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2nd QUARTER REPORT

2023

SMARTWATCHES.
SIM CONNECTIVITY.
PREMIUM SERVICES.

Xplora team presenting 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.

Jonas Ringstad
Interim CFO

Degree in finance from BI, and has worked with M&A processes for KPMG and as a risk analyst for NBIM in New York. He is experienced in financial planning and analysis, and has board experience from several start-ups.

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

Jason Pyne
Senior Vice President
Platform & Services

30 years experience working in media, digital marketing, and technology, including some of the largest news media organisations worldwide.

H1 23 at a glance

Group revenues
NOK 287 m
+55% y/y

Recurring services
NOK 95 m
+38% y/y

Subscriptions
187 K (170+17K)
+39% y/y

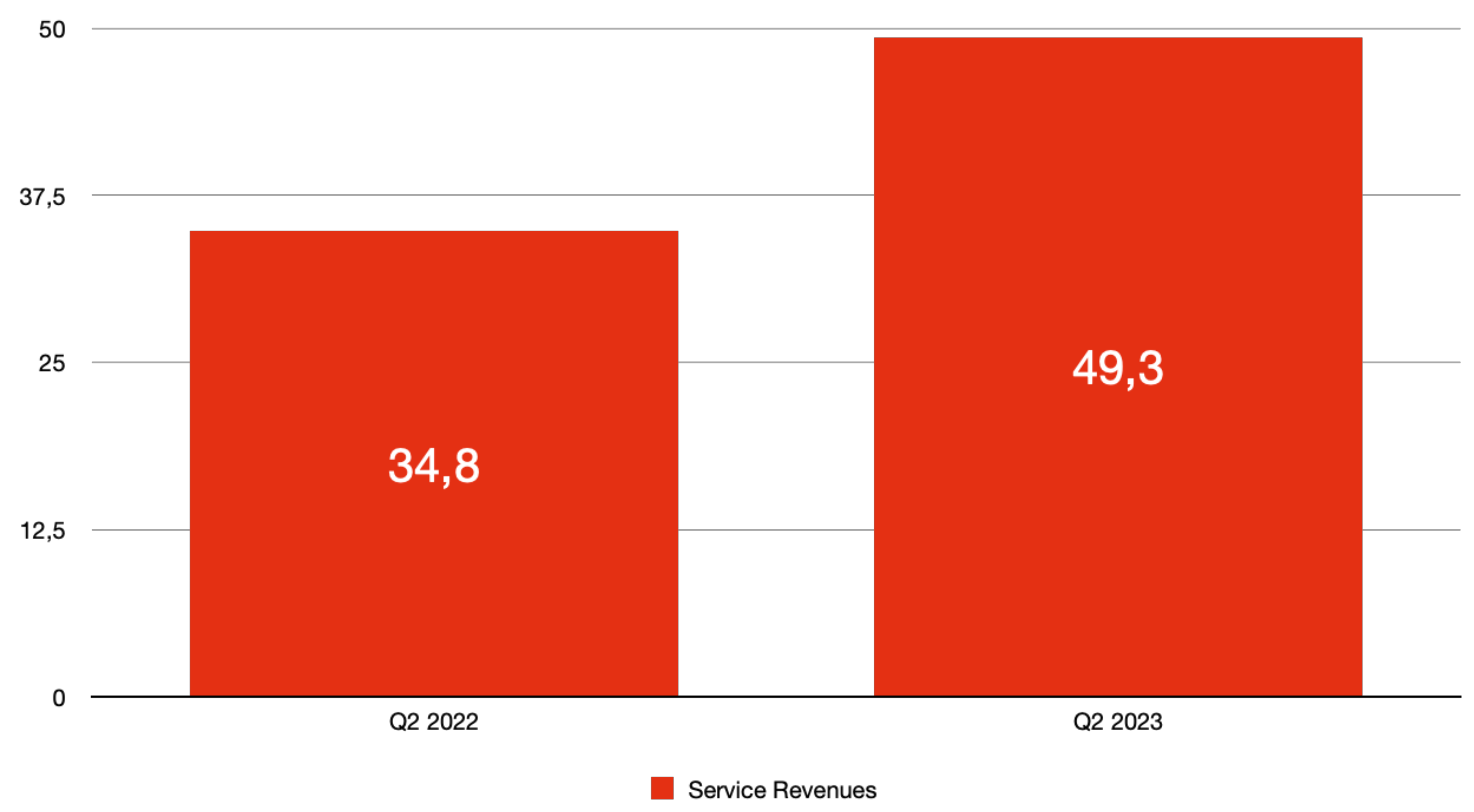
Gross earnings
NOK 147 m
+38% y/y

Reported EBITDA
NOK 14 m
+431% y/y

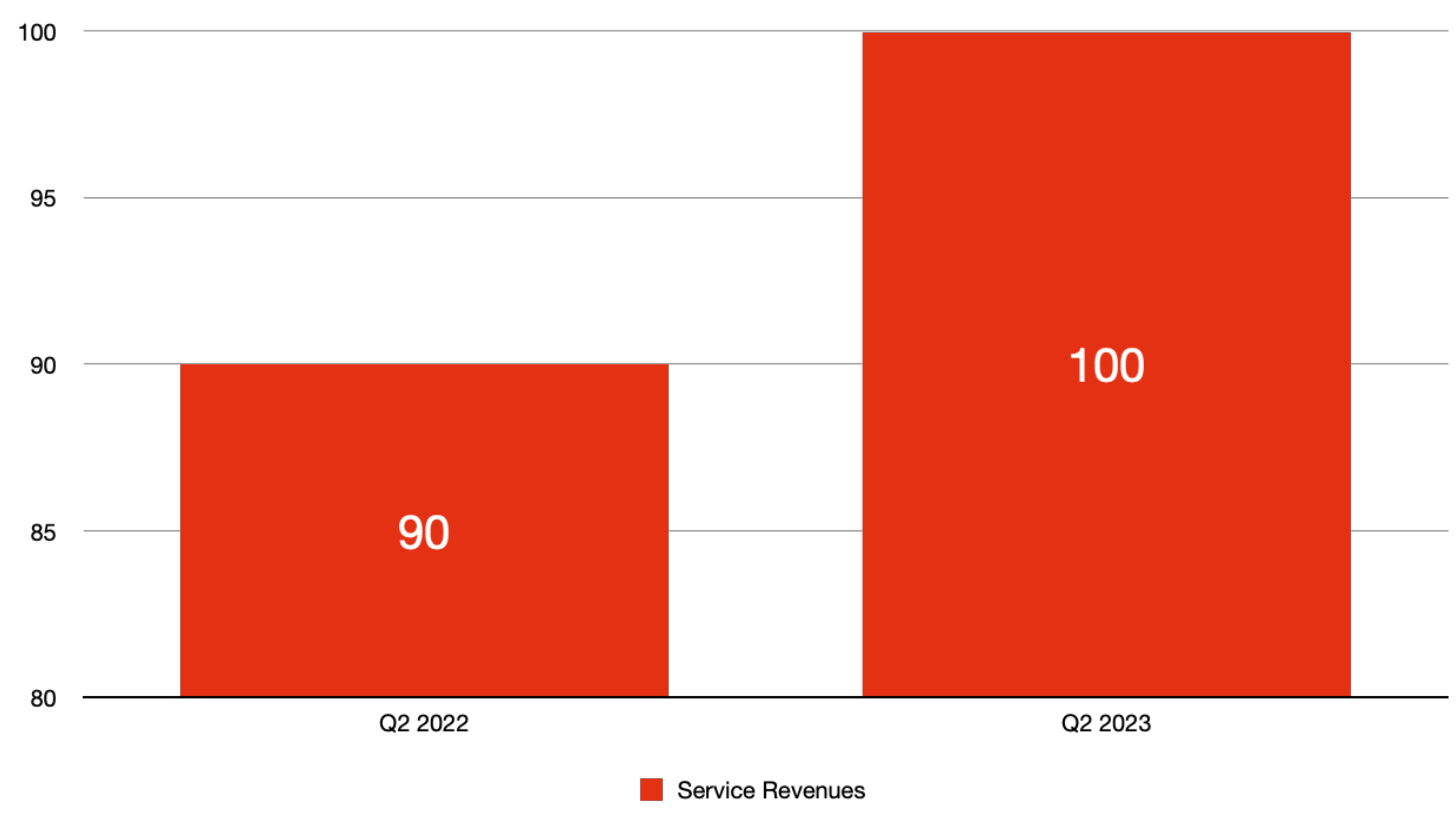
Cash balance
NOK 99 m

Successful SIM & Premium roll-out

Service Revenue Growth y/y



ARPU development y/y



✓ Xplora Connect MVNO in 9 markets

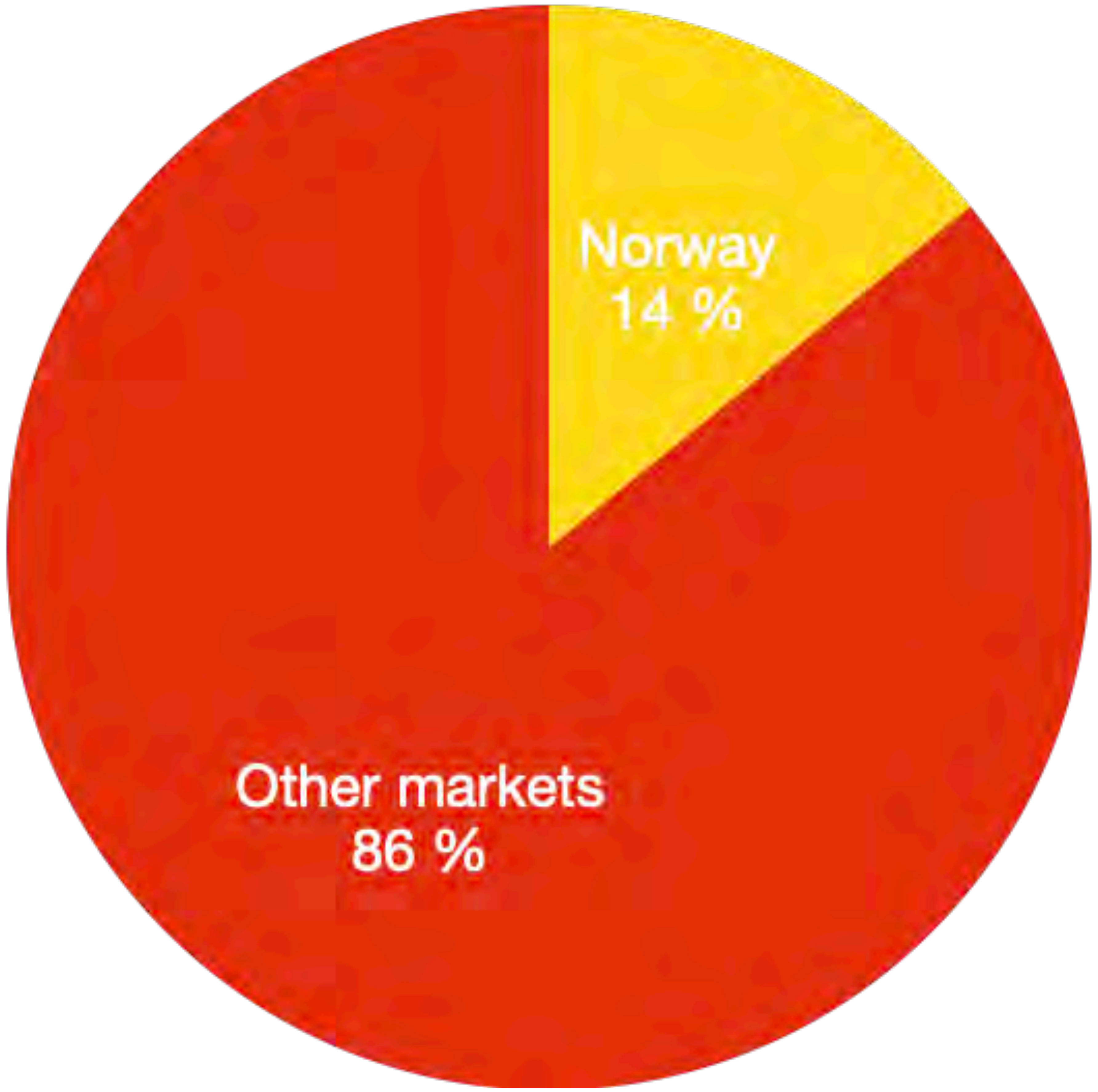
✓ Largest footprint of any Nordic MVNO

✓ SIM with basic & premium content plan

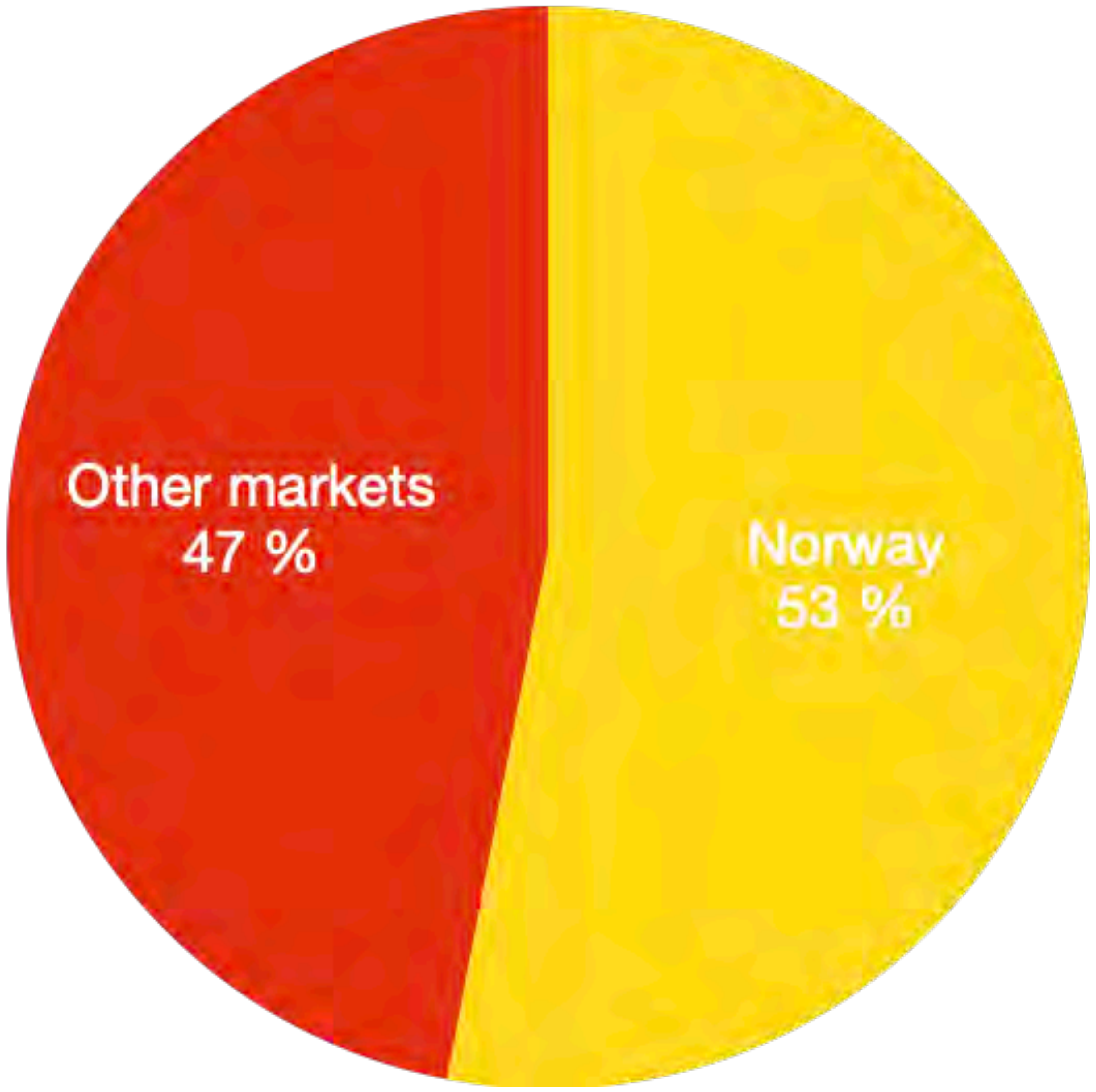
✓ Demonstrated 10% ARPU increase

Successful global growth

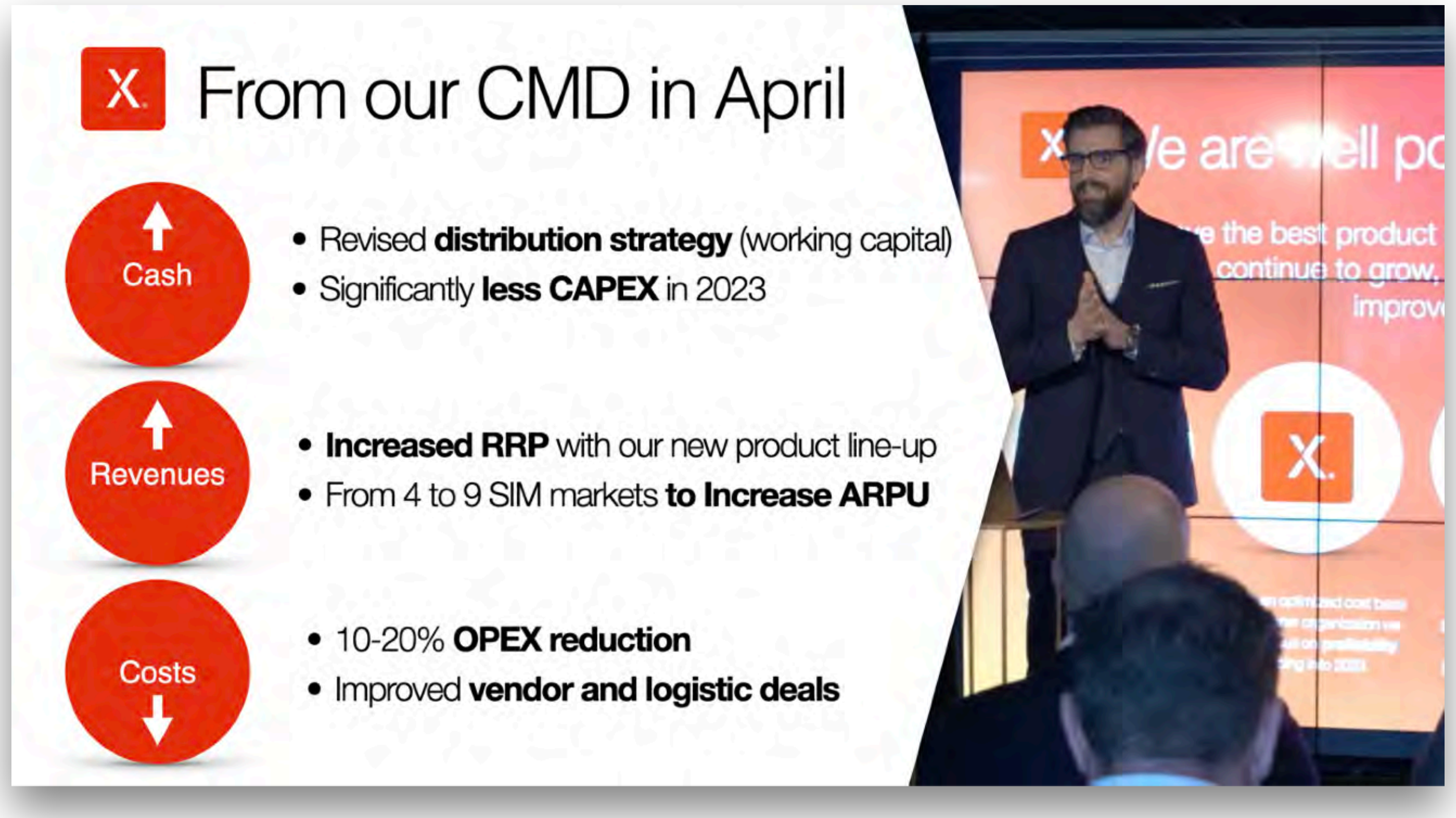
127K watches sold (Q2)



NOK 49m Service Revenue (Q2)



What we set out to do in 2023



- ✓ New Master Retail Agreement
- ✓ CAPEX NOK 20-25m VS 38m in 23 (NOK 11m)
- ✓ ARPU increased +10% during H1
- ✓ OPEX in Q2 22: 54% VS Q2 23: 45%

- ✓ 55% Revenue Growth
- ✓ 187K Subscriptions
- ✓ Profitability = NOK 14m H1 23

Progress from IPO

- Official Investment Case pres Oct 2020

- RRP (end consumer) ex VAT = **Euro 125 (20% margin)**
- Monthly Subscription ex VAT = **Euro 8 (50-80% margin)**

Q2 2023:

Watches:

✓ Avg. RRP = Euro 125
✓ Avg. Margin = 35%

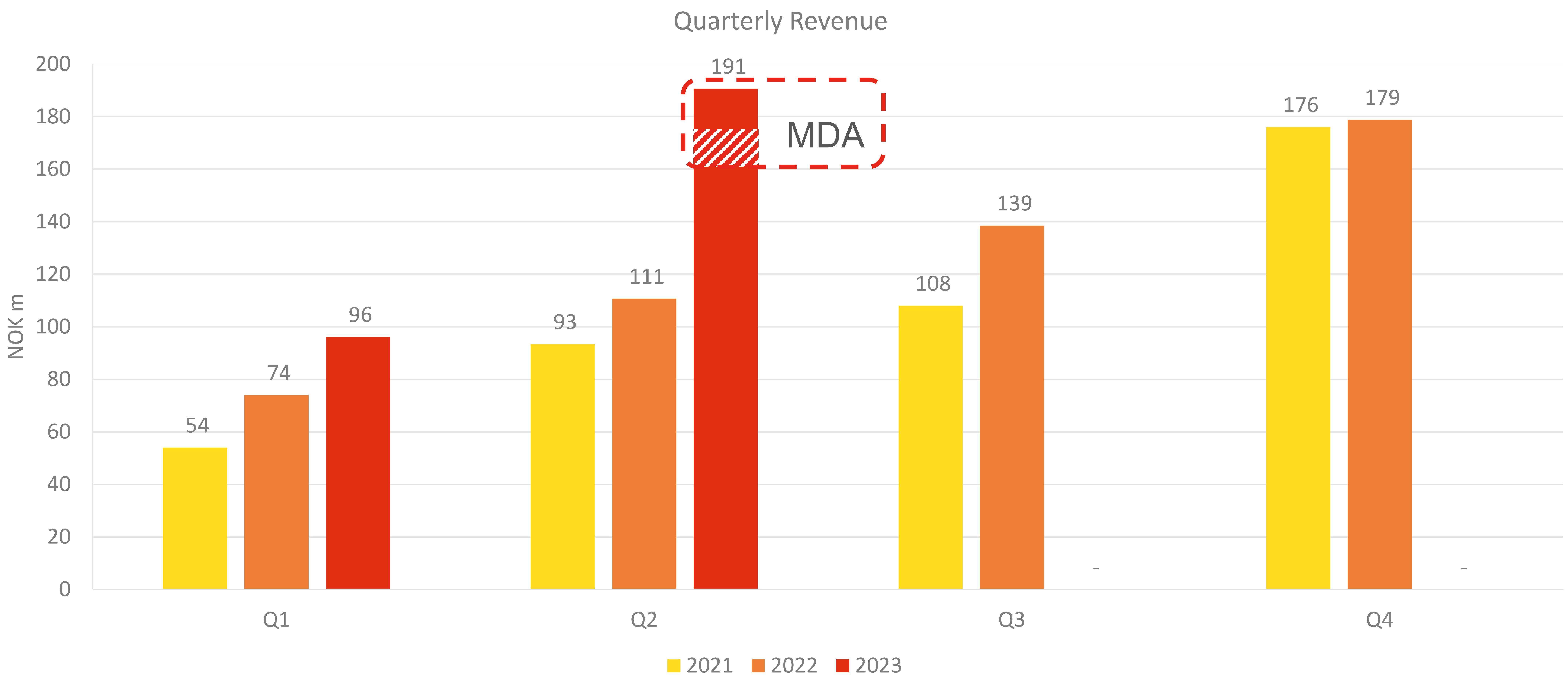
Subscriptions:

✓ Avg. price = Euro 8,7
✓ Avg. Margin = 83%

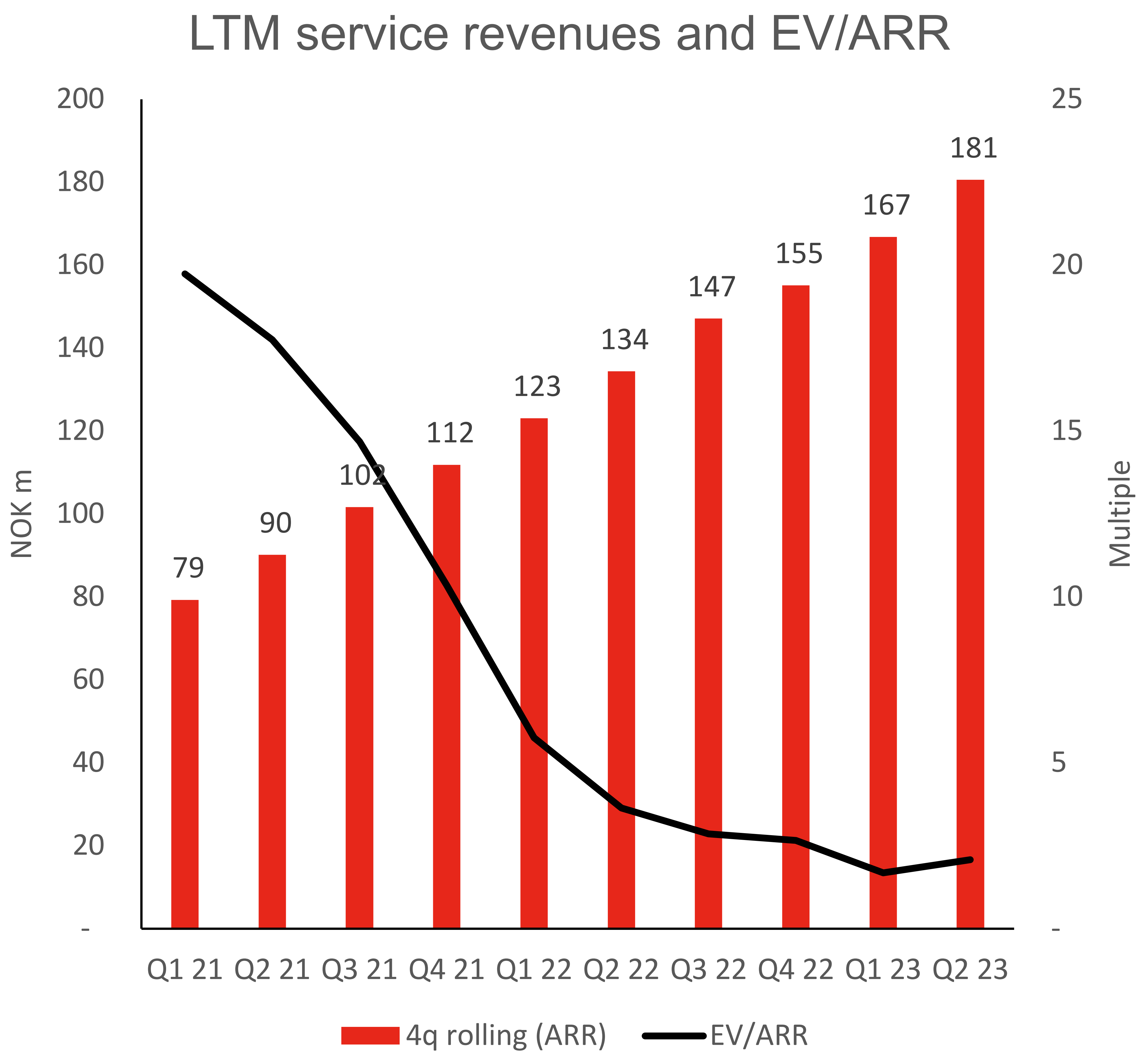
Financial Update

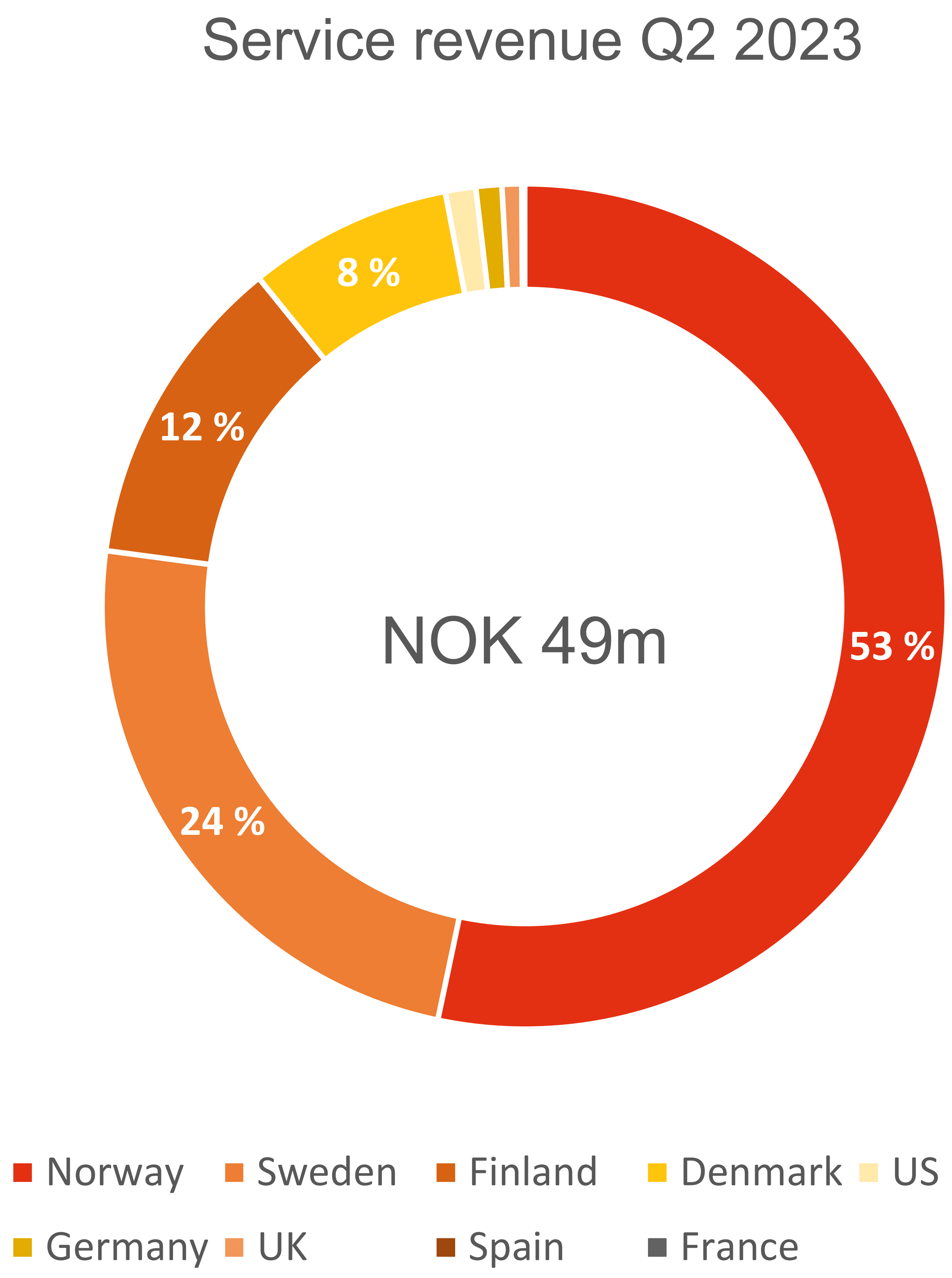
Jonas Ringstad
Interim CFO

Highest quarterly revenue, up 72% y/y

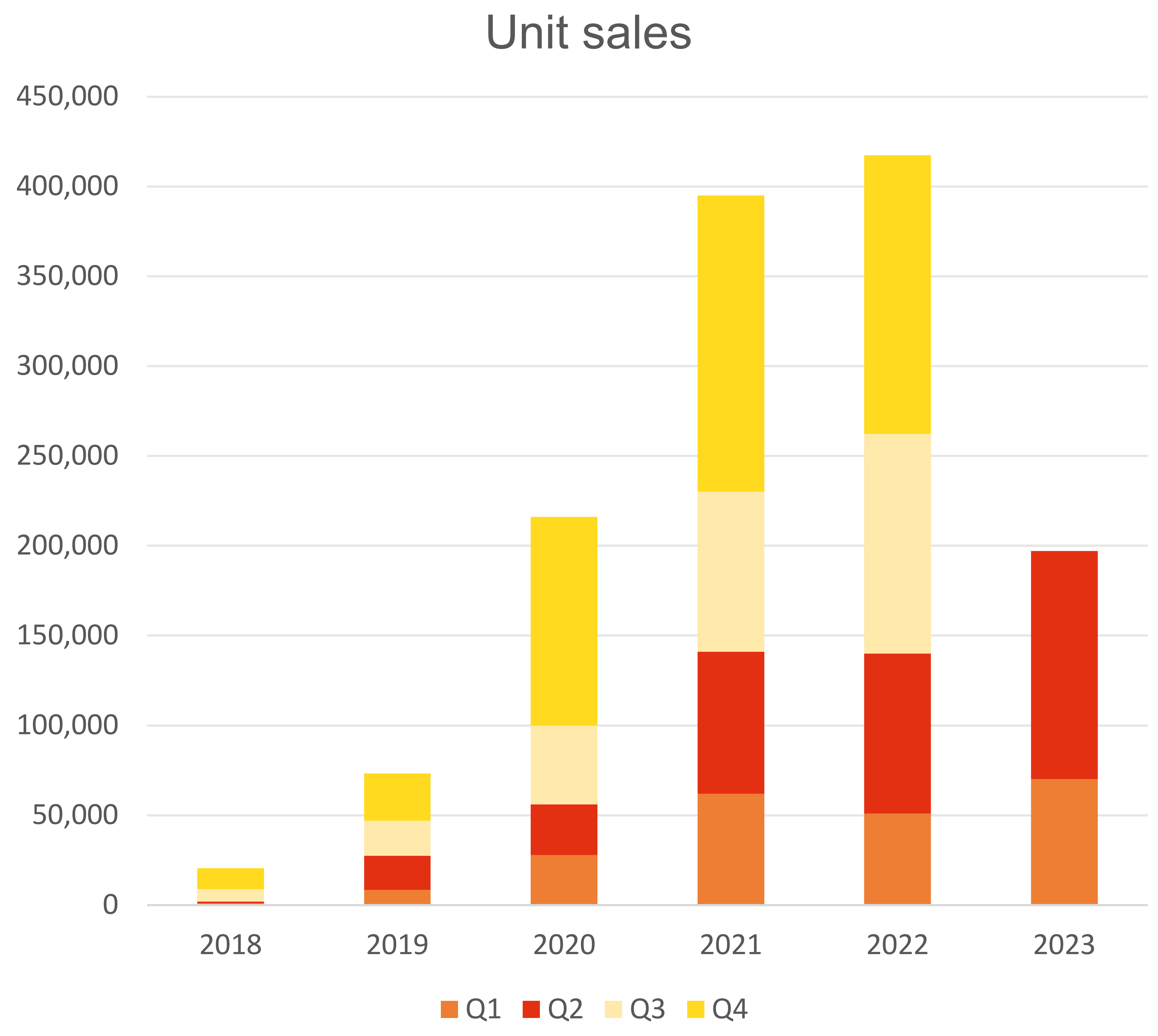


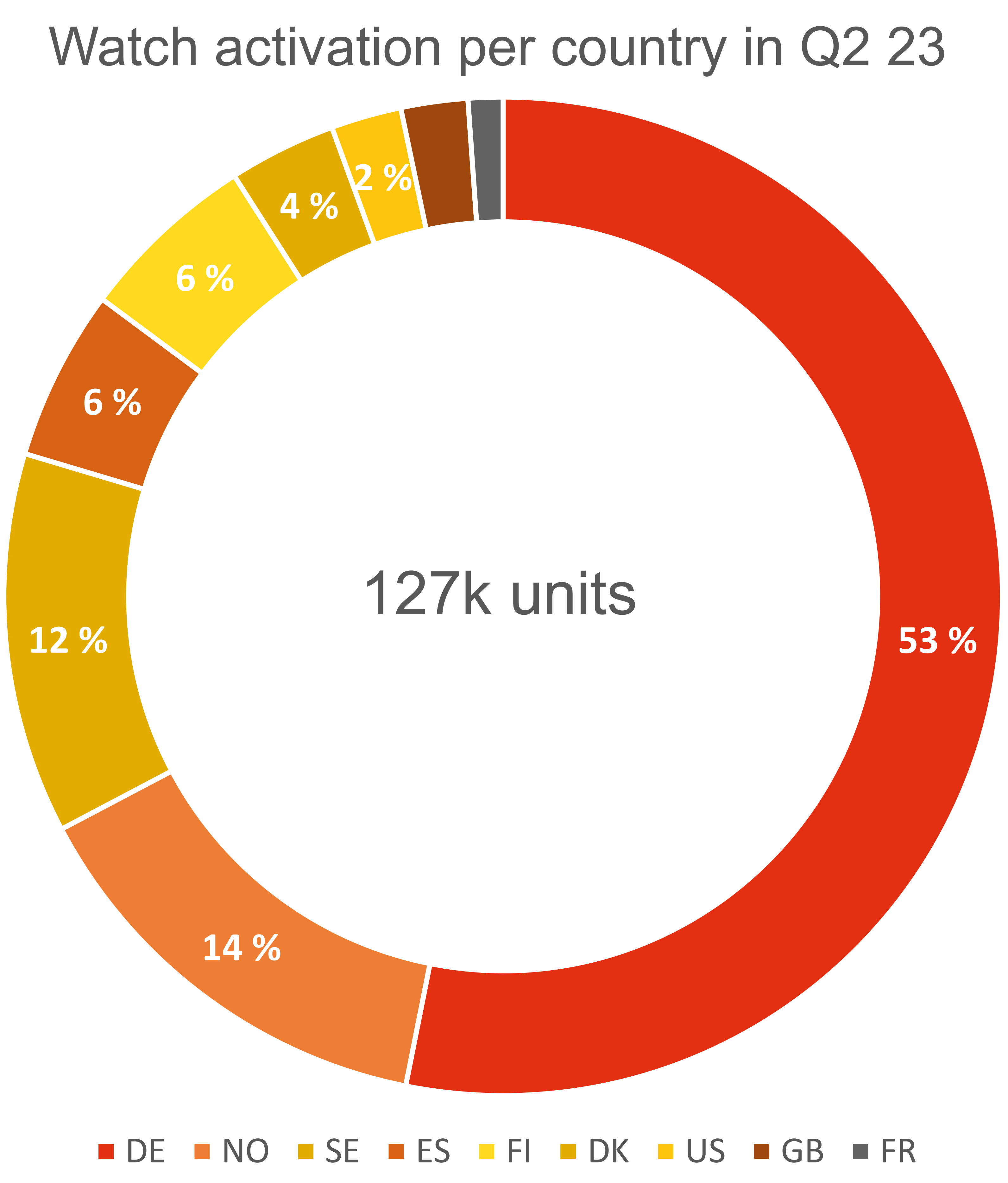
Strong service revenue growth





Robust device sales





Summary Q2 23

- Highest revenue in a single quarter, due to implementation of Master Distributor Agreement (MDA) and strong service revenue growth
- Operational expenses as percentage of revenue down from 54% to 38% (45% excluding Brodos)
- Positive EBITDA of NOK 17m
- NOK 99m in cash and cash equivalents

Amount in NOK millions	**Q2 2023**	**Q2 2022**	**YTD 2023**	**YTD 2022**
Device revenue	141	75	191	114
Service revenue	49	35	95*	68
Total revenue	191	111	287	185
Growth y/y	*72 %*	*19 %*	*55 %*	*25 %*
Gross profit	89	63	147	106
Gross margin	*47 %*	*57 %*	*51 %*	*57 %*
EBITDA	17	3	14	3
Subscriptions (k)	187	134	187	134
Shares outstanding (million)	42	40	42	40
Share price (NOK)	9	12	9	12
Market capitalization	375	489	375	489

**Due to a reporting error from a service provider in Q1 23, Xplora unfortunately reported NOK 4.2m as service revenue that should have been periodized and reported as deferred income on the balance sheet. The correct Q1 23 service revenue was NOK 45.3m, up 35% y/y.*

Q2 23 Profit & Loss

- Revenue of NOK 191m, up 72% y/y
  - Device sales of NOK 141m, up 90% y/y
  - Service sales of NOK 49m, up 42% y/y
- Cost of Sales of NOK 102m, up 112% y/y, explained by a higher share of device revenue
- Payroll for the quarter was at NOK 23m
  - Seasonally lower payroll due to release of Norwegian vacation payment
- Marketing was up 27% y/y, but down as a percentage of revenue from 15% to 11% y/y
- Other opex was NOK 28m, up 14% y/y
  - Down from 22% of revenue to 14%
- EBITDA was NOK 17m, up from NOK 3m in the restated Q2 22
  - EBITDA margin was 9%
- Depreciation of Xplora Mobile acquisition makes up the majority of NOK 13m in Q2 23

NOK '1000	**Q2 23**	**Q2 22**
Device revenue	140,788	74,558
Service revenue	49,357	34,880
Other revenue	506	1,241
Total Revenue	**190,652**	**110,679**
Cost of sales	101,634	47,885
Gross Profit	**89,018**	**62,794**
Payroll expenses	22,812	18,220
Marketing expenses	21,560	16,908
Other operating expenses	27,890	24,456
EBITDA	**16,755**	**3,211**
Depreciation and amortization	13,586	11,952
Operating profit / EBIT	**3,170**	**-8,741**
Other finance cost	2,267	319
Finance (income)/expenses - net	2,922	-941
Profit (loss) before tax	**-2,020**	**-8,119**
Income tax	-29	999
Net profit (loss)	**-2,049**	**-7,120**

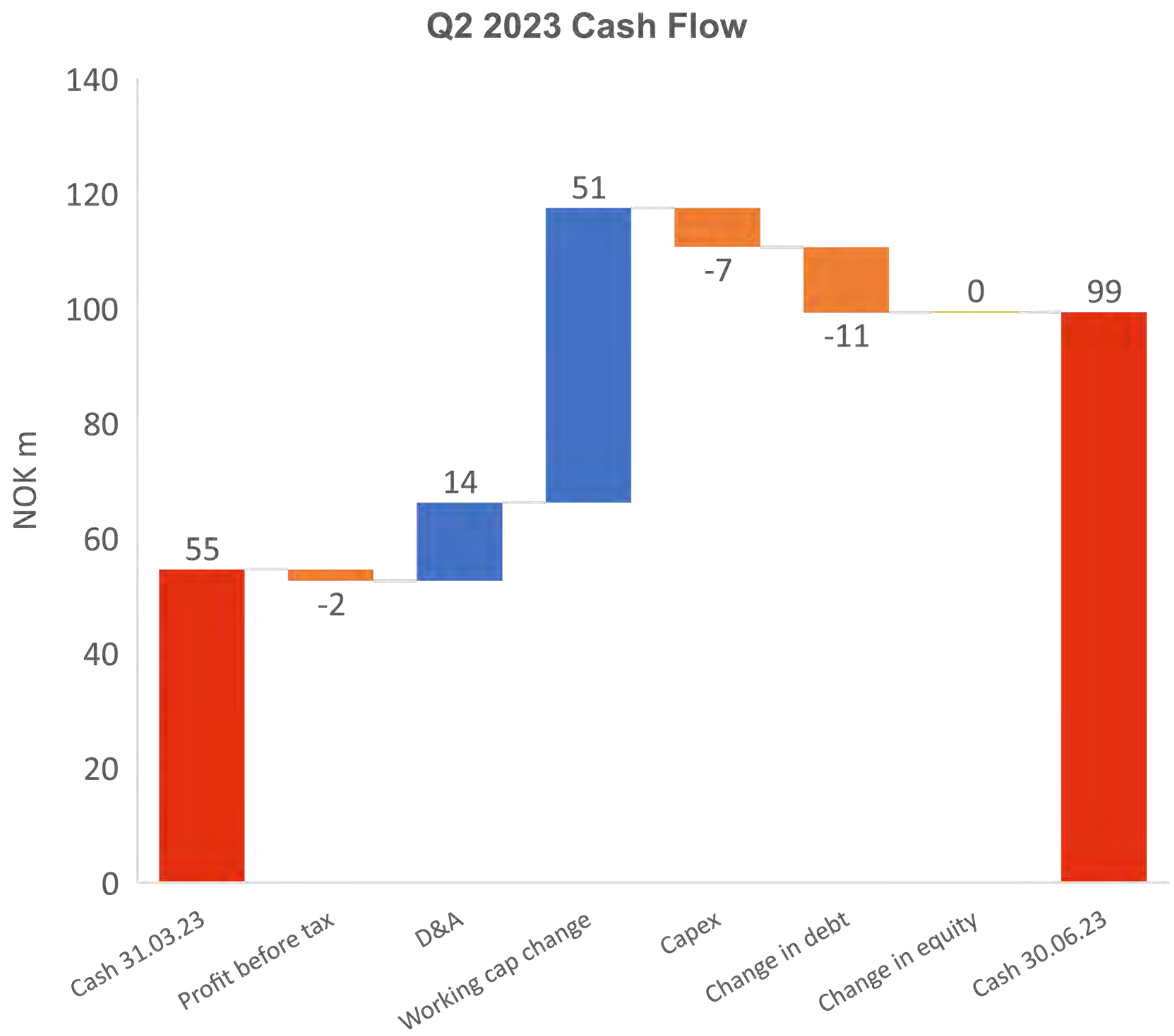
Q2 23 Balance

- NOK 22m decrease in inventories from new MDA
- Other receivables largely consist of prepayments for goods in production to be sold in H2 23
- **Increase in Cash of NOK 45m**
    - In a quarter that also reduced debt by NOK 11m
- This results in a **net working capital of NOK 70m**

NOK '1000	Q2 2023	Q1 2023	Q2 2022
Fixed Assets	1,820	1,917	1,721
Goodwill	148,383	153,071	164,081
Customer Contracts	32,261	36,870	50,696
Intangible Assets	44,039	41,415	33,800
Other long-term receivables	4,842	4,230	4,464
Total Non-current assets	**231,346**	**237,503**	**254,763**
Accounts receivable	36,450	39,814	46,026
Inventories	90,173	111,638	99,984
Other receivables	42,489	74,054	27,435
Cash & equivalents	99,343	54,551	81,213
Total Current assets	**268,456**	**280,057**	**254,658**
Total Assets	**499,801**	**517,560**	**509,421**
Total Equity	**338,298**	**338,294**	**386,214**
Debt to credit institutions	0	0	10,990
Other long-term debt	18,750	20,833	28,550
Total long-term debt	**18,750**	**20,833**	**39,540**
Short-term debt to credit institutions	43,147	52,470	5
Accounts payable	47,384	50,518	19,774
Other current liabilties	52,222	55,445	63,886
Total Short-term debt	**142,753**	**158,433**	**83,666**
Total Equity and debt	**499,801**	**517,560**	**509,421**

Q2 23 Cash balance

- Started the quarter with NOK 55m
- Working capital change
  - Reduced inventory by NOK 22m
  - Reduced other receivables by NOK 32m
- Capex of NOK -7m (-11m YTD), in line with guided NOK 20-25m forecast
- Change in debt from Nordea financing from NOK 11m downpayment
- Exiting **Q2 23 with close to NOK 100m in cash**
- Cash flow from operating activities at NOK 36m YTD, and expected to increase in H2 2023



Operational Update

Kjetil Fennefoss

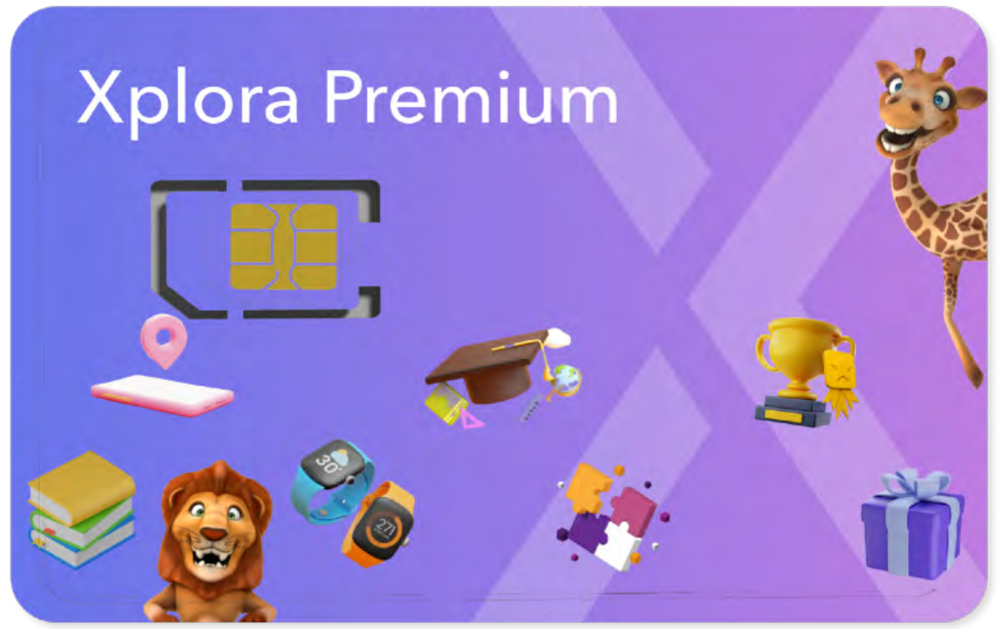
COO

Xplora´s four revenue streams

1 **Smartwatches**

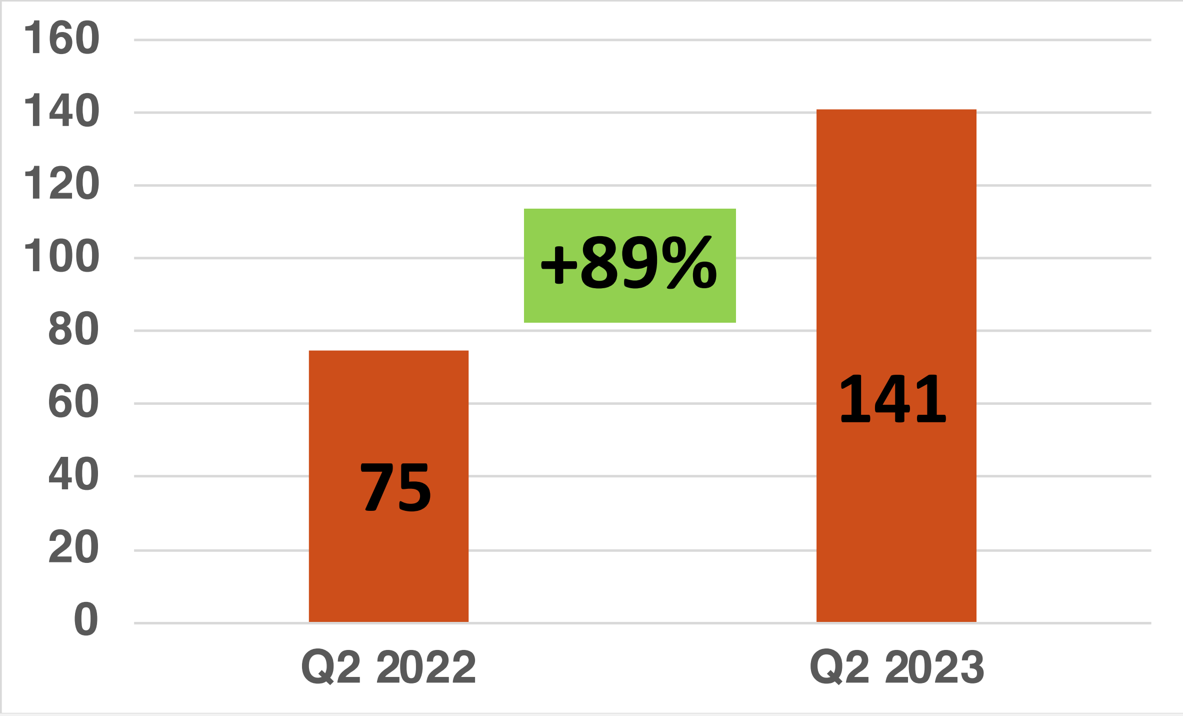
2 **Mobile subscription plans**

3 **Premium service plans**

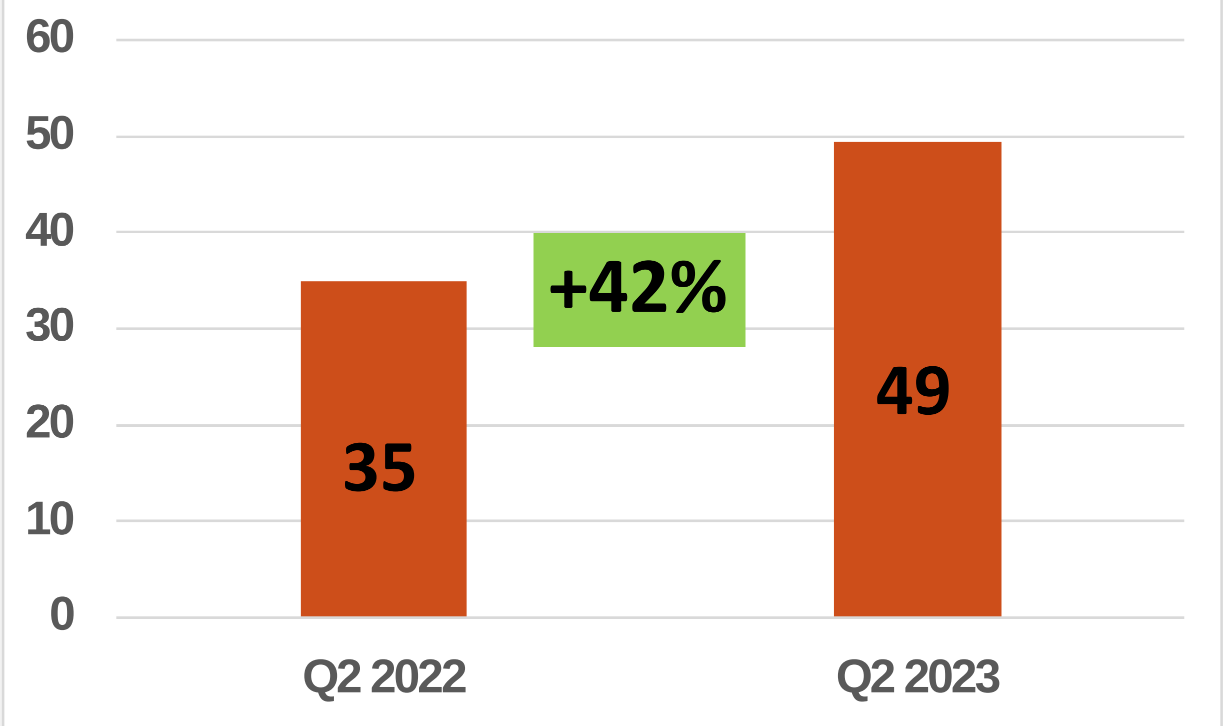


4 **Telco revenue share model**

1 **Smartwatch revenue MNOK:**



2 3 4 **Service revenue MNOK:**



2 **Mobile subscriptions:**
- Q2 ´22: 134,408
- Q2 ´23: 170,221
- Growth: +27%

3 **Premium service plans:**
- Introduced late Q4 ´22
- Q2 ´23: 16,657

4 **Telco revenue share model:**
- Effective from Q1 ´23
- Share of Telcos´ subscription revenue when sold with Xplora smartwatch

Successful introduction of new smartwatch portfolio

Go

Value for Money
Still the Xplora
Experience

Play

Our new Premium
Playful, powerful and
personal

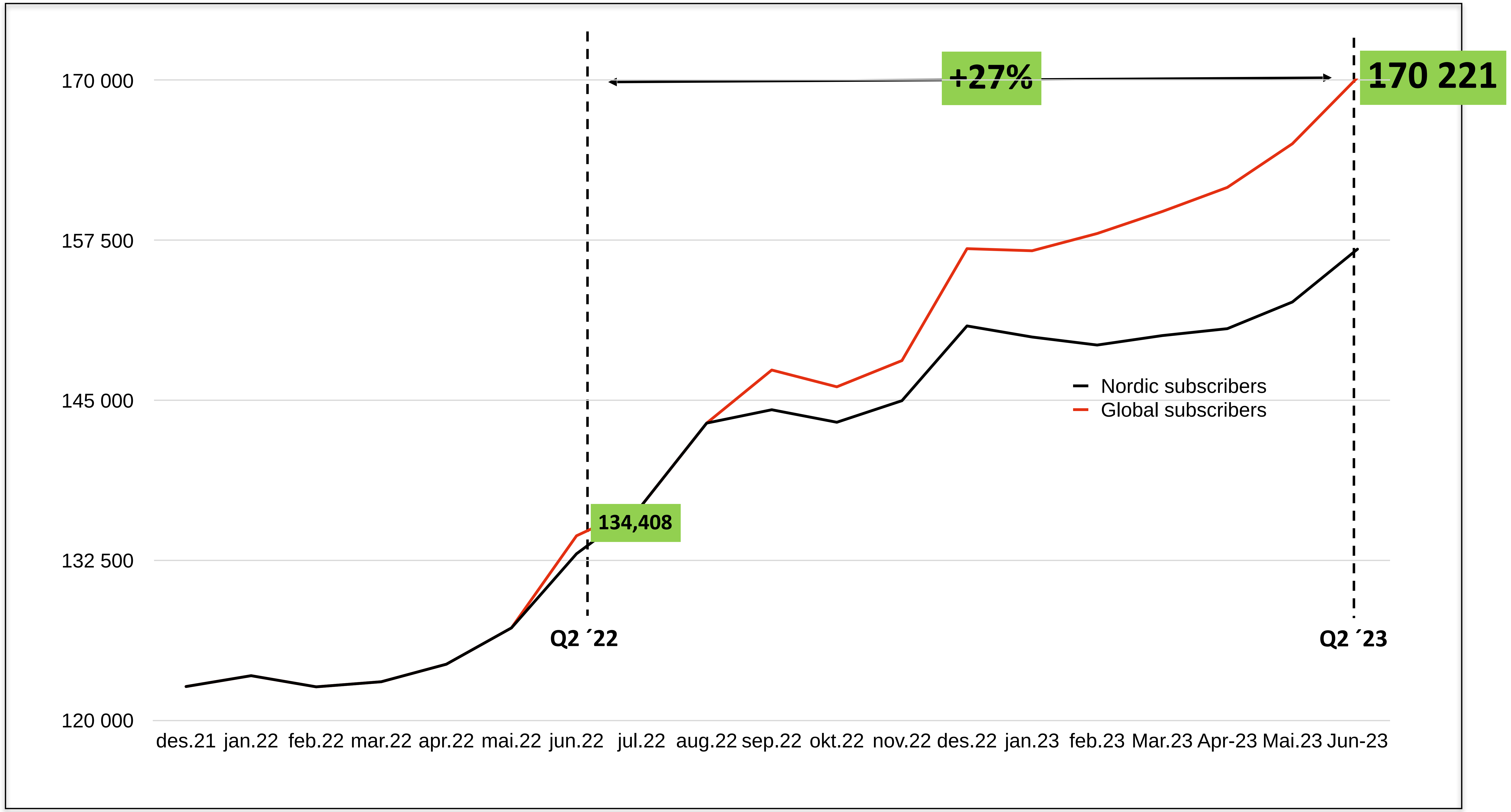
Pro

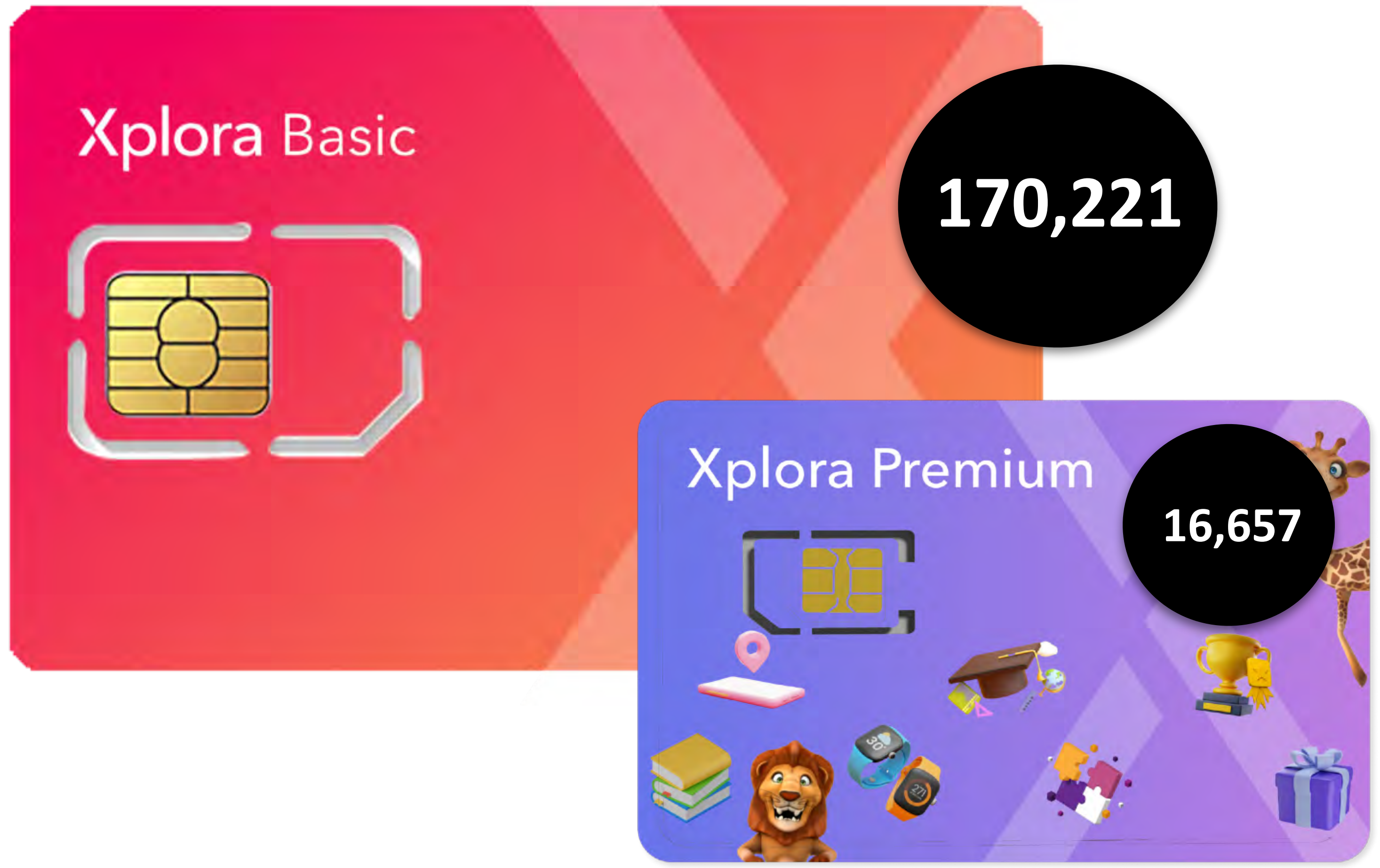
The Flagship product
Taking category to
next level

Model	XGO3	X6Play	X6Pro
Positioning	"More for less than you think"	"Get the most out of your Xplora watch"	"The world's most advanced smartwatch for kids"
RRP	EUR 149	EUR 199	EUR 249,-
Share of sales	46%	54%	July
Blended GM	37%		
Sales Q2 ´23	127,000 units		
Revenue Q2 ´23	141 MNOK (Q2 ´22: 75 MNOK) +89%		

Strong growth in mobile subscription base

GLOBAL SUBSCRIPTIONS:



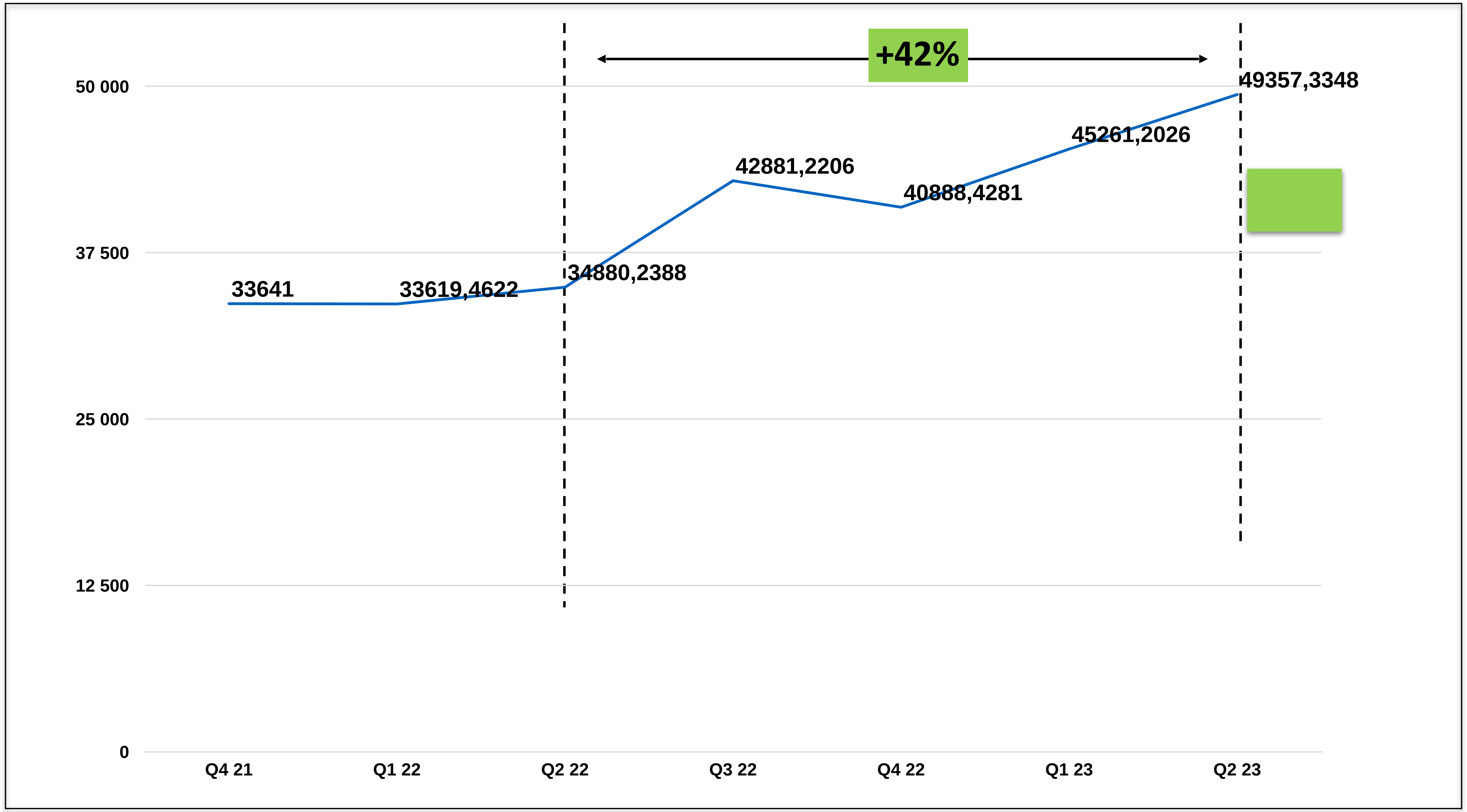


Q2/2023:

- 170,221 mobile subscriptions
- +35,813 Q2 YoY growth
- +27% Q2 YoY growth
- 16,657 Premium service plans

Strong growth in service revenue

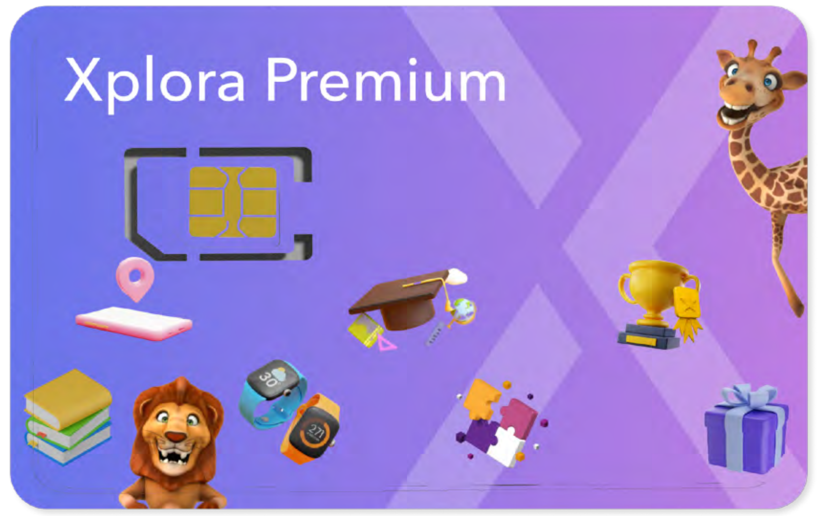
GLOBAL SERVICE REVENUE



Q2/2023:

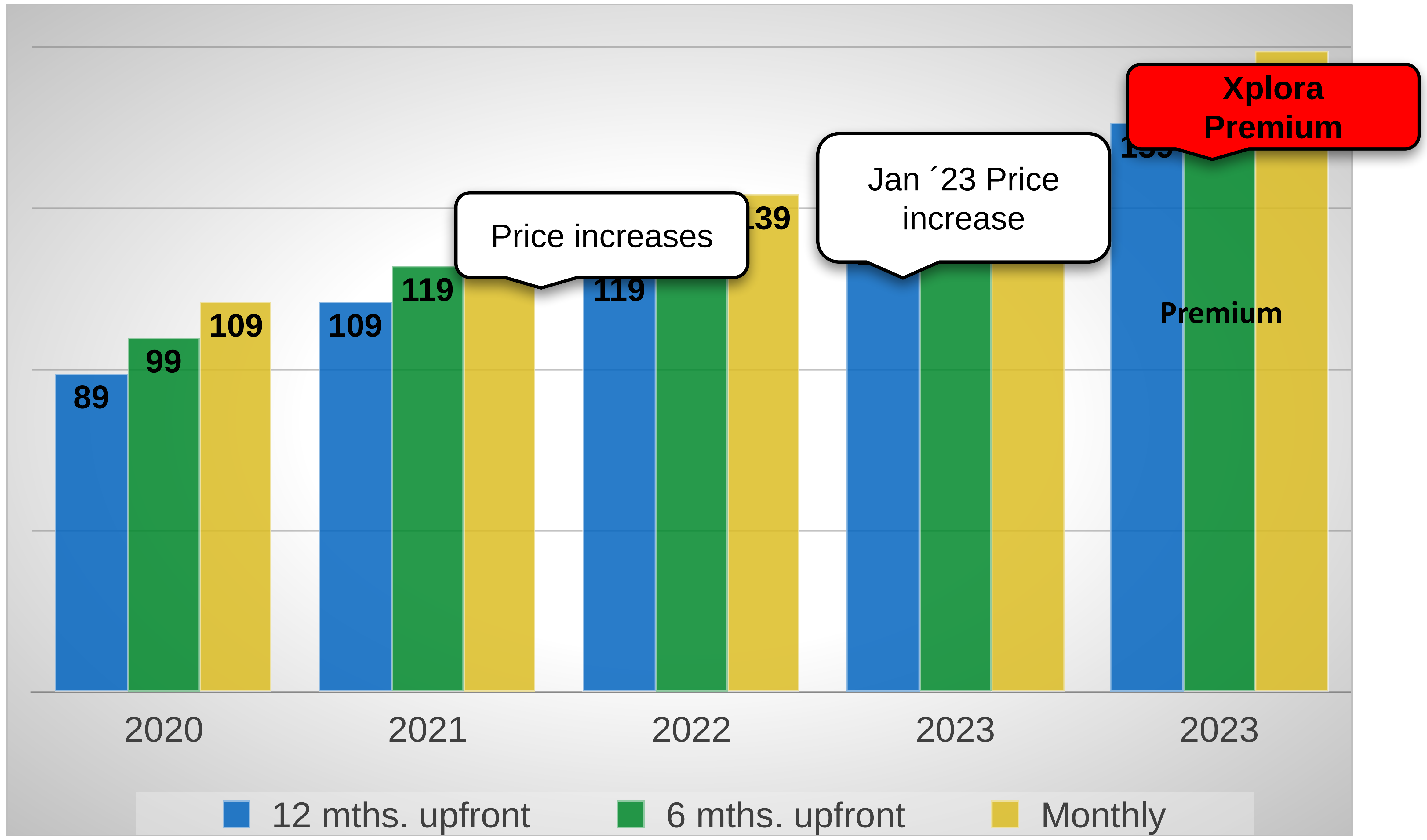
- 49.4 MNOK service revenue
- >80% gross margin
- 15.5 MNOK Q2 YoY growth
- 42% Q2 YoY growth
- 16,657 Premium service plans

Accelerated ARPU growth in Q2

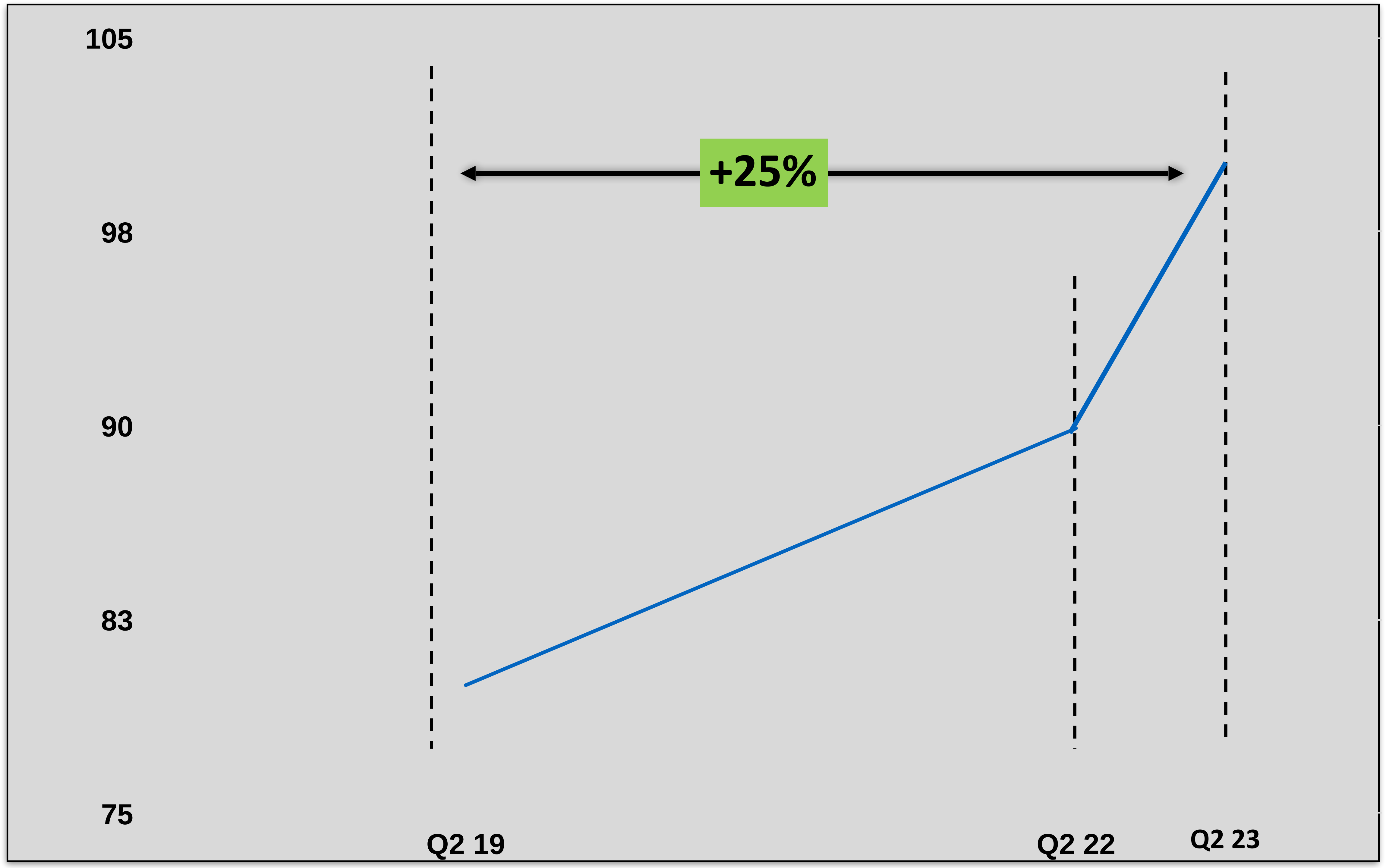


- Xplora shows significant ARPU growth over time
- Accelerated ARPU growth from NOK 90 to NOK 100 Q2 2023 YoY
  - Premium service uptake
  - Price increases to monetize on our evolving brand position

Xplora price development – Example Norway:

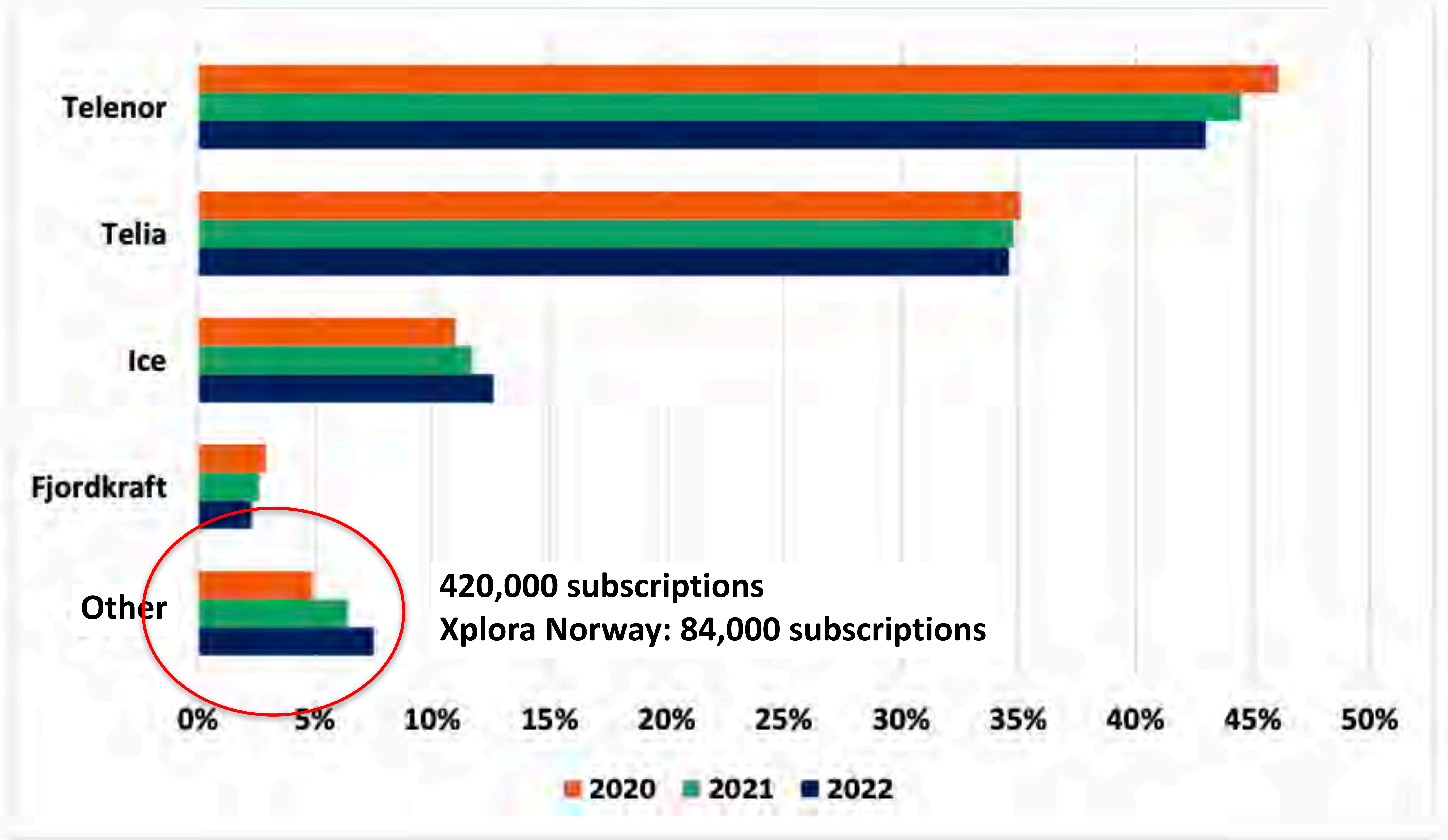


ARPU development Q2 2019 – Q2 2023:



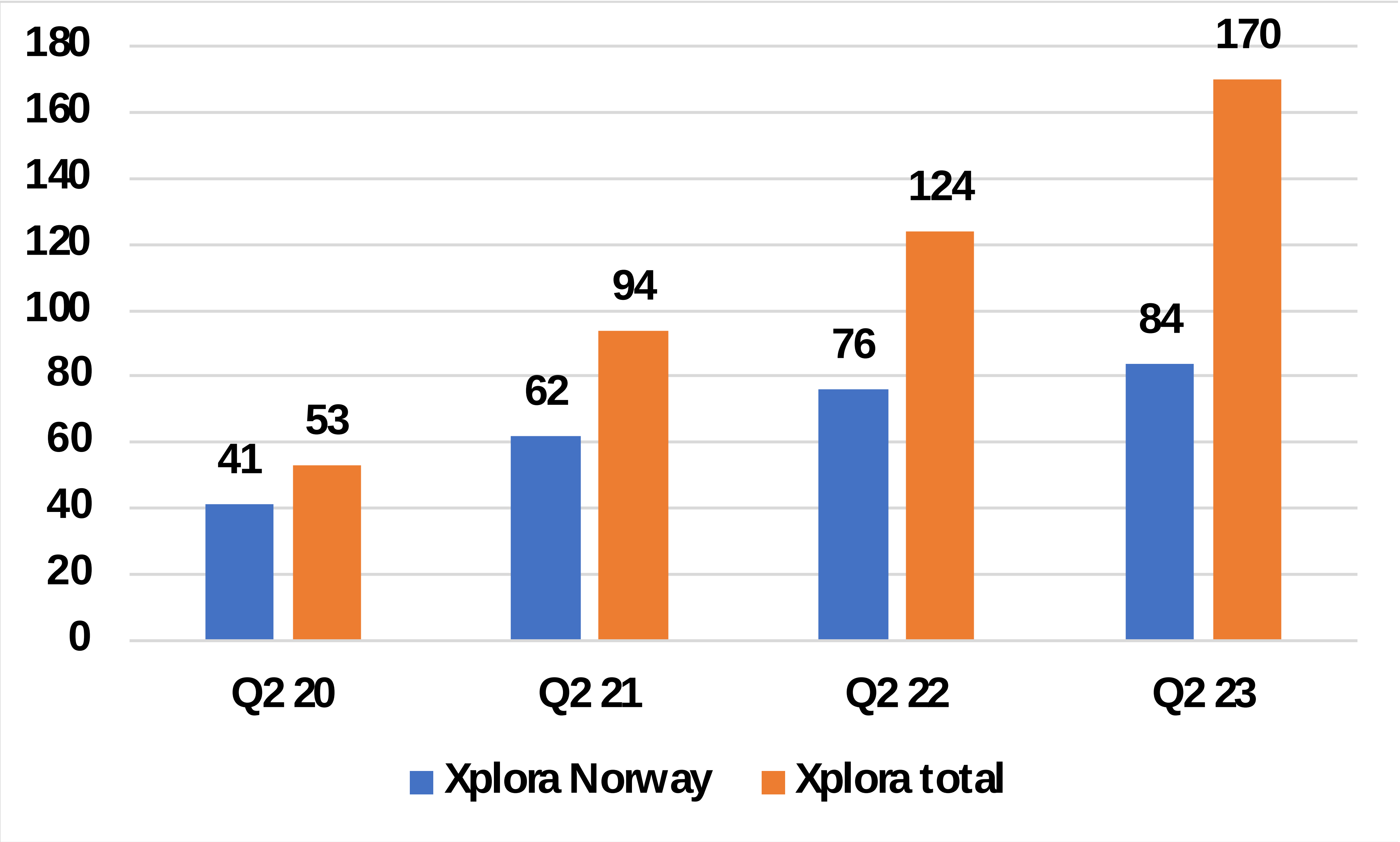
Xplora has a leading position in the kids segment
- Replicate the success from Norway to eight markets

Norway 2022: 6,02 mill. subscriptions:



NKOM 2022: Market shares for mobile subscriptions, consumer and business segment

Xplora mobile subscriptions; x1,000 :



Telcos selling Xplora with their own SIM card - Recurring revenue model

1 Hardware margin

1b HW margin – extra

1a HW margin

2 Xplora revenue share from Telco

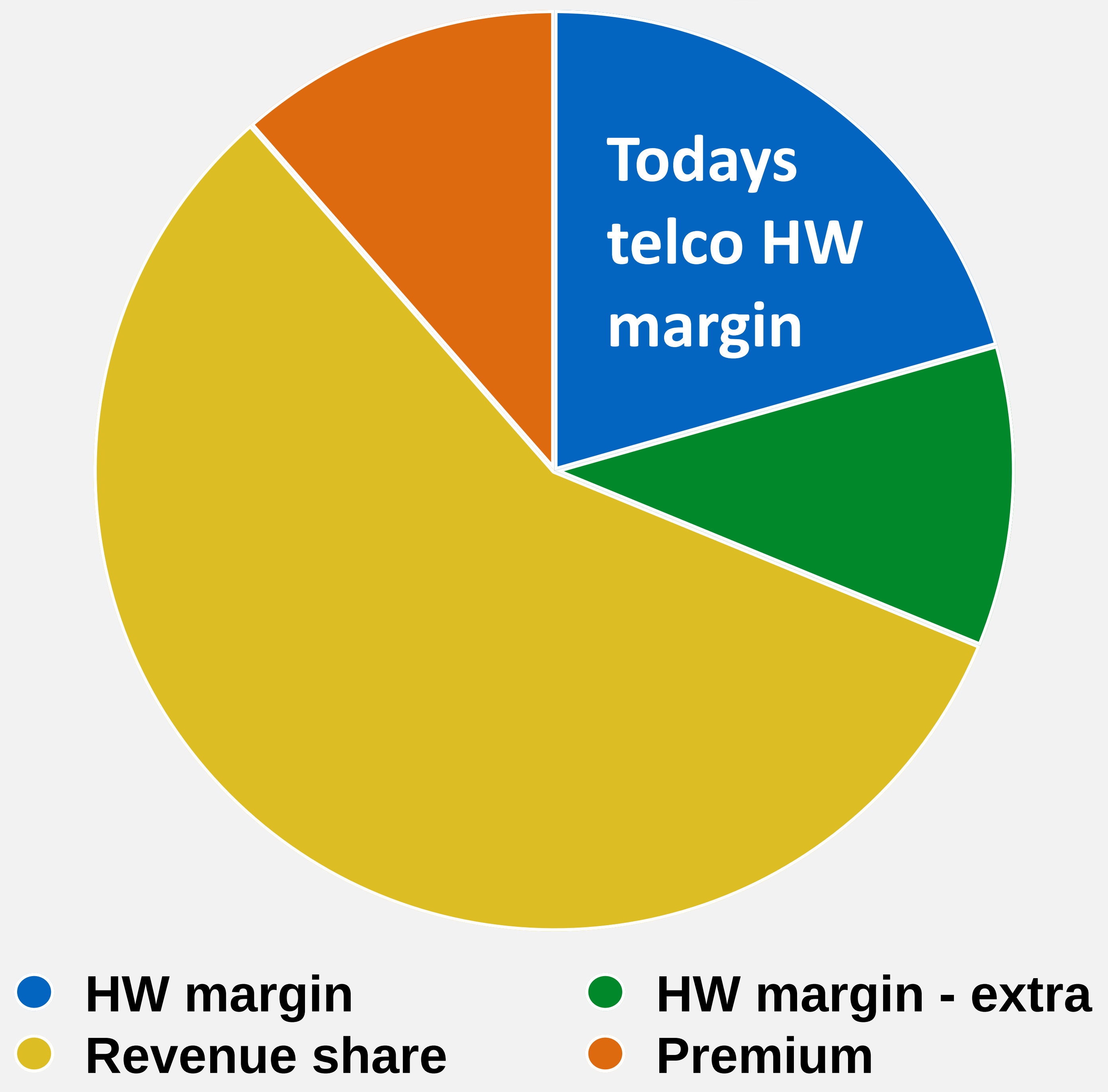
Xplora´s revenue share 36 mths.

3 Premium

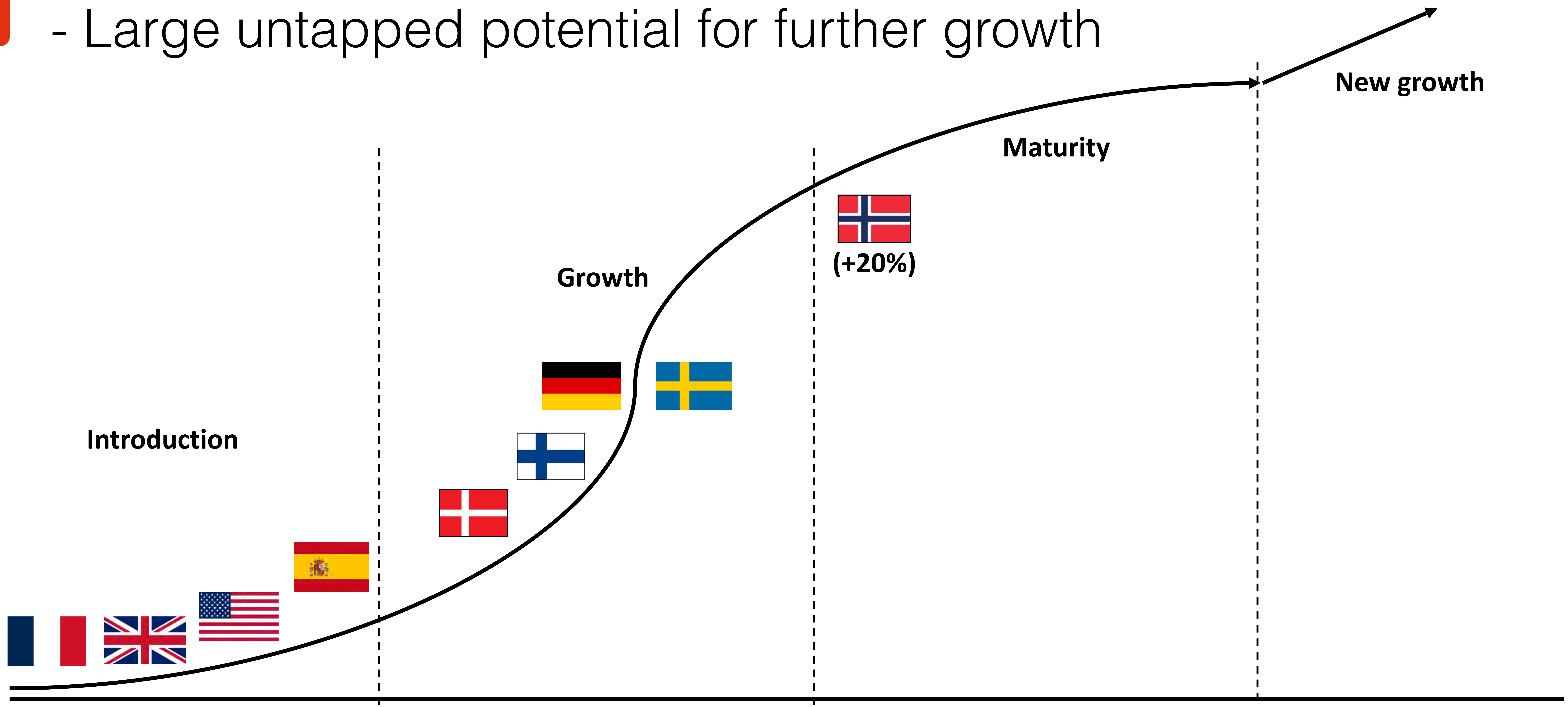
Xplora Premium In-app. purchase 20%, 36 mths.

Xplora quadruples its GM

1 + 2 + 3



Xplora has just started to tap into the wearables segment - Large untapped potential for further growth



- Amazon, Xplora web shop, Retail online
- Xplora Connect Basic
- Marketing - Social media

- + Telco, Retail in-store
- + Xplora Connect Premium
- + Marketing – Brand, retail training, campaigns
- + Telco revenue share

- + Category leader
- + Grow web- sales share
- + High brand presence
- + Price optimization
- + Additional services sales

- New products
- New services
- New verticals

Platform & Services

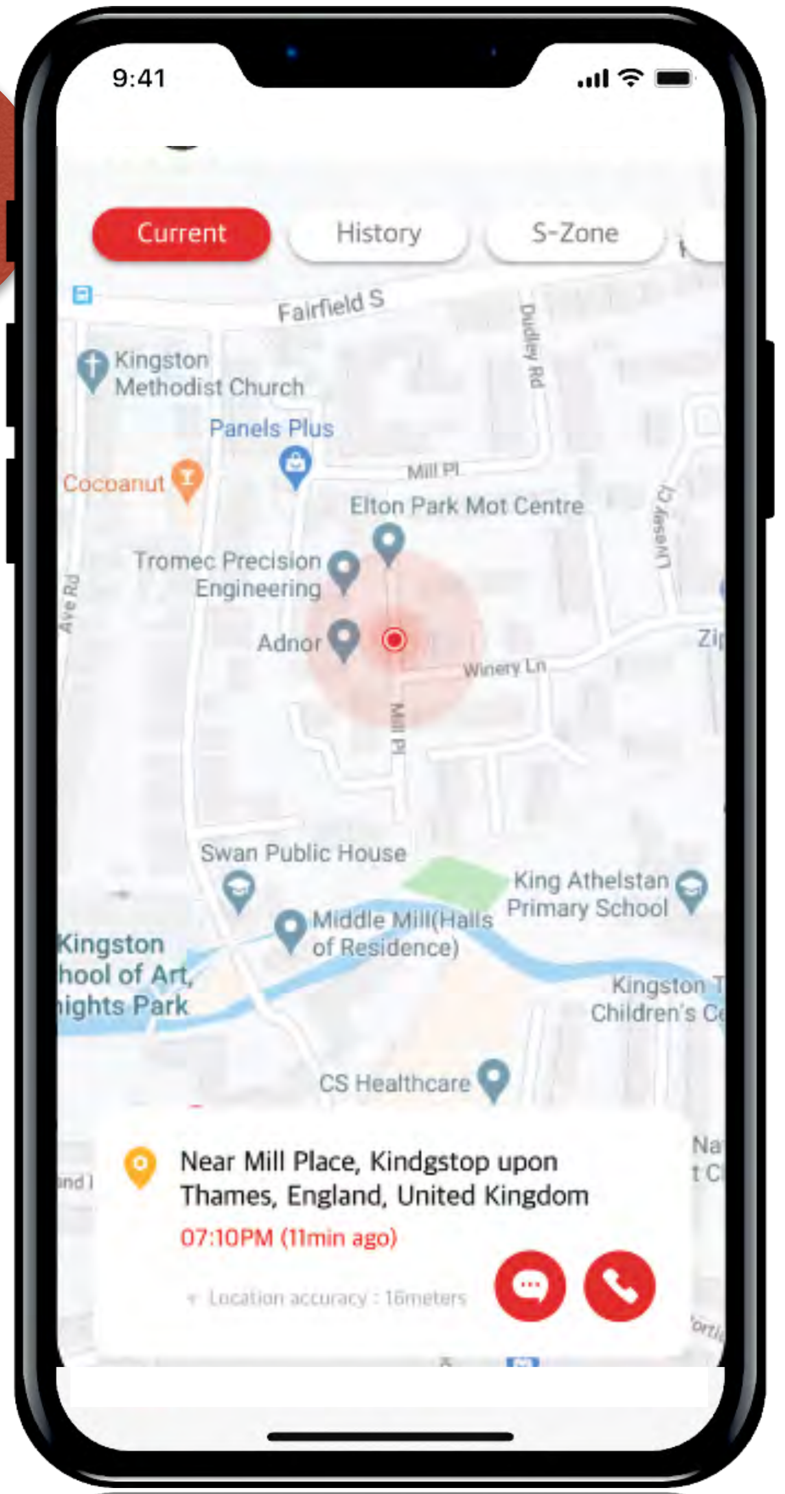
Jason Pyne

Senior Vice President

Platform & Services Division

3 key software areas: Core IoT, Activity Platform, breaking through to monetisation through services

2016



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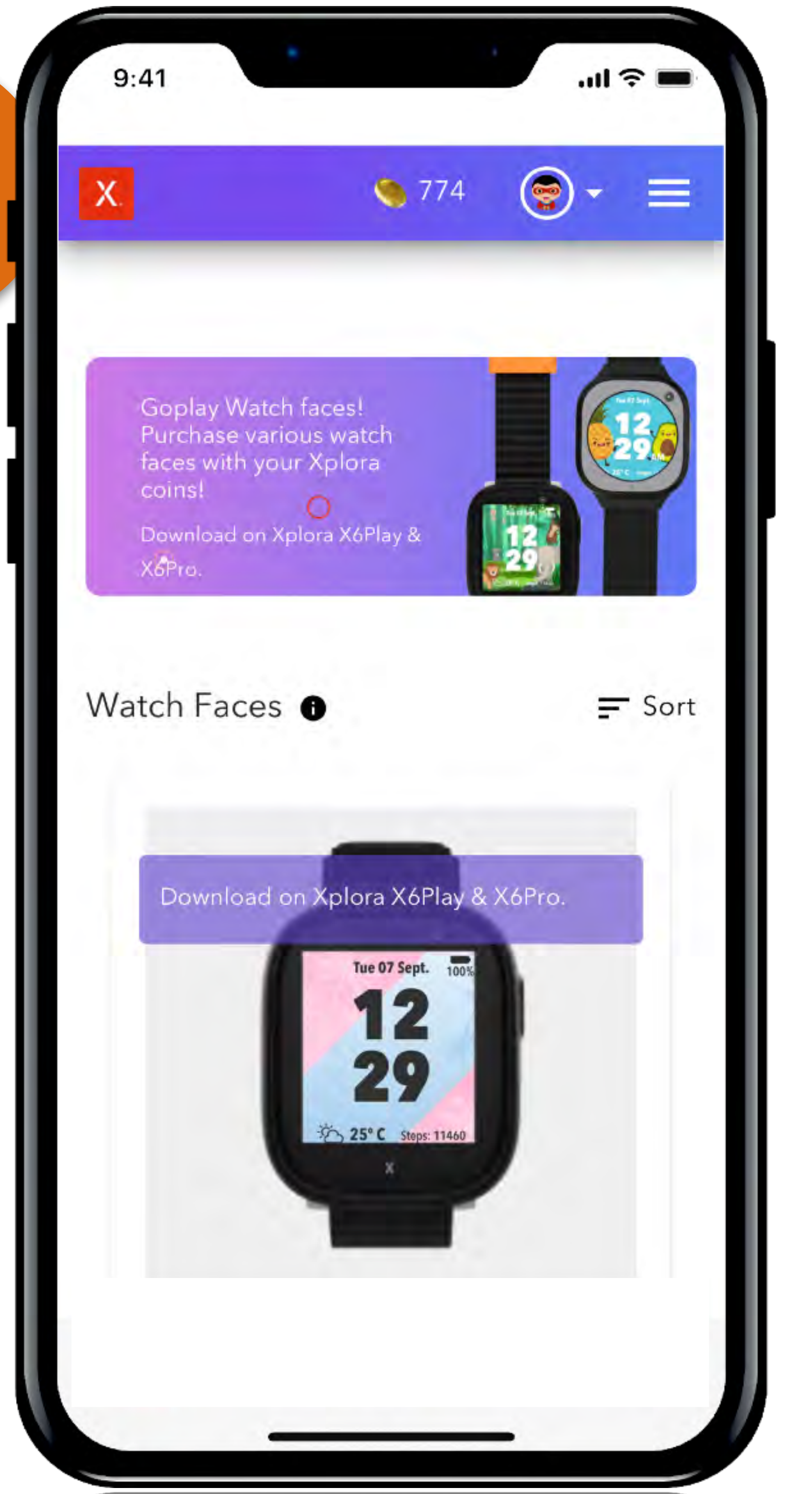
2019



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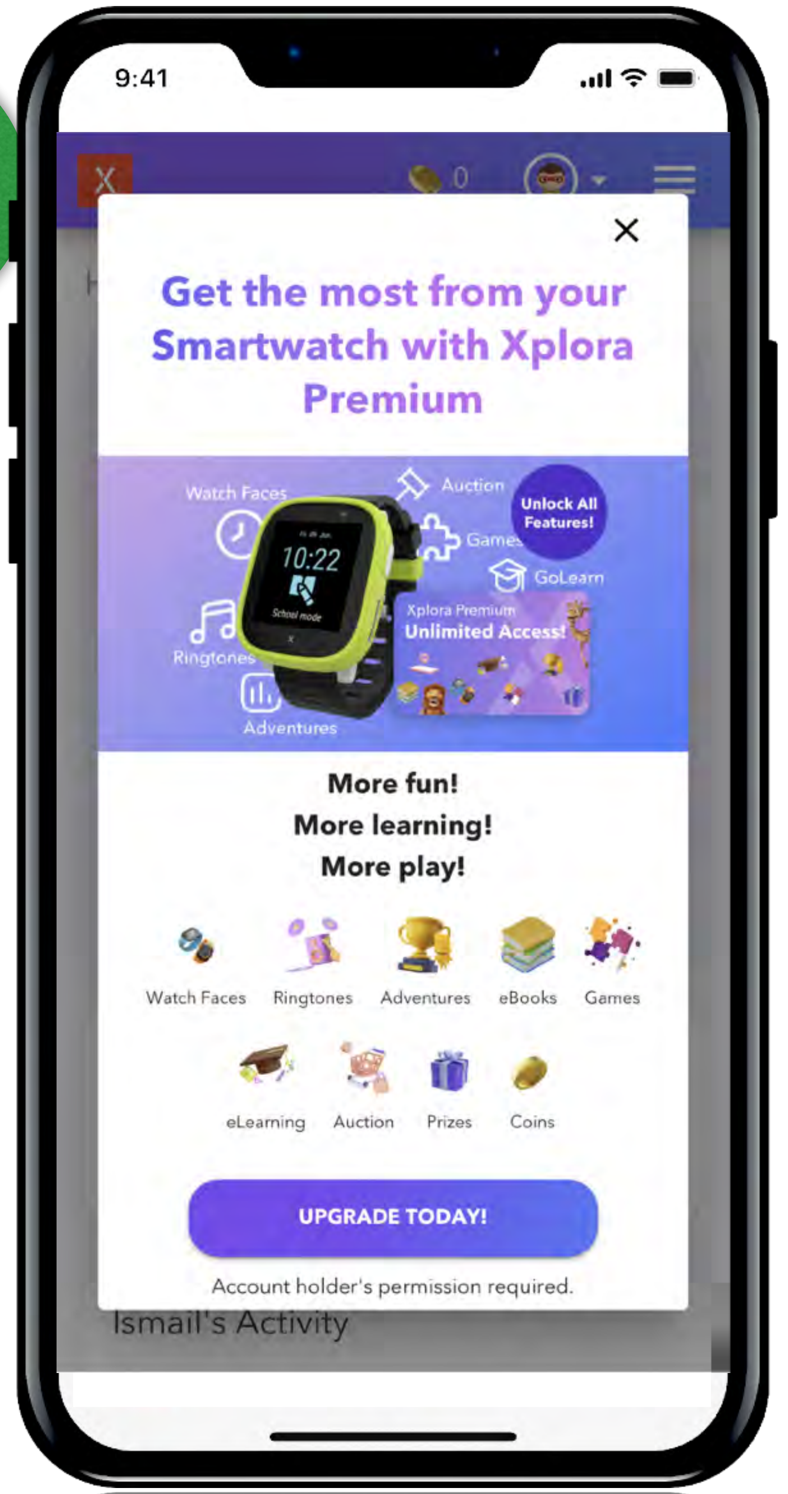
2022-23



Smartwatch Companion APP (IoT)

Parental controlled service

Safety, Security, Activity

Kids Activity Platform

Activities, Games & eLearning

Arts, Crafts & downloadable content

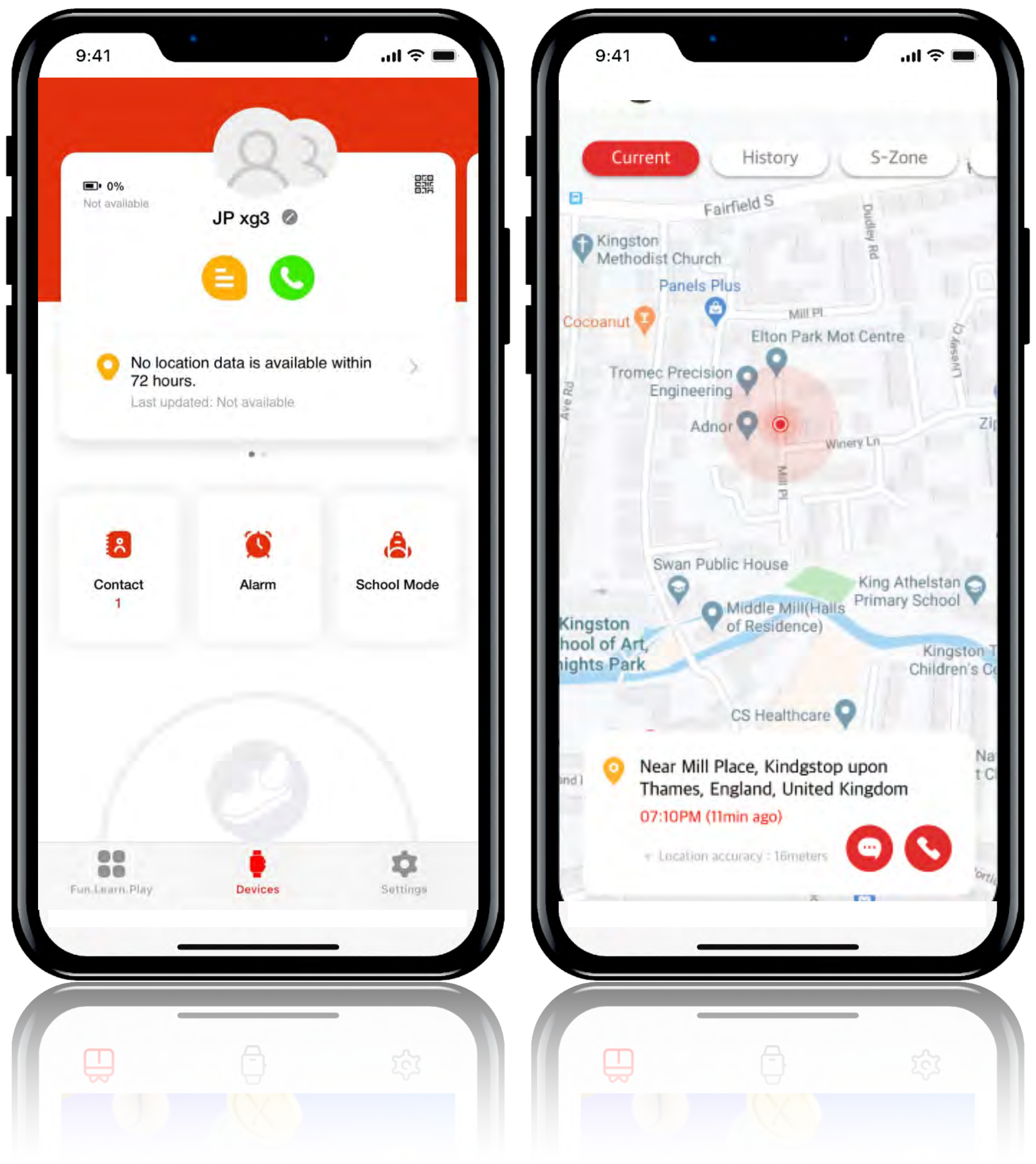
Premium Services

Subscription Monetisation

Unlimited access - content & features

IoT Platform - Xplora APP

The Parental Controlled Smartwatch companion



- Calling
- GPS GEO Location
- Messaging
- Safe Zone
- (SOS)
- Step counter
- Activity Platform
- Premium Content

Safety and Security always in mind

GDPR Compliant

kidSAFE LISTED

Xplora Kids Smartwatches (X6Play and XGO3), Parent Companion App, and Activity Platform

---

✓ **1.65 Million Active APP Users**

✓ **Averaging 493K calls made and 357K messages sent per day**

✓ **DAU 238,000** that's more than **7.3 Million per month***

*APP and Smartwatch combined

Activity Platform summary

Unrivalled within the market providing Xplora a real competitive advantage

- Monthly Steps Based Adventures
- Arcade Games
- Auction
- Watch Faces and Ringtones
- eLearning
- eBooks
- Video and Podcast
- Arts and Crafts

Basic and Premium Services content

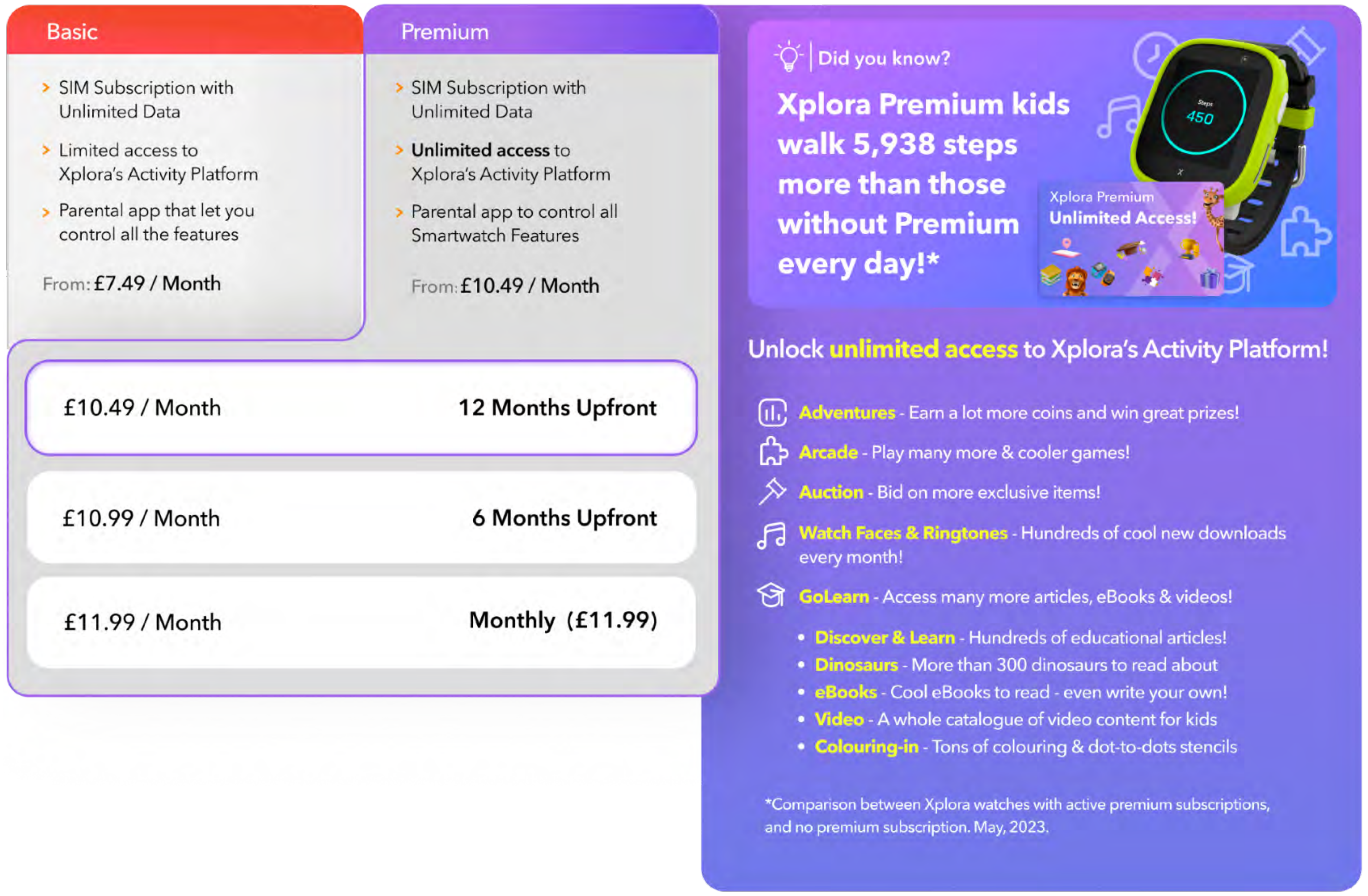
Basic	Premium
Limited access to content and features	Unlimited access to all content and features Exclusive Premium only categories Much content, prizes and coins rewarded through additional activity

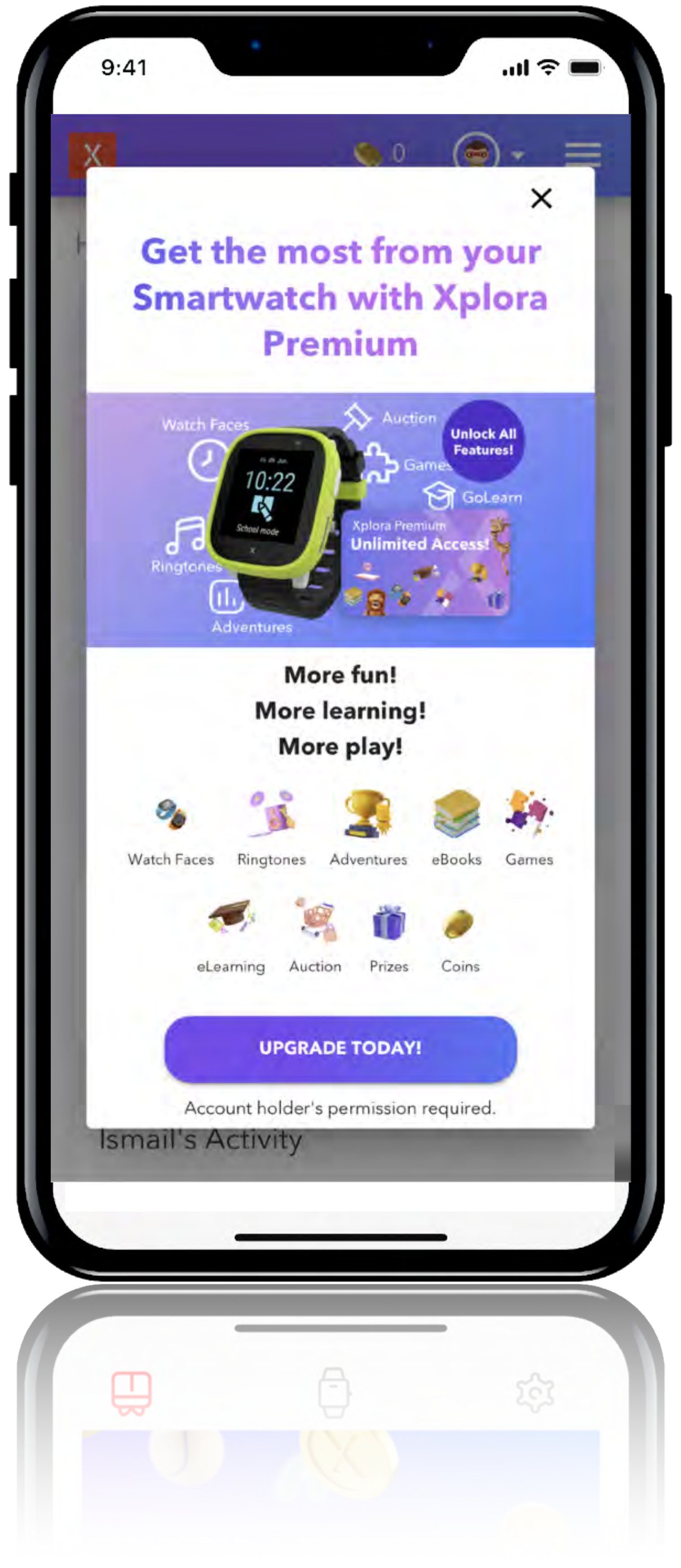
- ✓ **MAU 179,000 users**
- ✓ **203% growth** in engagement year to date*
- ✓ Using content - Sep, 2022 before premium 8,700 avg daily steps - to present day users using **premium content avg 13,786 daily steps**
- ✓ Premium content motivates kids to stay active

* *Jan 2023 - 59,002 MAU compared to July 2023 - 178,858 MAU on activity platform

Launching Premium Services - Q1 2023

Developing our IoT and Activity Platform, piloting services and analysing data, monetisation through Premium Services has been the key strategy



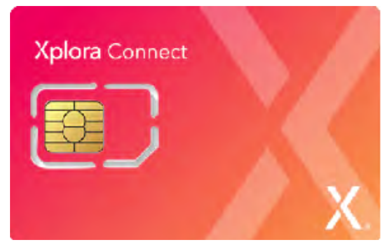


✓ **ONE** SIM service

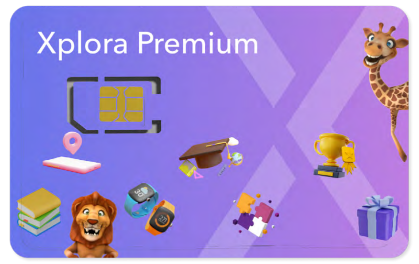
✓ **TWO** Price Points

✓ **UPGRADABLE**
for existing customers

✓ **INTEGRATED**
Through activation and in-APP



Xplora Basic
£7.49 per month



Xplora Premium
£10.49 per month

Premium Services

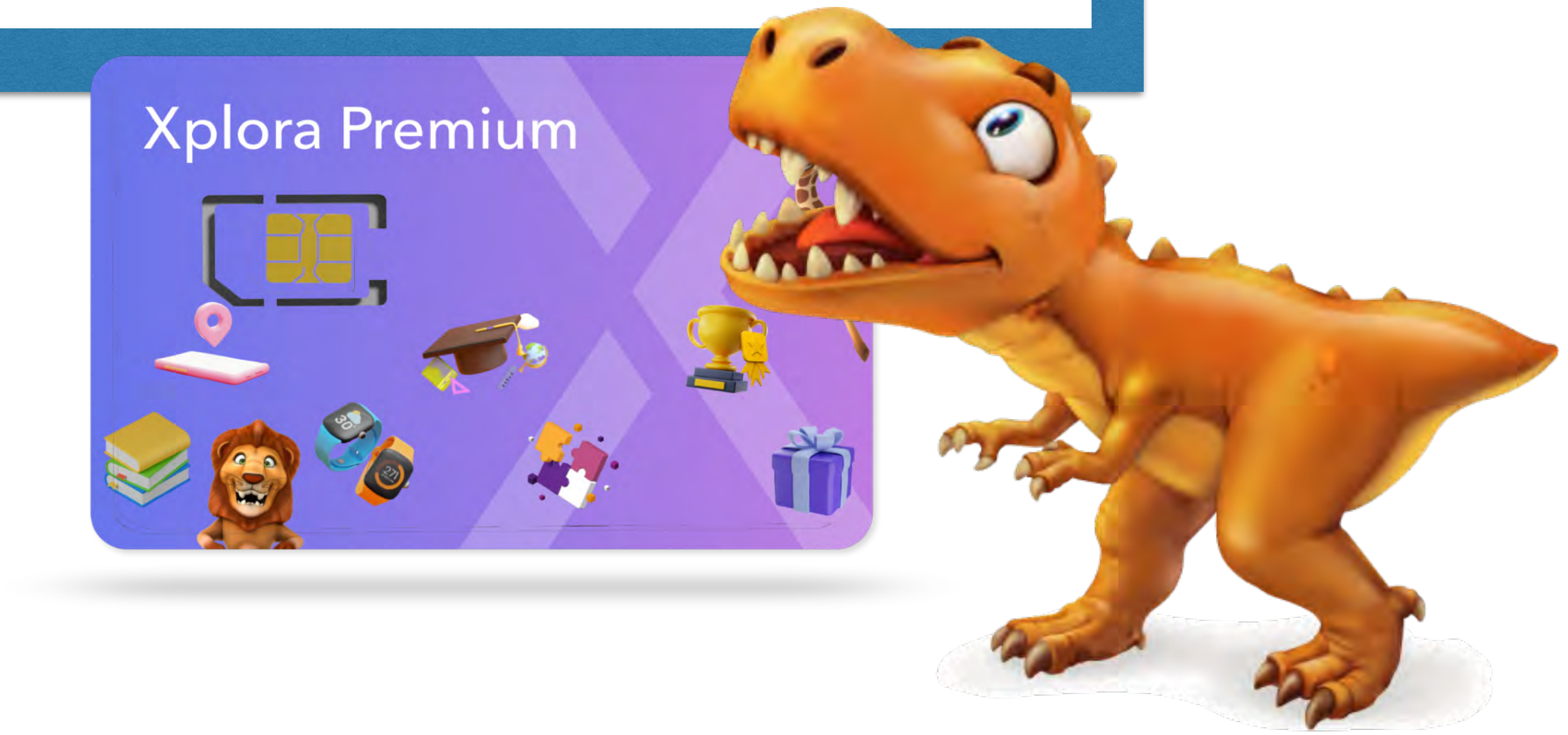
Key results from new service releases to market and monetisation

ALMOST
17,000
Paying subscribers

AVERAGING
20-30%
conversion to Premium Services through SIM activation / upgrading

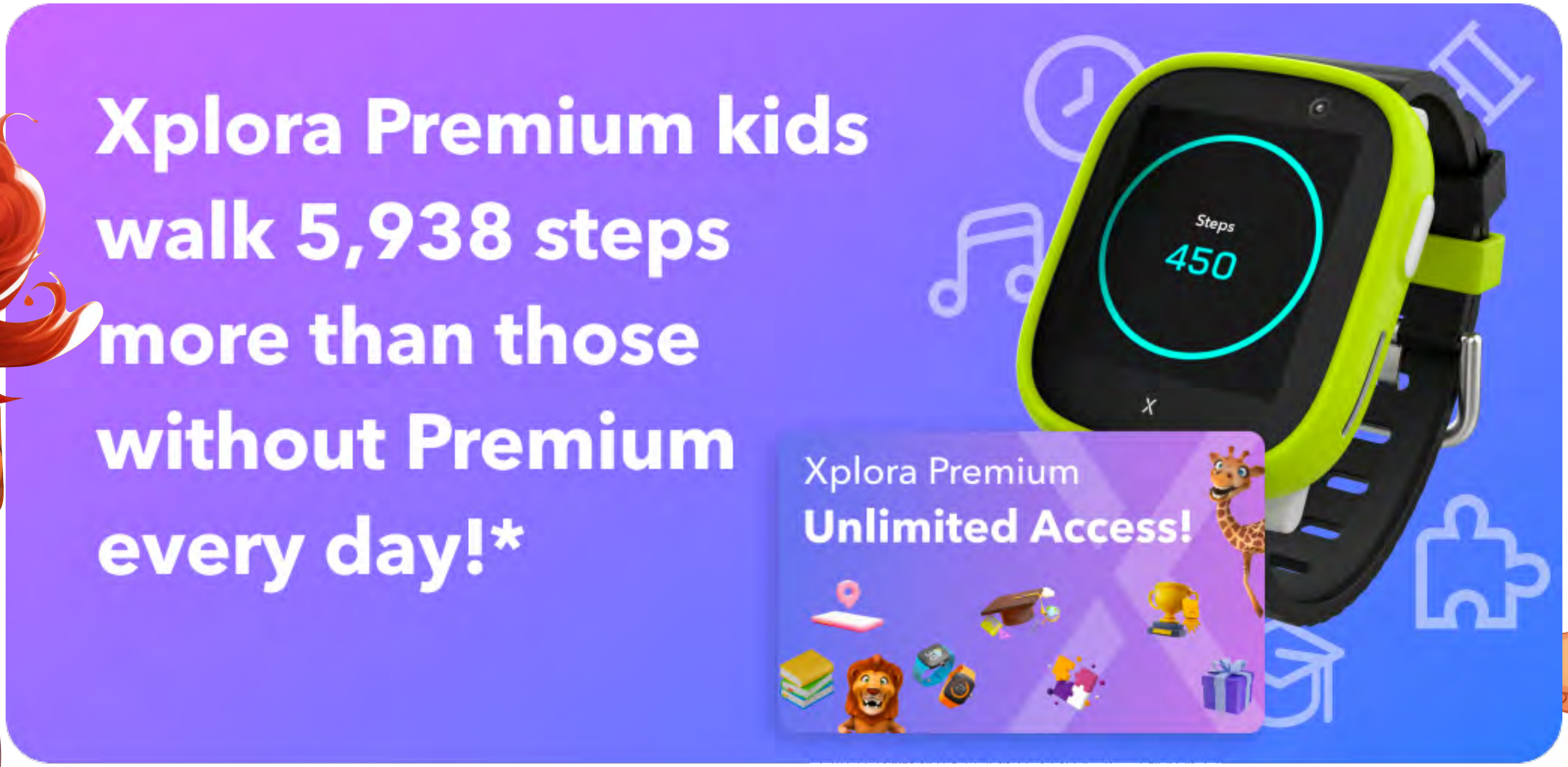
ARPU INCREASED BY
NOK 30
per customer per month

Channel	Availability	Price
xplora.com Amazon	Basic + Premium	99-129
Retail	Basic + Premium	99-129
Telco	Premium in App	30
Existing users	Premium in App	30



and something to takeaway…

By unlocking Premium Services kids keep more active - every day!



Premium digital content
makes children walk up to **64% more ****

** Difference in daily average steps between children who purchased premium digital content vs. regular children.
* AVG steps in a 30 day period. Premium vs Regular 13,786 vs 8,388

The road ahead

Sten Kirkbak

CEO

Status Quo

Cash

NOK 99 m in the bank + inventory net value of NOK 45m

Recurring

Entering September, we are generating NOK 18m in monthly service rev.

R&D

MVNOs, Premium and products on track. Built to scale in new verticals.

Market

Kids market seems quite resilient (15% CAGR) + upcoming new verticals

Status Quo

Cash
NOK 99 m in the bank + inventory net value of NOK 45m

Recurring
Entering September, we are generating NOK 18m in monthly service rev.

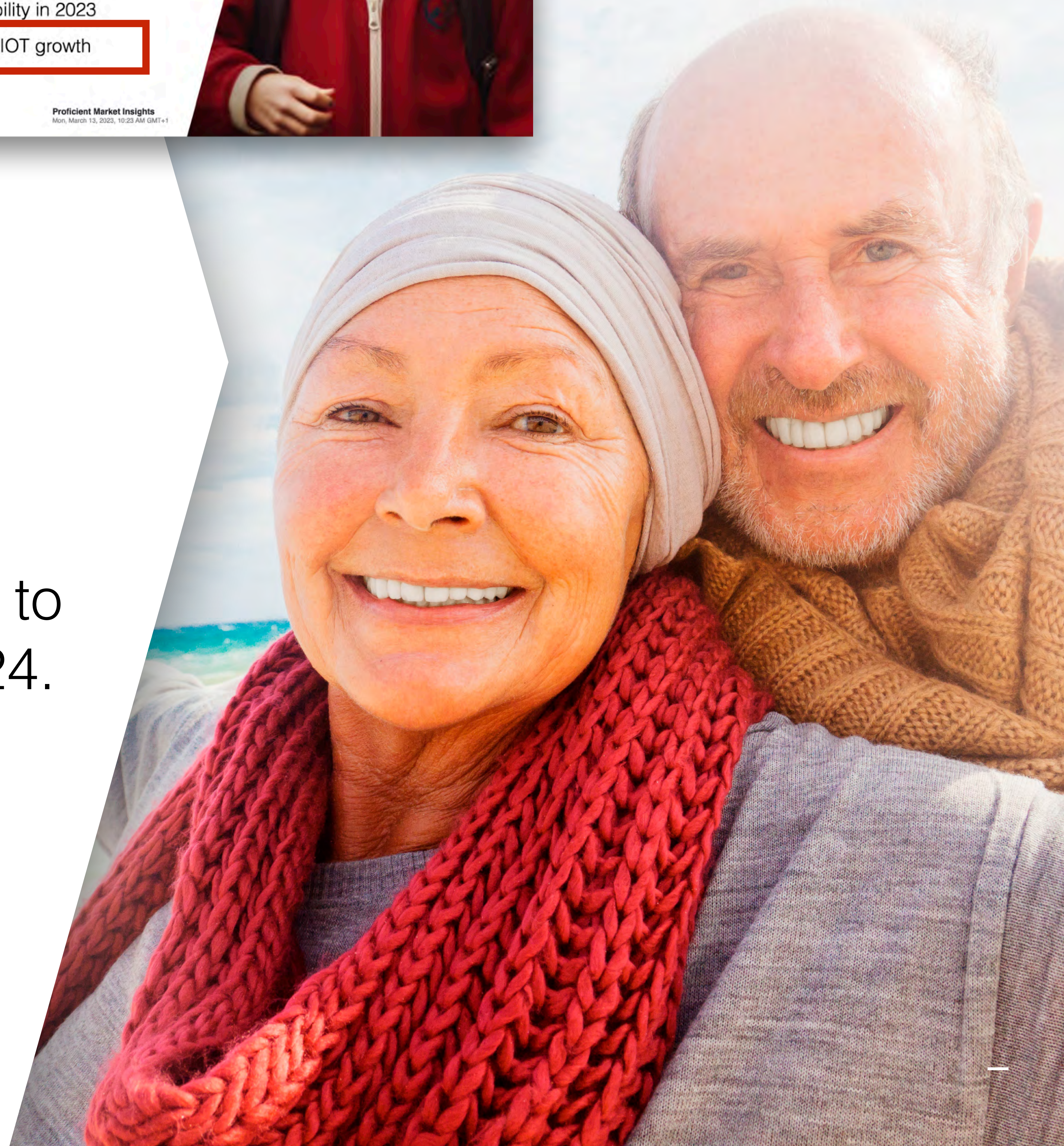
R&D
MVNOs, Premium and products on track. Built to scale in new verticals.

Market
Kids market seems quite resilient (15% CAGR) + upcoming new verticals

- We take nothing for granted, but, we have **never been better positioned.**
- We will continue to focus on **our core; 3 products in 9 MVNO markets driving ARPU** with Premium.
- We will continue a **laser focus on optimizing cost and efficiency** to drive profitability.

Xplora Care

- X6 Pro HW platform
- Unique SW features
- Target to complete prototype during Q4 to prepare testing H1 24.



B2B SaaS

Average Competitive proposition

- Only Hardware Sale
- Expensive Geo-location
- Customer to select random SIM provider to make product work
- Average Price $99 / 20% margin

For every **100K** unit we are selling in our core markets, **500K-1m** units are being shipped.

With Xplora SaaS proposition

- SIM kick back
- VAS/Premium
- Map cost reduction

Total Life Time Value

Gross Margin: $ 20

Recurring Revenues: 0/m

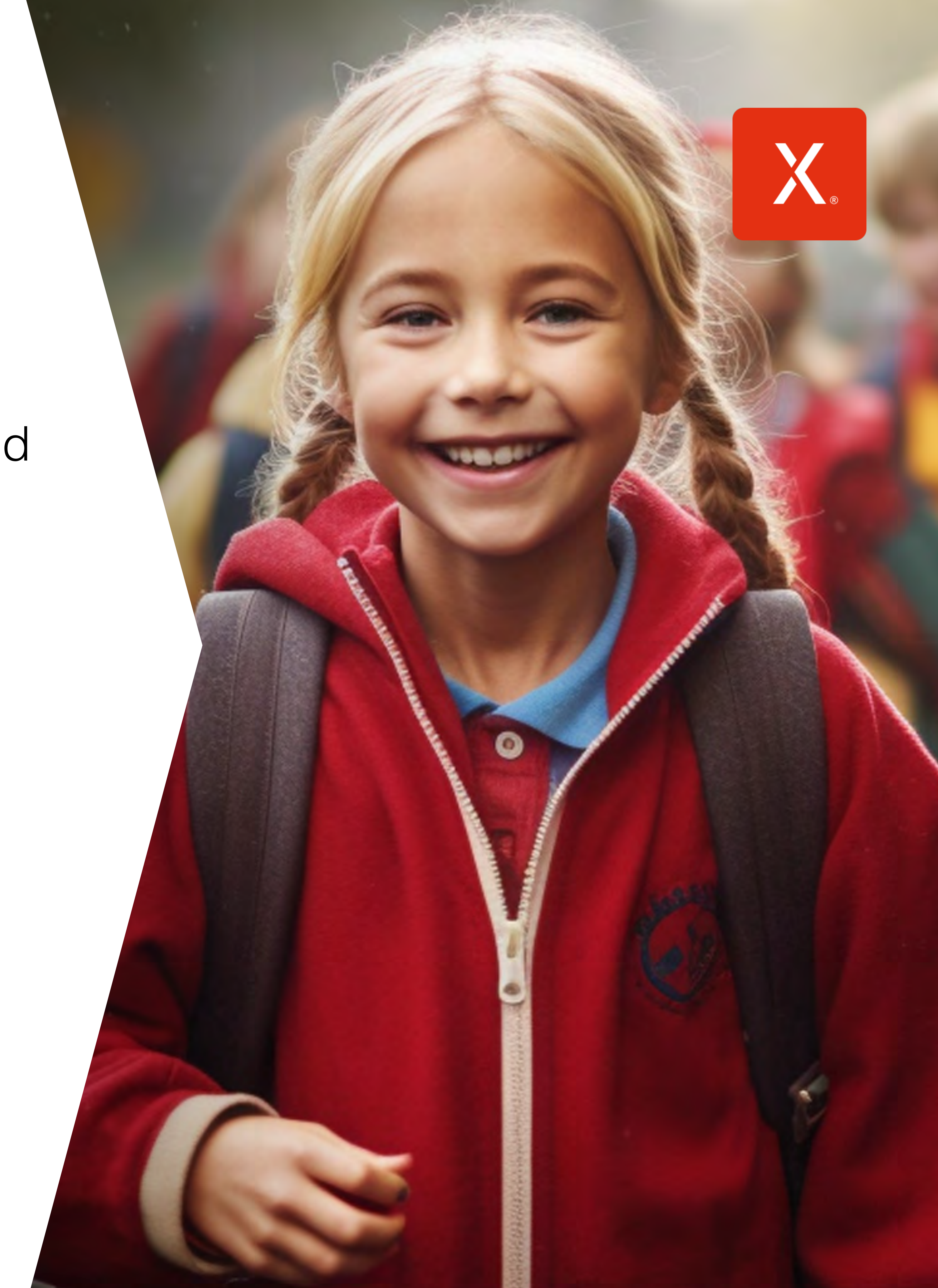
Total Life Time Value

Gross Margin: $ X3-X5

Average 30 month LTV

Outlook

- Category expected to grow 15% CAGR* which we find reasonable to assume.
- Increased confident to deliver minimum 175K subscriptions.
- We are in line with plan to reduce OPEX (intervall) based on initial cost reduction initiatives streamlining processes and embrace new technology
- Remain very focused on profitability in 2023
- Explore options for future family IOT growth.



Outlook

- Category expected to grow 15% CAGR* which we find reasonable to assume. **Objective to beat the market!**
- Increased confident to deliver minimum 175K subscriptions. **New target to reach +220K**
- We are in line with plan to reduce OPEX (intervall) based on initial cost reduction initiatives streamlining processes and embrace new technology
- Remain very focused on profitability in 2023
- Explore options for future family IOT growth. **Focusing on two specific verticals/oportunities (Senior/SaaS)**