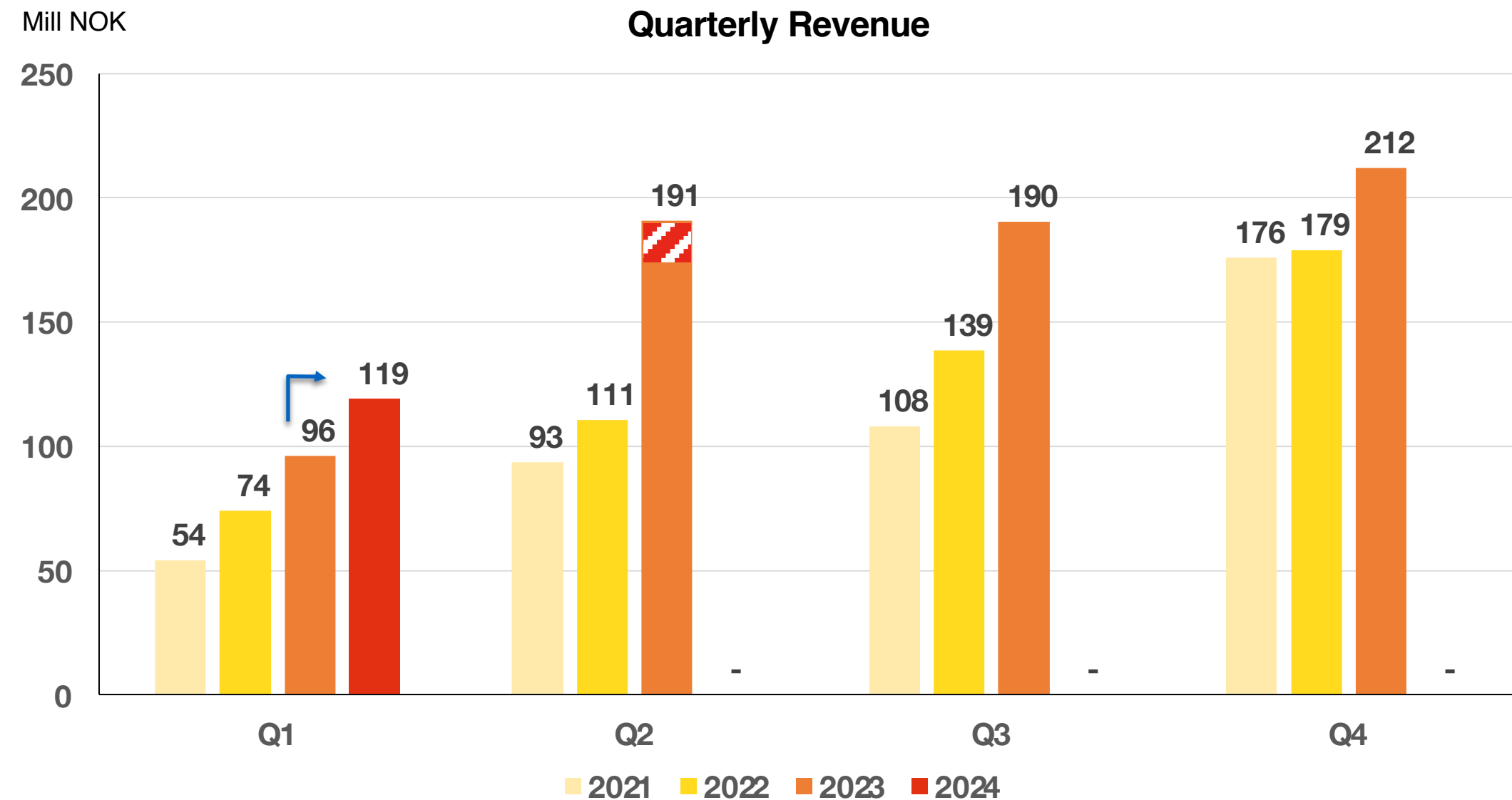


# Financial update

**Knut Stålen**  
**CFO**



# Total revenue growth in Q1-24 of 24%



- Increased device revenue from NOK 50m in Q1-23 to NOK 56m (NOK 6m or +12%)
- Gross margin from devices in Q1-24 of 29%. Cost of goods in Q1-23 was reduced with a reversal of NOK 5 mill with a comparable GM in Q1-23 of 28%.
- Increased service revenue from NOK 45m in Q1-23 to NOK 63m (+NOK 19m or +38%). Service revenue ARR Q1-23 of NOK 252m compared to NOK 196m in Q1-23
- Gross margin from services stays on same level as Q1-23 84% Steady GM last 5 quarters
- Overall Gross margin of 58% in Q1-24 (60% in Q1-23)
- Total gross profit of NOK 69M in Q1-24 compared to NOK 58M (+NOK 11M) in Q1-23



# Q1-24 Profit & Loss

- Positive EBITDA of NOK 1.6m (Q1-23 NOK -2.7m)
- EBITDA improvement of NOK 4m compared to Q1-24
  - Mainly due to increased gross profit and reduced OPEX as a % of revenues (57% compared to 63% in Q1-23)
- Operating expenses of NOK 67m (Q1-23 NOK 60m)
- NOK 27m in employee expenses, as in Q1-23, explained mainly by:
  - Non-cash Share based expenses NOK 1.7m (Q1-23 NOK 0.4m)
  - Capitalized R&D development reduced from NOK 4m in Q1-23 to NOK 3m in Q1-24
- NOK 40m in marketing and other operating expenses,
  - Marketing expenses NOK 13m (Q1-23 NOK 9m)
  - Other operating expenses of NOK 27m, increase of NOK 3m compared to Q1-23

Amount in NOK millions	Q1 24	Q1 23*	FY 23
Device revenue	56	50	477
Service revenue	63	45	210
Other revenue	0	1	2
<b>Total Revenue</b>	<b>119</b>	<b>96</b>	<b>689</b>
Cost of sales	50	38	357
<b>Gross Profit</b>	<b>69</b>	<b>58</b>	<b>332</b>
Payroll expenses	27	27	113
Marketing expenses	13	9	72
Other operating expenses	27	24	113
<b>EBITDA</b>	<b>2</b>	<b>-3</b>	<b>34</b>
Depreciation and amortization	5	4	19
<b>Adjusted operating profit / EBIT</b>	<b>-4</b>	<b>-7</b>	<b>15</b>
Amortization of XM acquisition	9	9	38
<b>Operating profit / EBIT</b>	<b>-13</b>	<b>-16</b>	<b>-23</b>

\*Restated in Q2 23



# Q1-24 Balance sheet

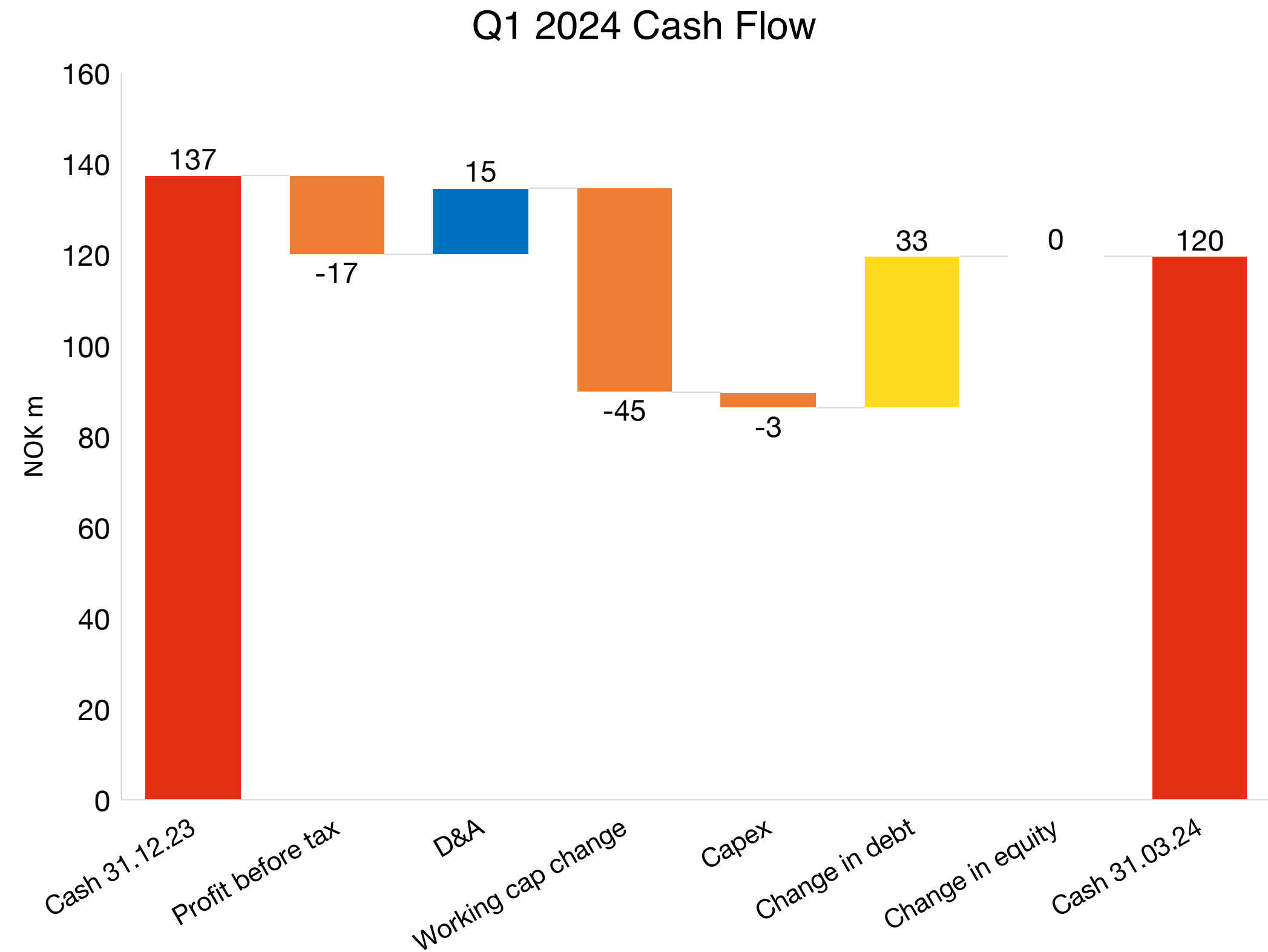
- Goodwill and customer contracts from the Xplora Mobile acquisition are amortized NOK 9m in Q1-24
  - Customer contracts fully amortized Q1-25
- Inventory similar level as Q1-2023
- The increase of debt to credit institutions of NOK 36m relates to both prepaid goods not received (other receivables) and already received goods
- NOK 120m in cash and cash equivalents

Amount in NOK millions	Q1 24	Q4 23	Q1 23
Fixed Assets	1	1	2
Goodwill	133	138	153
Customer Contracts	18	23	37
Intangible Assets	44	46	40
Deferred Tax Asset	11	11	1
Other long-term receivables	5	7	4
<b>Total Non-current assets</b>	<b>214</b>	<b>226</b>	<b>238</b>
Accounts receivable	33	39	40
Inventories	105	108	112
Other receivables	76	37	74
Cash & equivalents	120	137	55
<b>Total Current assets</b>	<b>333</b>	<b>321</b>	<b>280</b>
<b>Total Assets</b>	<b>547</b>	<b>547</b>	<b>518</b>
<b>Total Equity</b>	<b>328</b>	<b>338</b>	<b>338</b>
Other long-term debt	12	15	21
<b>Total long-term debt</b>	<b>12</b>	<b>15</b>	<b>21</b>
Short-term debt to credit institutions	91	55	52
Accounts payable	54	47	51
Other current liabilities	62	92	55
<b>Total Short-term debt</b>	<b>207</b>	<b>194</b>	<b>158</b>
<b>Total Equity and debt</b>	<b>547</b>	<b>547</b>	<b>518</b>



# Q1-24 Cash balance

- Started the quarter with NOK 137m in cash
- Net cash flow from operating activities of negative NOK 48m, compared to negative NOK 26m in Q1-23
- Negative NOK 45m in net change in working capital, largely driven by:
  - increase in the value of prepayments for goods in production, due to new generation products at higher average prices
- Exiting Q1-24 with NOK 120m in cash





# The road ahead

**Sten Kirkbak**  
**CEO**



# Post Quarter Events

- ✓ **New B2B Service revenue agreement** with leading German telecom and digital service provider. The deal also includes to developed a unique ODM product SKU (based on our XGO3 platform)
- ✓ **Strong Service revenue growth in Germany.** Our largest market in terms of units sold, has now surpassed both Denmark and Finland in terms of Service subscriptions.

**NOK  
30m**

**18k  
Subs.**







# Capital Markets Day

We will give stakeholders the opportunity to meet management, share insights and present future strategies.

- ✓ **Channel and market insight**
- ✓ **In-depth Product and Service strategies**
- ✓ **Trends and data insight**
- ✓ **Family IoT and future growth opportunities**

**Oslo, June 13, 2024 - CET 10:00**



# Outlook

- Similar 15% CAGR growth expectation for kids industry in 2024 (Revenue level). As in 2023 we will prioritize profitability over growth alone.
- Subscription (ARR) growth more important than unit growth.
- Continued focus on cost efficiency (OPEX in % of revenue) and increase in lifespan of our new devices to reduce CAPEX compared to earlier years.
- Launch our first products and services from SaaS and Senior division





# Q&A