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Annual Report 2021

Xplora®

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Introduction to Xplora



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

Xplora's broad portfolio of connected products and services allows people to connect 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 Goplay Services are made available for millions of kids through third parties and partners. Headquartered in Oslo, Xplora has offices in four Nordic countries, US, UK, Germany, and Spain, and is expanding into new markets. Xplora's London-based engineering team is expanding rapidly. Xplora has several major innovations in the child smartwatch category, including the world's first eSIM product for children and our Goplay activity platform including the unique 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

**123 400
subscribers**



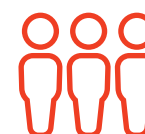
**700 000
smartwatches sold**



**22 global
markets**



90 employees



**Scalable
business model**



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Highlights

■ Q1 2021

Private placement with gross proceeds of NOK 153m.

Acquired our Nordic distributor and mobile service provider Xplora Mobile Holding AS (previously Pepcall Mobile) giving access to a large subscriber- and recurring revenue base as an important building block in Xplora's service strategy. Acquisition closed early Q2 21.

Xplora completed a pilot project with 360 Kids Guard in China, our first third-party software integration with the objective to test an activity-based Goplay campaign on a large-scale user base. More than 60,000 live users from a third-party device connected with our Goplay service. The project insight resulted in the foundation of our Goplay platform proposition.

Xplora became a certified Sedex member to better ensure that our supply chain partners comply with global standards.

■ Q2 2021

To build relevant content on our Goplay platform in alignment with our sustainability strategy Xplora and UNICEF USA partnered to promote kids' physical activity and Xplora became an official partner of the Geneva UN Charter Center of Excellence.

Entered into an agreement with a major Nordic retailer

to license our software and platform solution on a standalone basis, building upon the Goplay platform pilot with 360 Kids Guard.

As another important win for our content strategy and tapping into the world of sports, Xplora entered into a partnership with Portuguese football club Benfica with the objective to develop a scalable content and integration strategy to be extended to multiple sports verticals.

Xplora AGM elected two new female board members, and current board member Kristin Hellebust left the board and signed on as Xplora's new CCO.

■ Q3 2021

Xplora reached 100,000 subscribers, an important milestone to reach targeted full-year ARR of NOK 100m in 2021.

Xplora's Tom & Jerry Goplay campaign in collaboration with Warner Bros won the prestigious award for Best-licensed Advertising Campaign, a key acknowledgement to demonstrate the marketing value of our platform.

■ Q4 2021

Xplora extended its Nordic reach through a distribution and service agreement with Telia AB showcasing our ability to drive service revenue from our telco partnerships.

Xplora extended European reach through a distribution agreement with Movistar in Spain.

Xplora's Goplay platform was chosen by United Cities in multiple projects to help reach UN development goals with the project Net Zero. The project opens new doors to monetize on our service platform independently from watch sales.

As part of our ESG strategy Xplora donated 10m bottles of water together with UNICEF Kid Power through a successful Goplay campaign where Xplora kids helped supply 4,000 children with clean water for one year.

Implemented the Agile organization structure throughout Xplora to operate more efficiently and adapt to changes faster.

Selected a new ERP system to better manage day to day business activities, to be implemented in 2022.

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Amounts in NOK millions	2021	2020	2019
Device revenues	339.8	191.9	58.1
Recurring service revenues (ARR)	90.7	7.5	3.0
Other revenues	0.9	1.0	0.0
Total revenues	431.4	200.5	61.1
Gross margin	45.4%	29.9%	6.0%
EBITDA	19.2	-11.0	-43.8
Devices sold (k units)	395	216	74
Subscribers (k) ¹⁾	123	77	42
Shares outstanding (million) ²⁾	39.8	31.9	20.1
Share price (NOK) ²⁾	29.1	23.0	11.0
Market capitalization	1 158	734	221
Net interest bearing debt ³⁾	-110	-93	2

¹⁾ Pro-forma for 2019-2020.

²⁾ 2019 share price and shares outstanding adjusted for 1:25 split in 2020.

³⁾ Net interest bearing debt defined as interest bearing debt minus cash and equivalents.

**Recurring revenues
(NOKm)**

90.7



2020:
NOK 7.5m

**Group revenues
(NOKm)**

431.4



2020:
NOK 200.5m

**Market capitalization
(NOKm)**

1,158



2020:
NOK 734m

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241,394,982,940

**Steps taken by all
Xplora users in 2021**

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Letter from the CEO

2021 marked another groundbreaking year for Xplora! Financially we grew our revenue 115% and posted positive full-year EBITDA for the first time in our history. Strategically we acquired Xplora Mobile Holding to drive customer value, scalability and profitability. Technically we have further developed and modularized our services platform. Operationally we have more than doubled our headcount and started implementation of a new Agile organization to better take on the future. There are many positive developments in Xplora that make us more robust, less vulnerable and more agile, and in the end more profitable. There are also constants giving us the drive to do what we do: our clear mission of safely onboarding children to the digital world, and our vision to enable children to experience how their everyday activities can make a positive change to the world.

Financial development was once again very strong in 2021. Xplora more than doubled its revenues last year. Recurring services revenues grew sharply as result of the acquisition of Xplora Mobile Holding, representing more than 20% of our group revenues. We widened gross margins to 45% from 30% the year before, and continued to show strong operating leverage, posting positive EBITDA for the first time in the company's history. Xplora exited the year with a strong financial base giving solid foundations for continued expansion in our activities.

2021 has been a year of major change for Xplora. Our team has more than doubled, both through organic growth and through acquisitions, in all regions. We have developed and evolved in the way we are organized and how we work and collaborate. To accommodate these developments, we have implemented an Agile organization structure, and are investing in new systems. We are committed to successfully manage these transitions and to create an even stronger, more dynamic and efficient organization, better equipped to handle continued expansion and scalability. A testimony to the strength of our culture and values are the successful merger of the two teams and the implementation of the Agile organization structure across the company.



Covid-19 continued to impact our business in 2021. Availability of components and logistics were challenged. Lead times in the value chain continued to increase and costs continued to trend up. Our customers have seen their retail outlets closed in many markets intermittently through the year, resulting in delayed purchasing decisions. Our employees have continued to show a high degree of flexibility and work from home office during significant parts of the year. I am proud of the progress and positive development that we have delivered despite these challenges. I am positive that this has been made possible on basis of our strong mission, vision, and team.

We are working hard to simplify the customer journey at Xplora and learnings from the connectivity business have been important contributing factors. Our goal is to create more flexibility and higher conversion rates to our services, resulting in higher customer retention and higher customer lifetime value. We have an exciting pipeline of innovative products and services that are expected to reinforce our market lead, open new sales channels in new and existing markets and drive higher recurring revenues. We are very excited for the times ahead!

(sign.)
Sten Kirkbak

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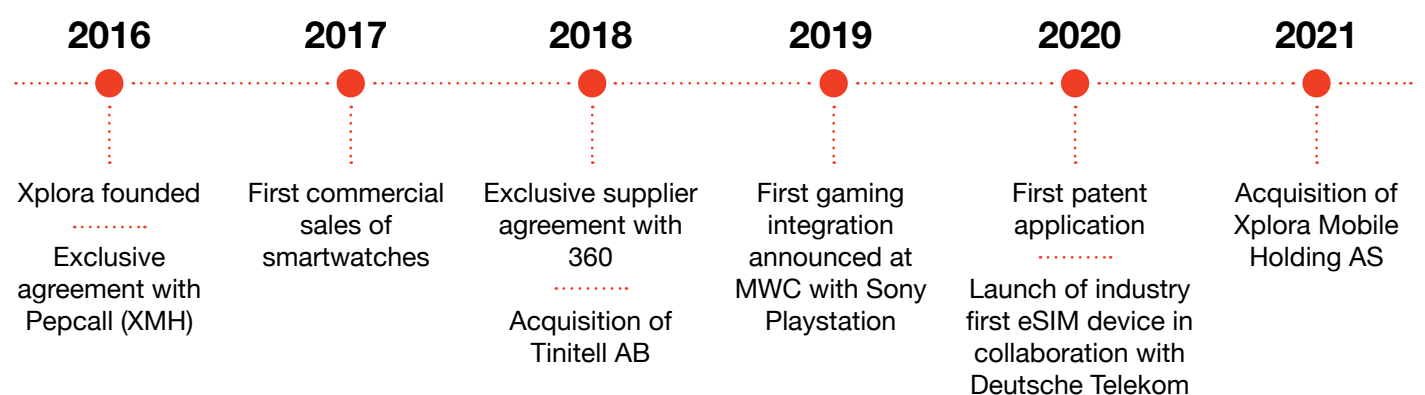
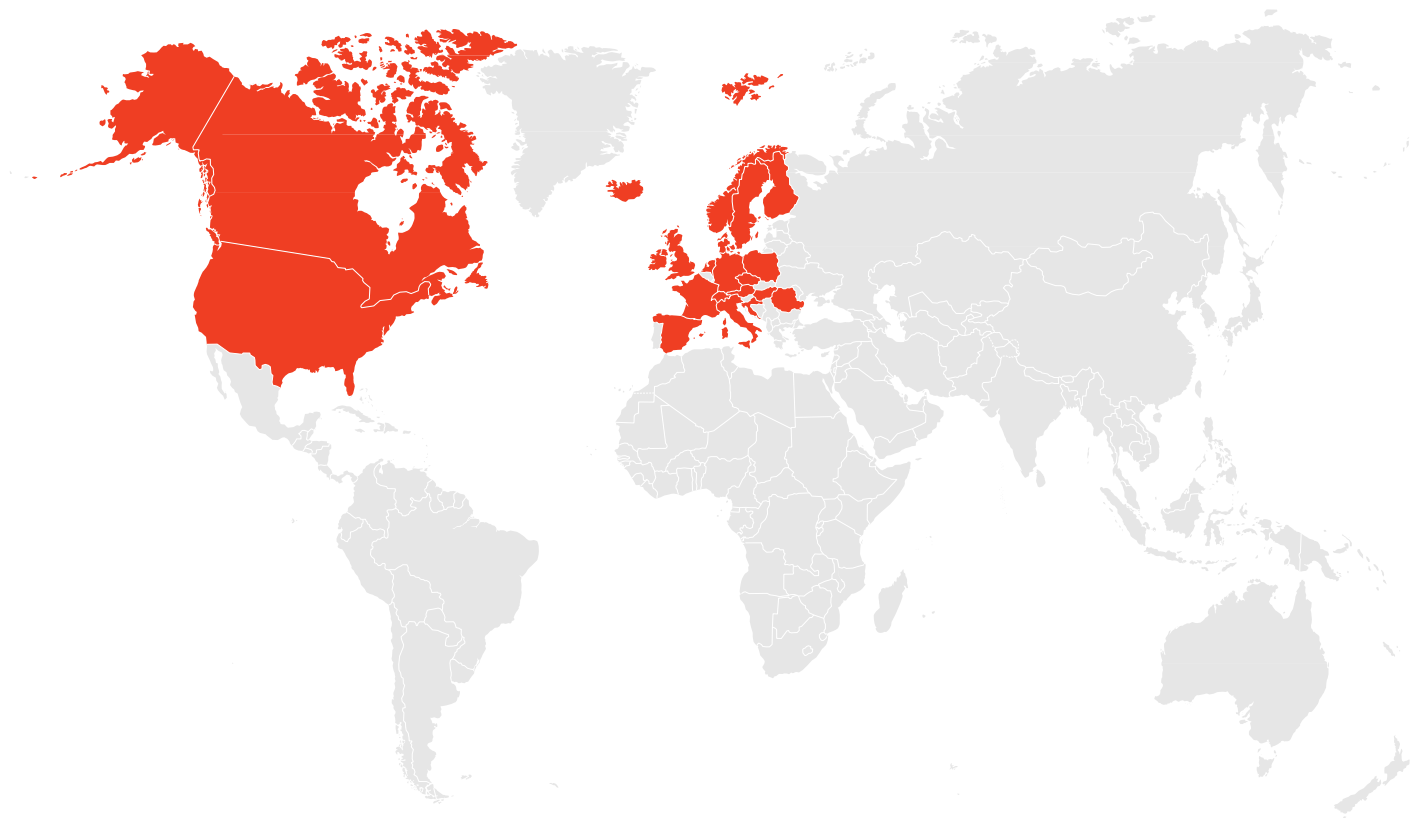
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Our Business

STRATEGY AND VISION

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

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 22 countries through online channels, 80 retail brands and 10 telecom partners.



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GROUP ORGANIZATION

Xplora Technologies AS is the parent company of Xplora Mobile Holding 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) and Xplora Technologies Inc. (a Delaware corporation). All subsidiaries in the group are 100% owned.

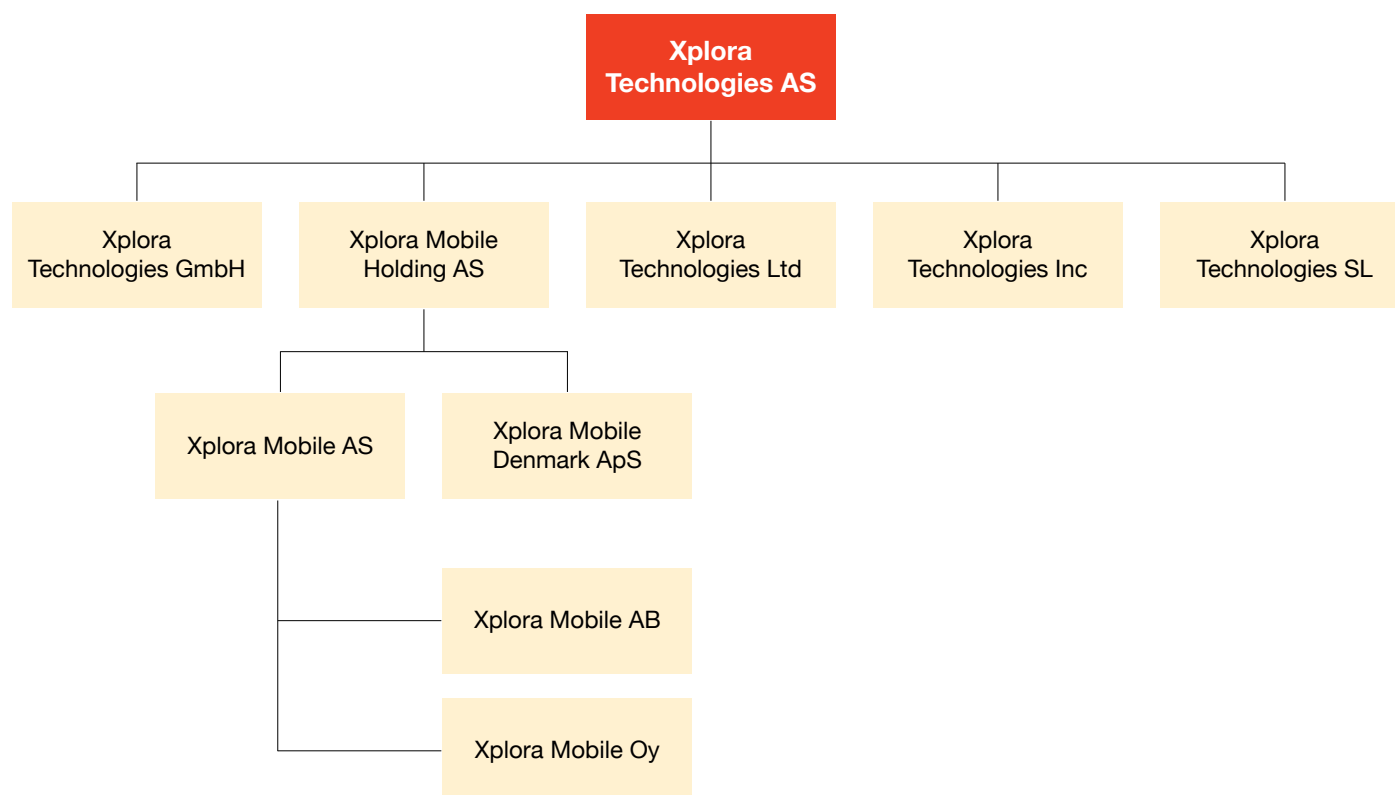
The parent company's operations are conducted from its Oslo and Trondheim offices in Norway. The Company's headquarters in Oslo accommodate the Group's finance, marketing, operations and support functions, while the Trondheim office manages global and national marketing campaigns.

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 handles sales and marketing in the UK market.

Xplora Technologies Deutschland GmbH, Xplora Technologies SL and Xplora Technologies Inc. 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.



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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 non-connected 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 to tap into sponsorship- and traditional ad-network revenue models.

Type	Product	Online	Retail	Telco
Devices	Smartwatches	✓	✓	✓
	Accessories	✓	✓	✓
Services	Connectivity	✓	✓	
	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 2021 Xplora has launched 8 devices. Our current offering includes the following devices: X5 Play, X5 Play eSIM, XGO2 and XMOVE¹⁾.



X1



X2



X3



XGO



X4



X5



XGO2

XGO3¹⁾

X6

X6 PRO¹⁾

¹⁾ Preliminary designs.

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- **X5 Play** – Our premium X5 Play smartwatch features a Qualcomm 8909 chipset for a fast and reliable user experience. The X5 Play is also water resistant (IP68) and features a 1.4' TFT display and 2-megapixel camera for taking great selfies. With built-in G sensors (accelerometer) and advanced step tracking capabilities, X5 Play links seamlessly to Xplora's unique Goplay platform. This enables children to access rich content where their activity is rewarded with Xplora Coins which can be used to play games and purchase amazing prizes in the Xplora Goplay store. As with all Xplora devices our smartwatch and platform are fully GDPR compliant meaning users' data is safe with Xplora.

- **X5 Play eSIM** – X5 Play eSIM is the world's first eSIM kids' smartwatch. This smartwatch is identical to our X5 Play with the cutting-edge technology of eSIM. This means users can select and setup their mobile network tariff in the watch faster than ever without the hassle of visiting a local store to buy or order a SIM card. X5 Play eSIM eliminates the risks associated with a damaged or lost SIM card. If the watch is stolen, the eSIM cannot be removed making it easier to track down the device.

- **XGO2** – XGO2, released in Q2 2021, raised the bar for a more affordable yet feature-rich kids' smartwatch with mobile phone capabilities and GPS tracking. With Xplora's DNA built in, the XGO2 features all the high-quality components from a top of the range Xplora device at a lower price point. Our XGO2 features IP67 rating to protect against dust and water and 4G/3G/2G connectivity to ensure reliable communications. With built-in G Sensors (accelerometer) our XGO2 smartwatch accurately tracks kids' steps which earn them Xplora Coins to be used in our ground-breaking and award winning Xplora Goplay platform. Completely GDPR compliant to ensure a safe onboarding for kids to the digital world.

- **XMOVE** – The XMOVE is a Bluetooth connected activity tracker introduced in Q2 2021. Featuring a sleek and smart design the XMOVE comes packed with great features to help the user remain active and enjoy access to Xplora's unique Goplay platform.



- **New smartwatches for 2022 release** – Xplora has initiated development of a new series of smartwatches planned for release in 2022. Xplora will revamp its product offering with the release of XGO3, X6 and X6 Pro, lifting the bar significantly and enabling increased interactivity with our platforms. The Company is taking a more active role in securing IP (intellectual property) and differentiating its offering in the marketplace through an OEM strategy. A key element in our development of new smartwatches is to introduce new features allowed by new technology in addition to creating more interactivity with our Goplay platform, making our offering unique in the marketplace.

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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 Goplay 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 Goplay 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

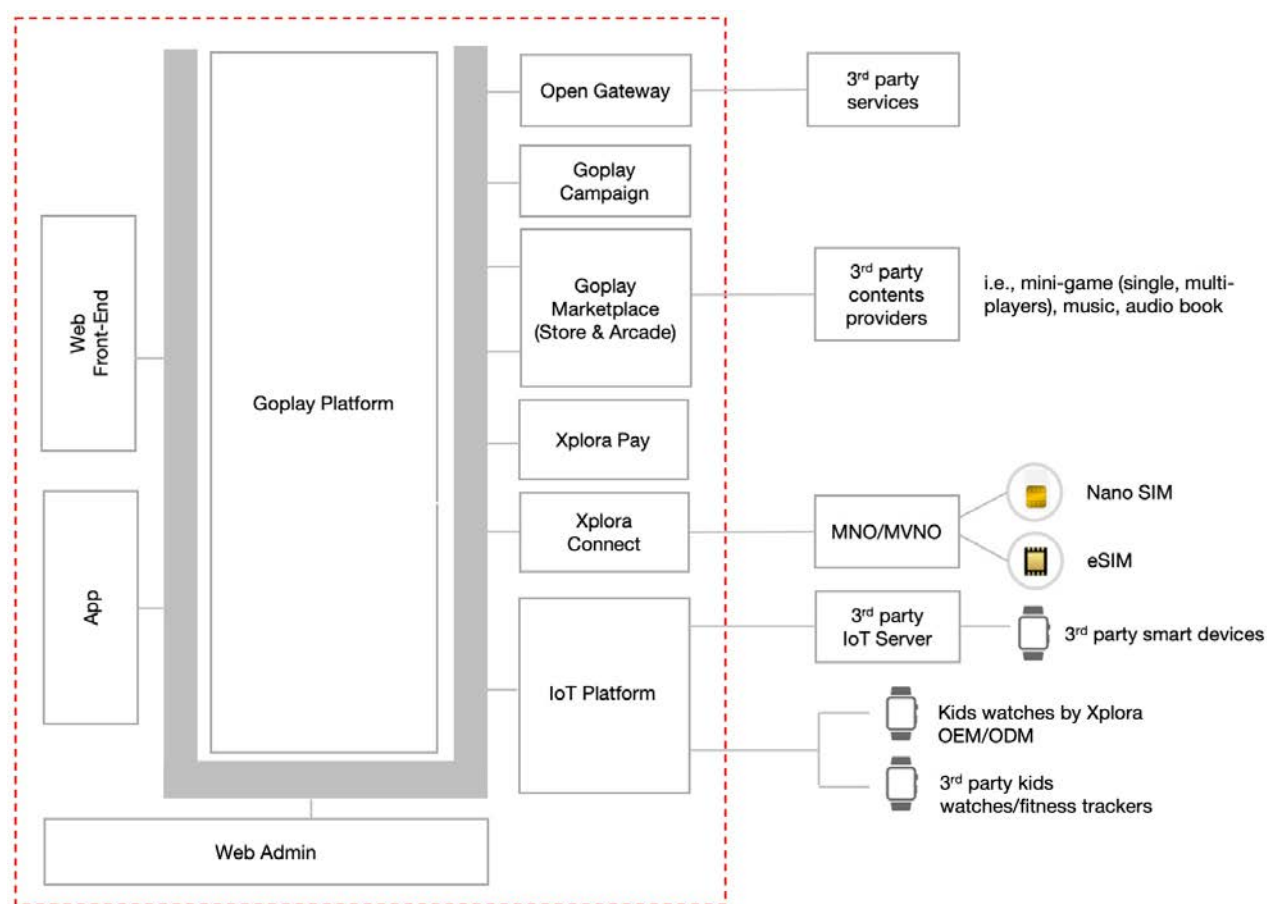
Xplora's own devices and smart devices from third party manufacturers to offer the core functionalities while meeting regulatory compliance.

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 and the USA with a customer base of 123,400 subscribers as of 31 December 2021. 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

Xplora Service Platform architecture



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(MVNO) contracts. Xplora has in 2022 announced a partner wholesale agreement with IQ Mobile Ltd, establishing Xplora as a mobile service provider in the UK market from late Q2 2022.

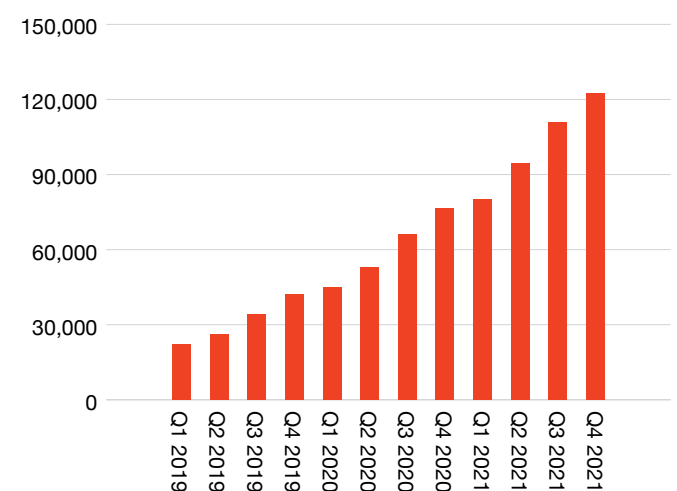
Xplora's business model of both being a smartwatch vendor and a Telco MVNO gives some unique opportunities in terms of product bundling, retail offerings and pricing options that are difficult to replicate.

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. In Sweden Xplora has reached a penetration rate of 4%, with 3% in the Finnish market. Xplora has been in Denmark for a year and reached a penetration exceeding 1%. 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.

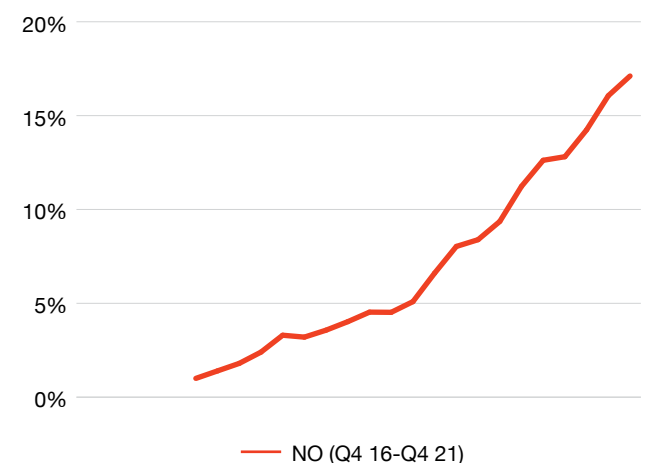
Xplora's smartwatch sales are well established in major European markets with an extensive distribution footprint. The company will use its strong distribution footprint as a basis to expand its connectivity business into selected markets. Growing the recurring revenue base and securing full commercial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

Xplora's connectivity price plans are designed specifically for the data and voice consumption of our smartwatches, driving strong competitive profitability. To seek to extend the customer lifetime beyond smartwatch use we sell regular mobile phone subscriptions and smartphones in the Norwegian market. When proving the successful migration of subscribers from smartwatches to smartphones we plan to leverage this into other markets. The customer acquisition cost for our connectivity product is competitive as we cater to an underpenetrated market. The SIM card is pre-installed and sold as a bundle with the smartwatch.

Xplora connectivity subscribers
by quarter



Mobile penetration¹ – Norway
by quarter



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

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Goplay Service

The Goplay service 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 Goplay service 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 Goplay service is clearly differentiated from other legacy social networking services which often are based on text, image or video. In contrast, the Goplay 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 explore integration with our Goplay platform and Xplora coins with third-party platforms in the game-, education- and finance space. We seek to engage our target audience on their preferred platforms and incentivize them to be physically active while playing, learning, and helping others, all while building brand awareness and extending the reach of the Goplay service. Xplora coins will be an integral part of this strategy and will form the basis of our customer retention.

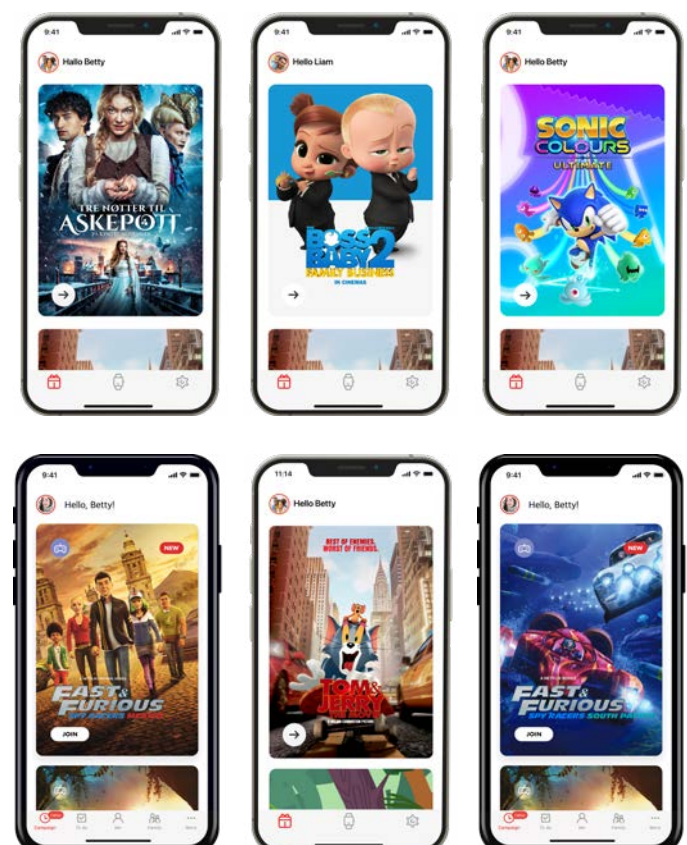
The main goal of the Goplay platform is to combat and address two growing concerns among families: 1) increasing screen time and inactivity and, 2) childrens' safety.

1) Increasing screen time: children in the age of 8-10 spend a daily average of 6 hours in front of a screen according to health research. Combined with more inactivity among children this issue is gaining increased attention amongst health officials and parents across the world. Xplora seeks to actively address these issues by creating services that motivate and incentivize children to play, learn and stay physically active, and thereby balancing their online and offline lifestyle. The Goplay service offers content created together with Xplora's business and content partners rewarding children for their physical activity.

2) Childrens' safety: Xplora Service offers both children and their parents various safety features including location tracking, two-way communication, content filters and more. All this while maintaining highest privacy standards to ensure kids' safe onboarding to the digital world.

Xplora is building an ecosystem based on physical activity and location data by inviting smart device partners that seek to add value to their offering by licensing the Goplay service. It will be promoted as subscription service for Xplora's own user base and SaaS (Solution as a Service) for third party product and service companies.

The Xplora Service Platform enables Xplora to scale its user base in multiple verticals. Firstly, Xplora will seek to upsell premium services to its smartwatch users. Further, we extend the user base to family members and friends of the Xplora smartwatch users by having opened our Service Platform to third party wearable devices, i.e. other activity trackers and other smart devices. Finally, Xplora will extend its reach to partner ecosystems and communities via open API, effectively growing our user base and scalability significantly faster.



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Sales and Go to Market Strategy

Xplora has a well-defined and tested go to market strategy that is applied when entering and developing new markets. We seek to stay true and loyal to our go to market strategy.

The first phase comprises planning, technical preparation and reaching out to influencers and other partners for the initial introduction into a new market. We enter a new market through online channels first, both own webstores and partners such as Amazon to test pricing, efficient marketing messages and tools and to gain ratings and recognition. These are important factors to approach and secure retail channel partners, which represent the second commercial phase of our go to market strategy. The largest distribution channel for Xplora's products and services are telecom operators. Telecom operators require a longer process to onboard as their technical and volume

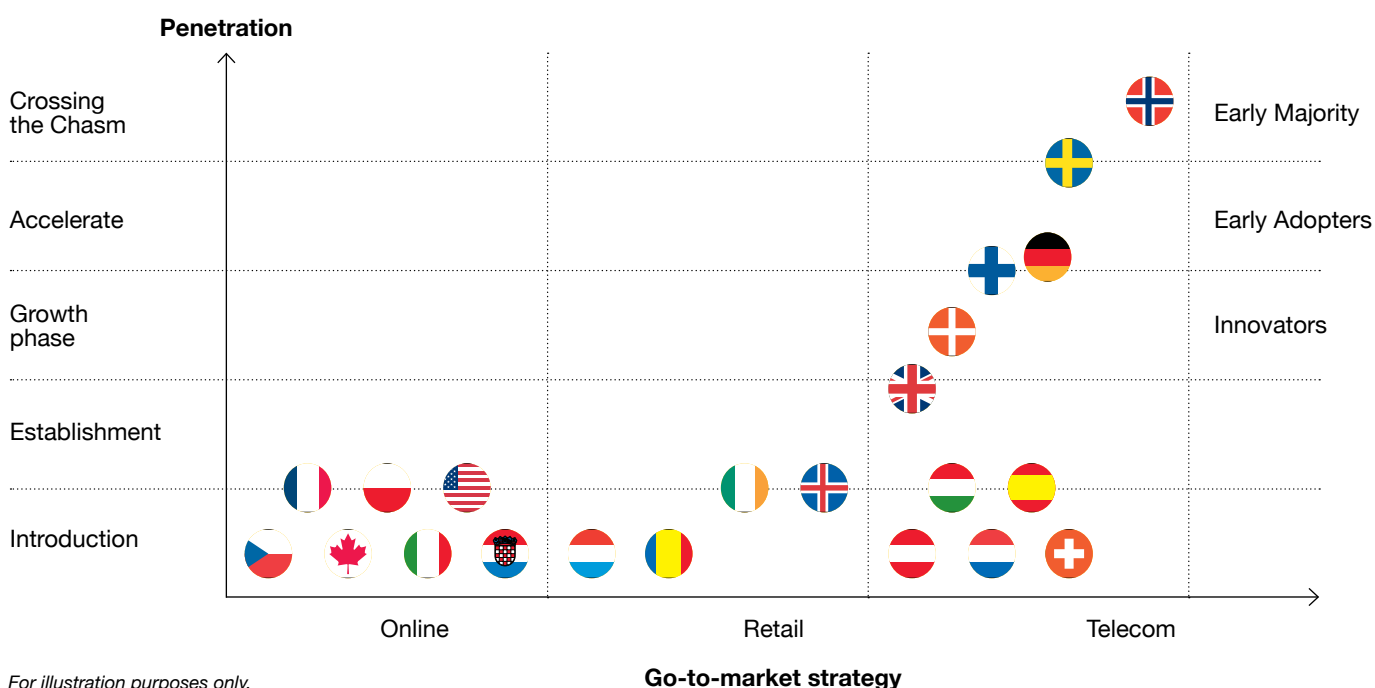
requirements are higher. On average and over time online channels are expected to comprise around 20% of device volumes, retail around 30% while telecom operators represent the largest market potential with around 50% of the device volume.

Xplora is as of 2021 present through online, retail and telecom channels in 22 markets in Europe and North America. The level of development varies widely between different markets. In the Norwegian market, where Xplora has been active since 2017, we have a wide distribution network through some of the largest retail chains in the country in addition to a well-established Xplora webstore. This has resulted in a high market penetration, estimated at 17% of the target population kids aged 4-10. Xplora is present in France, Canada, Czech Republic, Poland, Italy, Croatia and the USA through online channels only as of 2021.

The stages of Xplora's go to market strategy



Xplora market presence by channel and stage



For illustration purposes only.

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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 had 80 retail and distribution partners exiting 2021.

Sample of retail partners by channel and region

Nordics	DACH¹	UK/Ireland	Spain
Online/retail	Online/retail	Online/retail	Online/retail
Elkjøp/Elgiganten	Media Saturn	EE	Mediamarkt
Kjell & Company	Expert	Harvey Norman	El Corte Ingles
	Euronics	DID Electrical	Carrefour
	Aldi		Fnac
			Worten

Nordics	DACH¹	UK/Ireland	Spain
Online	Online	Online	Online
Komplett	Tchibo Mobil	Currys	PC Componentes
NetOnNet	Otto	John Lewis	
	MyToys	JD Williams	

¹ Germany, Austria and Switzerland

TELECOM DISTRIBUTION PARTNERS

Xplora has successfully completed homologation tests and entered into distribution agreements with 11 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), Vodafone (HU), Tre Sverige (SE). Movistar, Elisa and Telia were entered into agreement in 2021 while Tre Sverige was announced in 2022.

Mobile Holding and create a more efficient and scalable customer success organization and service.

To drive more efficiency in our services we have invested in new systems such as chatbot and Zendesk and scaled our customer success team in several geographies. Exiting 2021 we had chatbot for 7 languages, which as of April 2022 has increased to 11 languages. The share of customer inquiries solved by chatbot doubled from 20% to 40% through 2021 in our Nordic operations. Another significant improvement during 2021 is the creation of a blueprint for our customer success operations to more efficiently scale into new channels, products, services and geographies.

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

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 of the customer's geographic origin and to meet our customers on the platforms they wish to communicate with Xplora efficiently.

Our two key focus areas in 2021 in customer success were to integrate the two customer success teams in Xplora Technologies and Xplora

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Directors' Report

2021 proved to be another remarkable year for Xplora. The year continued to be heavily impacted by the corona-virus pandemic affecting and challenging many parts of our business and activities. The acquisition and integration of our Nordic mobile service provider partner Xplora Mobile Holding (XMH) has largely influenced our business and further developed our strategy through 2021. Xplora has proactively addressed the significant growth in revenues and organization in recent years through a reorganization into an Agile organization structure following the successful integration of XMH. The continuous pursuit to develop a quickly responsive and highly scalable business model has been a determining factor through the year.

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 2021 and at 31 December 2021.

Group revenues for Xplora Technologies reached NOK 431.4m in 2021. This represents a growth of 115% from the NOK 200.5m in group revenues in 2020. Recurring service revenues represented 21% of group revenues at NOK 90.7m, up from recurring service revenues of NOK 7.5m in 2020. This includes three quarters of consolidated figures from XMH. Pro-forma full-year recurring service revenues were NOK 108.2m in 2021. In addition, there were other revenues of NOK 0.9m in 2021 vs NOK 1.0m in 2020. Xplora exited 2021 with 123.4k subscribers, up from pro-forma 76.7k subscribers at the end of 2020. During 2021 the company sold a total of 395k smartwatches, up from 216k smartwatches sold in 2020.

Germany represented the largest market for Xplora in 2021 with regional revenues comprising 41% of

group revenues at NOK 175.4m. German revenues are driven by sale of smartwatches. Norway represented the second largest market for the company in 2021 with revenues of NOK 164.7m, at 38% of group revenues. Around 40% of revenues from Norway were driven by subscription revenues. Xplora's third largest market in 2021 was Sweden at 9% of group revenues, followed by the UK at 4% of revenues.

Gross margins continued to increase in 2021 as result of a higher share of service revenues and supportive development in underlying gross profitability of devices. 2021 gross margin was 45.4%, up from 29.9% in 2020, with gross earnings rising 227% from 2020 to NOK 196.0m.

Operating costs were NOK 176.8m in 2021, up from NOK 70.7m in 2020. The increase is explained by a significantly higher sales level driving higher marketing expenses and headcount and the acquisition of XMH. Xplora increased its headcount from 40 at the beginning of the year to 90 at the end of 2021. Payroll expenses increased from NOK 27.4m in 2020 to NOK 72.4m in 2021. Payroll expenses include option costs of NOK 5.9m in 2021 vs NOK 4.3m in 2020. The company's development activities have been high throughout 2021 both due to platform and service development as well as the initial development of new smartwatches planned for release in 2022. Development costs related to upcoming service and devices are capitalized. Marketing costs were NOK 47.5m in 2021 vs NOK 16.4m in 2020.

Xplora reached a milestone posting positive full-year EBITDA for the first time in the company's history in 2021. EBITDA amounted to NOK 19.2m in 2021, up from a loss of NOK 10.9m in 2020. Depreciation and amortization was NOK 33.7m in 2021, up from NOK 2.2m in 2020. The increase is explained by amortization of goodwill and intangibles from the acquisition of XMH from Q2 21 and higher amortization of capitalized development costs. Goodwill is amortized over 10 years and the net carrying amount of customer contract are amortized over 4 years. Operating profit ended at NOK -14.5m in 2021 vs NOK -13.2m in 2020. Net financial items were NOK -2.0m in 2021 compared

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to NOK -11.4m in 2020. Net interest costs were NOK -0.6m in 2021. This compares to net interest costs of NOK -3.0m in 2020. Other net financial costs of NOK -1.4m in 2021 were driven by FX of NOK -0.6m and other finance costs of NOK -0.8m.

Xplora Technologies' pretax earnings were NOK -16.5m in 2021, up from a loss of NOK 24.5m in 2020. Net profit ended at NOK -13.5m in 2021, an improvement from NOK -24.5m in 2020.

Cash Flow

The group's operating activities generated a net cash outflow of NOK 27.6m in 2021. This compares to a net cash outflow of NOK 28.1m in 2020. An increase in net working capital from higher activity level resulting in a cash draw of NOK 44.8m is the key driver of the negative cash flow from operating activities.

Investing activities generated a net cash outflow of NOK 89.0m. This compares to a net cash outflow of NOK 5.7m in 2020. The increase is explained by the NOK 76.9m net cash consideration for the payment for the acquisition of XMH. Capitalized development costs were NOK 12.1m in 2021, up from NOK 5.7m in 2020.

Financing activities generated net cash inflows of NOK 138.2m in 2021 vs net cash inflows of NOK 139.3m in 2020. Net proceeds from equity issues generated positive cash flows of NOK 146.8m, offset by down payment of debt of NOK 9.1m in 2021. Other financing items produced a net inflow of NOK 0.5m.

Cash and equivalents increased by NOK 21.5m during 2021 from a cash balance of NOK 118.2m at the beginning of the year to NOK 139.8m at the end of the year.

Financial position

At December 31 2021 Xplora Technologies group had total assets of NOK 576.7m, compared to NOK 192.5m at year-end 2020. The main reasons for the increase in total assets and balance sheet of the group are the acquisition of XMH and an increase in sales and activity levels driving higher working capital needs. Group equity at year-end 2021 was NOK 401.1m for an equity ratio of 70%. This compares to equity of NOK 128.0m at year-end 2020 for a 66% equity ratio. The increase in equity comes as result of new equity issues and equity

consideration for the acquisition of XMH offset by negative retained earnings.

Interest bearing debt at year-end 2021 was NOK 29.9m, up from NOK 25.0m at year-end 2020. NOK 25m of the interest-bearing debt is a 5-year innovation loan from Innovasjon Norge partly guaranteed by the EU Horizon 2020 program awarded in 2020. Deferred tax related to customer contracts included in the PPA was NOK13m. This was previously included in short term liabilities but restated to long term liabilities due to the 4 year amortisation of customer contracts. Deferred tax related to customer contracts released in 2021 of NOK 3m is restated from amortisation to tax expenses in the income statement. Cash and equivalents amounted to NOK 139.8m at 31 December 2021 for a net cash balance of NOK 109.9m. This compares to a net cash balance of NOK 93.2m at 31 December 2020. Accounts payable were NOK 36.1m at year-end 2021, up from NOK 19.7m in 2020. Other short-term debt of NOK 96.6m include a provision for earnout for the XMH acquisition of NOK 20m. The earnout has been paid in full during Q1 22.

Accounts receivable amounted to NOK 78.3m in 2021, up from 27.2m in 2020. The increase is explained by higher activity levels. Inventories were NOK 82.5m at year-end 2021, up from NOK 24.4m at year-end 2020. Challenging supply-chain environments and more constrained component availability has throughout 2021 put upward pressure on working capital needs as lead times have been prolonged. A strong financial base has allowed Xplora to better plan supply in this market environment.

Total fixed assets were NOK 248.7m at year-end 2021, up from NOK 7.2m at year-end 2020. The increase is result of the acquisition of XMH and more capitalized development costs. Goodwill stood at NOK 170.1m in 2021, and the value of remaining customer contracts was NOK 59.9m in 2021. Capitalized development costs were NOK 17.4m at year-end 2021, up from NOK 6.8m at year-end 2020. Tangible fixed assets were NOK 1.1m at year-end 2021, up from NOK 0.4m in 2020.

The Board of Directors is of the opinion that the group has adequate funds to meet Xplora Technologies' financing needs for further growth in the next 12 months.

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Xplora Technologies AS (parent)

The parent company reported revenues of NOK 256.2m in 2021, up 63% from NOK 157.6m in 2020. The increase is due to volume growth. Operating results were NOK -46.7m in 2021, down from a loss of NOK 17.0m in 2020. Income from subsidiaries were NOK 41.6m in 2021 for total financial income of NOK 63.8m, which offset by NOK 15.9m in financial expenses resulted in pretax earnings of NOK 1.1m in 2021. This compares to a loss of NOK 22.3m in 2020.

Total assets in Xplora Technologies AS (parent) were NOK 579.3m in 2021, up from NOK 238.9m. The increase is driven by the acquisition of Xplora Mobile Holding AS during the year, driving investments in shares to NOK 241.9m in 2021, up from NOK 0.3m in 2020. Loans to group companies increase from NOK 96.8m in 2020 to NOK 184.6m in 2021 as result of increased inventories in subsidiaries. Cash balances were NOK 51.4m at year-end 2021 with interest bearing debt at NOK 25m. Parent company equity was NOK 469.1m in 2021, up from NOK 174.9m in 2020. The increase is result of new equity raised and the acquisition of Xplora Mobile Holding.

Shares and dividends

Xplora has one class of shares. At year-end 2021 there were 39,783,848 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 year-end 2021. The nominal value of Xplora shares is NOK 0.004.

Market valuation of Xplora at 31 December 2021 was NOK 1,157m.

The number of shareholders was 1,327 at the end of 2021, compared to 429 at the end of 2020. The proportion of shares held by foreign investors increased by 9.3 percentage points from the end of 2020 to 10.2% at the end of 2021. Top 20 shareholders held 67.2% of shares outstanding at 31 December 2021.

The highest closing price during 2021 was NOK 54. The lowest closing price during 2021 was NOK 22.9. The share price at the last trading day in 2021 was NOK 29.1. At year-end 2020 the share price closed at NOK 23. This represents a return of 26.5%. The Oslo Stock Exchange Benchmark

Index OSEBX increased 23.3% during 2021. Total turnover of the XPLRA share in 2021 was NOK 923 million.

Given Xplora Technologies' early stage of development and significant organic and strategic growth opportunities the Board of Directors does not recommend a dividend for the year 2021.

At the extraordinary general meeting on 13 April 2021 the Board of Directors was granted the following authorization valid for 24 months:

Authorization to increase the company's share capital by up to NOK 60,000 by issuing up to 15,000,000 shares. The authorization covers both cash and non-cash considerations. As of December 2021 the remaining number of unused shares under the authorization was 14,617,230.

At the annual general meeting on 23 June 2021 the Board of Directors was granted the following authorizations valid until the general meeting in 2022:

Authorization for buyback of shares with par value up to NOK 15,764.432 or up to 3,941,108 shares, for use in acquisitions, mergers or other transactions. As of 31 December 2021, the authorization has not been used.

Top 20 shareholders

The 20 largest investors in Xplora Technologies AS held 67.2% of outstanding shares as of 31 December 2021. This compares to 75.2% at year-end 2020. We refer to [Note 8](#) in the consolidated accounts for a list of top shareholders and shares held by the Board of Directors and Management.

Outlook

The Board of Directors has an optimistic view on the prospects for Xplora. The company is a leader in its field in a rapidly growing industry. Growth 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. For 2022 Xplora expects revenue growth of at least 50% driven by growth in both device sales and services. The company seeks to continue to build operating leverage and improve profitability. Capital expenditures are expected at NOK 30-35m in 2022.

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The acquisition of Xplora Mobile Holding AS in 2021 has given valuable insight into mobile service provider business, recurring revenue streams, upselling besides giving access to an industry leading team. These learnings have led us to alter our go to market strategy for value added service sales. The effect of this is a short-term delay in incremental recurring value-added service revenues, but correspondingly we anticipate a higher conversion rate and seek to extend the customer lifetime longer term, thereby increasing the customer value and earnings potential. One example of this strategy is to introduce the Xplora safeguard app in 2022. The safeguard app will be a stepping stone enabling the migration of the child from a smartwatch to a smartphone, while extending the customer's relationship with Xplora. The safeguard app, installed on the child's first smartphone, will give parents the opportunity to set safety settings, screen time and other safety measures, while opening for the next stage in the child's digital development by allowing transferring of the child's history on the Goplay platform.

Xplora aims to reinforce its market lead, extend its reach through wider distribution capacity and an ambitious product and service roadmap in 2022. Xplora seeks to extend its service provider business to offer connectivity in 1-3 new markets in 2022.

In February 2022 Russia invaded Ukraine. The ongoing conflict combined with macroeconomic developments could negative impact consumer spending behavior in markets where Xplora is present.

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 2022 as well as the Company's long-term strategic outlooks. The Company's financial position is viewed as strong with sufficient liquidity and a healthy equity ratio.

Risk management

The Board of Directors is putting in place measures to ensure that risk is managed systematically in all parts of the group. The Board of Directors considers risk management to be a prerequisite for long-term value creation for shareholders, employees and other stakeholder. During 2021 the company has established an Audit Committee. The company has established an HR Committee in 2022.

Xplora is subject to several risk areas, including market and competition risk, financial risk, operational risk and cyber security. The Board of Directors and management are continuously monitoring the Xplora group's risk exposure and the group constantly seeks to improve its internal control processes. An active approach is taken to risk management, where an annual risk assessment and mitigation is presented and discussed with the Board.

Directors & Officers Insurance

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

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COVID-19

Xplora Technologies has been able to deliver strong growth and underlying results improvements in 2021 despite major impacts from COVID-19. Employees have been forced to work from home offices during major parts of the year across all our international operations. We have experienced intensifying supply chain issues through the year, with component shortages, longer lead times in production and logistical challenges. Our customers have been forced to close physical retail outlets for significant parts of the year in many markets, leading to major shifts in channel sales. It has been difficult to target new market entry with limitations on travelling and as result of customers postponing decisions to introduce new products in our category. Recent lockdowns of cities and regions in China could affect supply chain and timely introduction of new products.

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 1.9m for bad debt in 2021. No material losses on outstanding receivables were recorded in 2020. In 2019 the company took provisions for bad debt of NOK 1.5 million.

The majority of the group's interest-bearing debt has a fixed rate and is as such not exposed to volatility in interest rates. 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.

Operational risk

Business risk relates to the risk of lost sales, reduced profitability, and loss as result of changes in the Xplora's competitive position. Xplora operates in a rapidly developing market in 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 are increasing. Some cyber threats include ransomware, phishing, data leakage and hacking. Cyber risks are becoming increasingly complex and challenging. Xplora conducts stress testing of its platforms for good practice and to mitigate risk. Examples include: 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 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.

Working environment and employees

Xplora had 90 full-time employees at year-end 2021, of which 56% women and 44% men. This compares to 40 employees at the start of the year of which 20, or 50%, were women. 25% of group management were women at year-end 2021. The Board of Directors comprises four men and two women.

The company's workforce counts 26 nationalities across North- and South America, Europe, Asia and Africa. As at year-end 2021 47 employees

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worked in Norway and 23 worked in the UK. 10 employees worked in Germany.

Leave of absence was measured at 2.6% in 2021 in the group. This compares to 3.4% in 2020. No incidences or reporting of work-related accidents resulting in material damage or personal injury occurred during the year. The working environment is good and efforts for ongoing improvement are made on a regular basis.

While the Covid-19 pandemic forced us to impose home-office policies through parts of the year in all geographies, working together, building dynamic and efficient teams and creating a professional as well as social space for our employees is a priority for us.

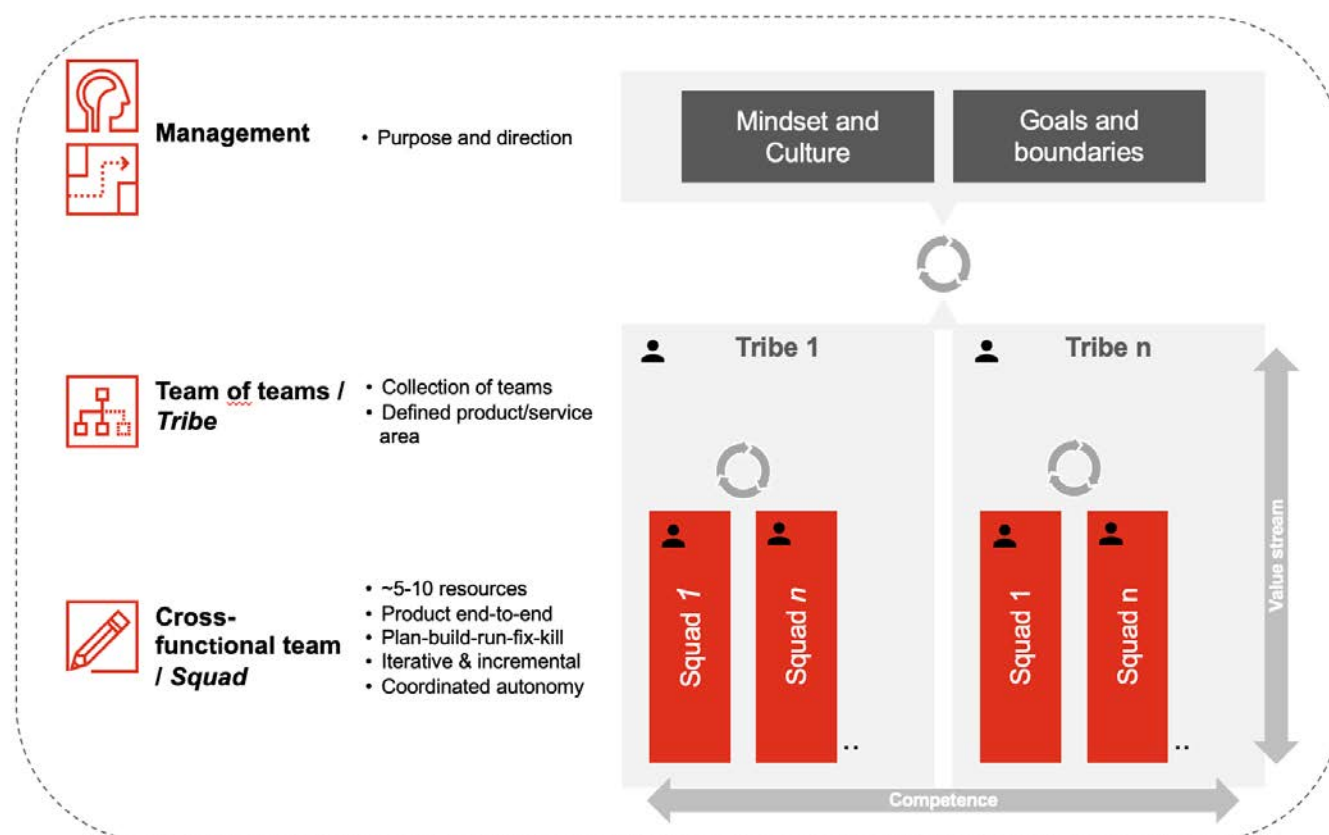
Xplora relocated its Oslo headquarters late 2021 to Nedre Slottsgate 8. The new facilities are inviting, modern, spacious and cater to interactivity and social interaction between employees. Our Trondheim team moved into larger, more modern offices mid-2021. The Hamburg, Germany team also relocated to new, larger offices late 2021, and the London team will establish larger, common office facilities in 2022. Offering attractive work facilities is a priority for Xplora. Xplora's growth

in recent years puts a continuous pressure to recruit new talent and to build and develop existing talent in the organization. Xplora seeks to offer competitive remuneration to all employees, reflecting their education, experience and professional qualifications. We are committed to equal pay for equal work regardless of gender. The introduction of an agile organization can further define career growth opportunities within the company. Annual personal evaluation meetings are conducted to ensure feedback from all employees on their individual development and goals to help our talents to better utilize their skills and capabilities and thereby reach their potential.

The Board of Directors would like to thank all employees for their dedication and hard work during an extraordinary year with both home- and office work. Xplora's employee base has grown sharply through 2021 both organically and inorganically. The Board of Directors would like to give a warm welcome to all new employees and express gratitude for the strong team spirit.

AGILE ORGANIZATION

Xplora has addressed a rising need to handle more complex operations and more efficient ways of working following years of strong growth and



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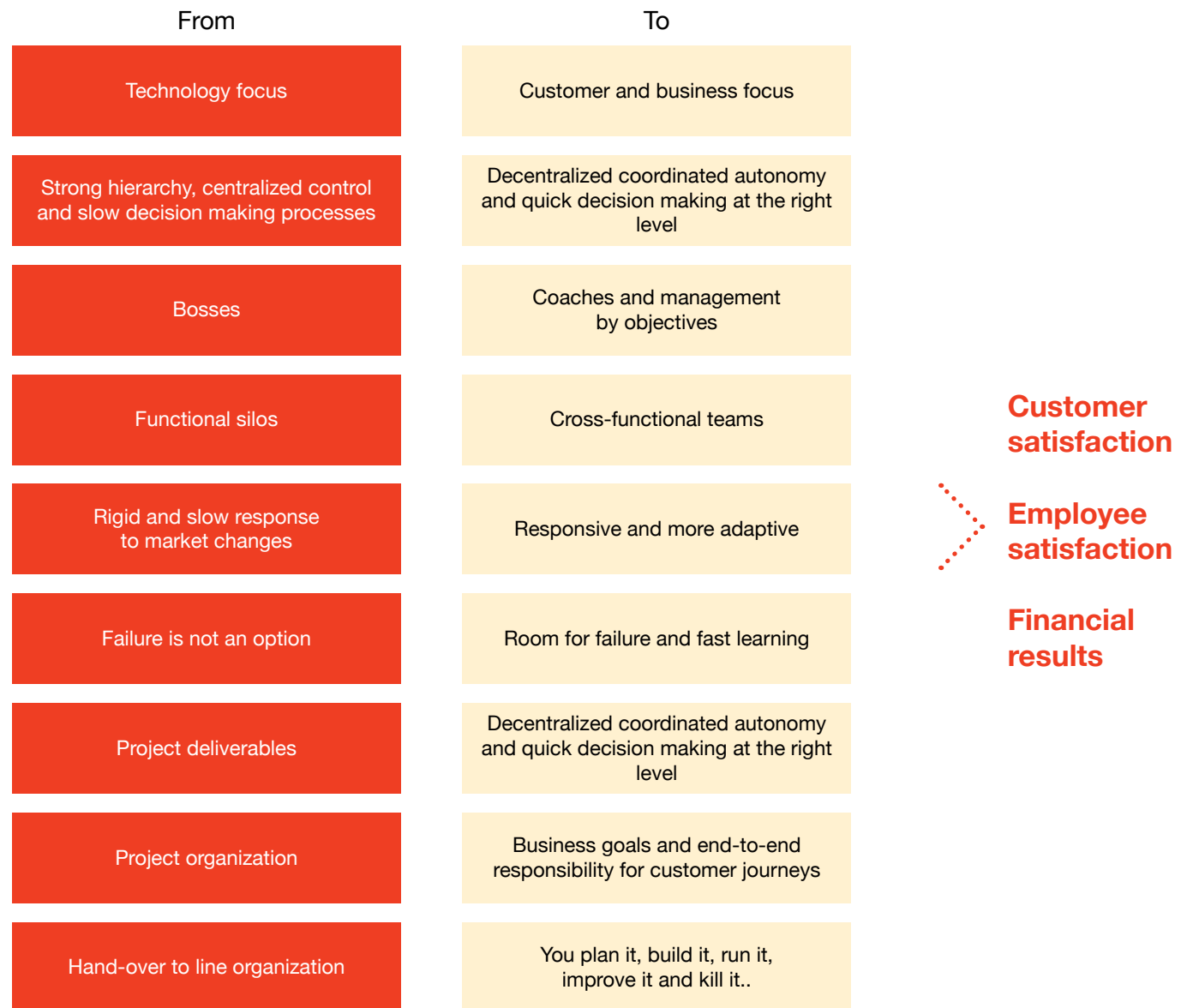
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the acquisition of Xplora Mobile Holding in 2021. Following an in-depth assessment of the structure and future demands on the organization through Q2 2021 and Q3 2021 Xplora implemented an agile organization form in H2 2021. The agile organization form is built to yield focus and power to deliver in increasingly complex environments at a fast pace.

The agile organization exists of cross-functional teams organized around the product and service dimension. Xplora's management, consisting of CEO, CFO, CTO and CCO gives the overall purpose and direction, sets the mindset and culture and the goals and boundaries for the group. Our organization is divided into two tribes.

A tribe is a collection of teams focused or defined by a specific service area. Xplora is divided into a

Device and Connectivity tribe, and a Platform and Services tribe, each led by a SVP, part of group management. Each tribe is once again divided into squads. Squads are cross-functional teams focused on developing and managing a product or service end-to-end. Typical squads may be a new product, accessories and an existing service. Each squad consists of 5-10 resources from all disciplines ranging from finance, customer support, marketing and sales, to development, operations and logistics. The squad is collectively responsible for all aspects of the product or service within the set goals and boundaries set by management. Squads stay aligned with the overall corporate strategy through bi-weekly sprint sessions with tribe leaders and management, once again aligned through quarterly business reviews.

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ENVIRONMENTAL ACTIONS

Our operations have had a positive impact on the environment. Our vision is to enable children around the world to experience how their everyday activities can make a positive change to the world. Even small steps can make a big impact. Xplora has partnered with United Nations, UNICEF Kid Power and United Cities and partnered with Bærekraftsenteret. These partners are important stakeholders in our sustainability strategy by enabling and empowering campaigns on our Goplay platform where our users engage to contribute to a better world.

Xplora has initiated significant reduction in carbon footprint and emissions in its new product offering with reduced packaging and better material use.

EVENTS AFTER THE BALANCE SHEET DATE

Xplora paid the NOK 20m earnout for the acquisition of Xplora Mobile Holding AS in full in Q1 2022, as both EBITDA and free cash flow targets were exceeded for 2021. The earnout was paid in cash from cash balances.

Xplora issued 10,000 shares to previous Board member Kristin Hellebust (now CCO) for her tenure on the Board of Directors 2020-2021 in January 2022. The number of shares outstanding in Xplora following the capital increase is 39,793,848. Kristin Hellebust holds 28,604 shares in Xplora following the transaction.

The Board of Directors has established a HR Committee to review and set policies for diversity targets, compensation, succession planning, talent management- and recruiting. The HR Committee consists of two board members. Xplora has recruited Britt Narmo as Xplora's Head of People and Organization. Britt is expected to commence her new position late Q2 2022 and will be based in our Oslo headquarters.

During Q1 2022 Xplora has signed on Jason Pyne as SVP Platform and Services. Jason will be based out of our London office and commenced in the position late Q1 2022.

STATEMENT OF THE BOARD OF DIRECTORS

We confirm to the best of our knowledge that the financial statements for the Company 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, 27 April 2022

(sign.)

Tore Engebretsen
Chairman of the Board

(sign.)

Harald Fr. Ulltveit-Moe
Member of the Board

(sign.)

Bjørn Christian Eide
Member of the Board

(sign.)

Ingrid Elvira Leisner
Member of the Board

(sign.)

Kari Bech-Moen
Member of the Board

(sign.)

Torkil Munkhaugen
Member of the Board

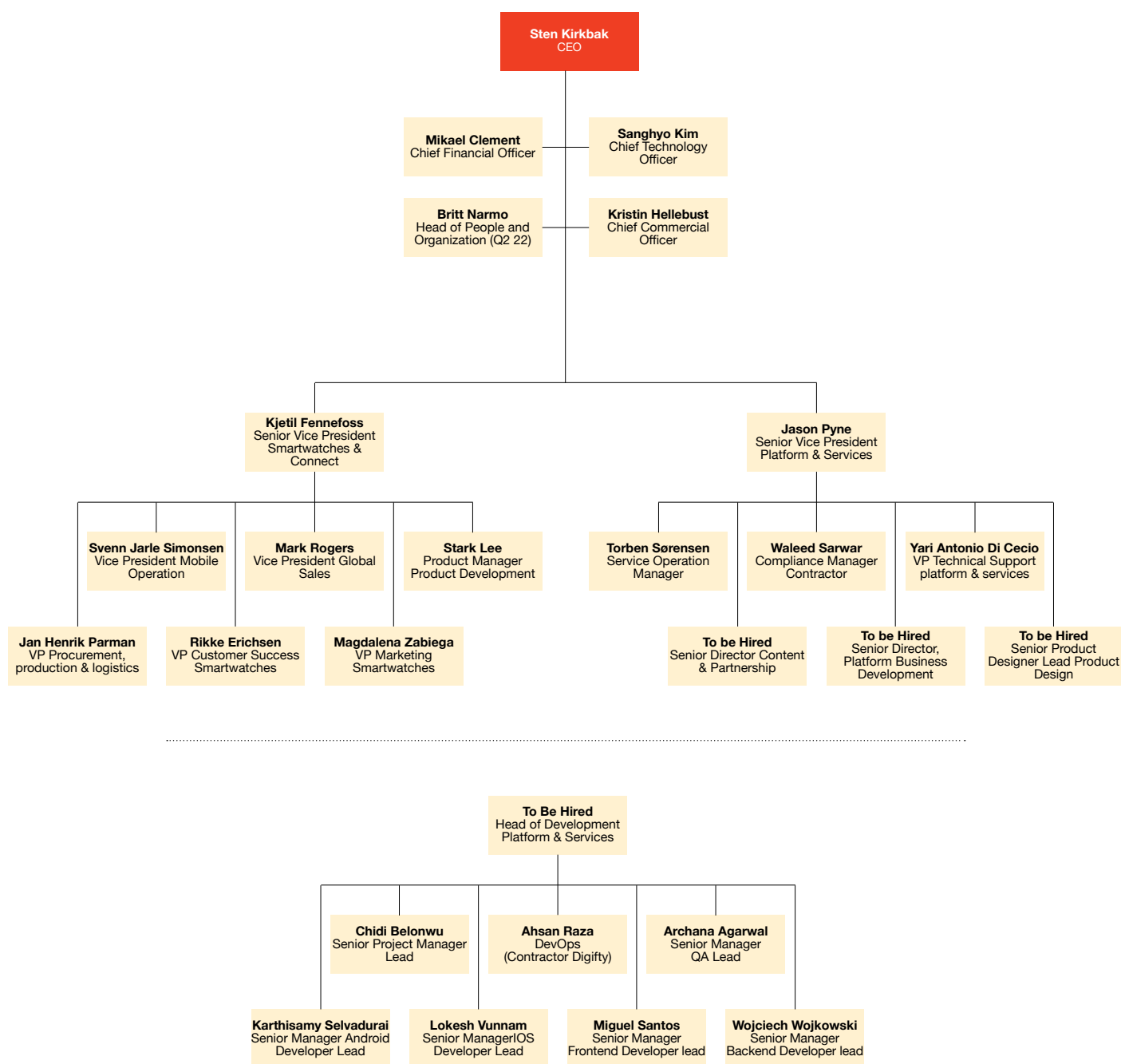
(sign.)

Sten Kirkbak
CEO

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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 acts 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 2021 Xplora held its annual general meeting 23 June 2021 with 46.3% of voting capital represented. Xplora held an extraordinary general meeting 13 April 2021 in conjunction with the acquisition of Xplora Mobile Holding AS with 50.8% of voting capital represented. The next general meeting is scheduled for 9 May 2022.

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 re-elected. Two of the board members were elected to the board in 2021.

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.

HR Committee

Xplora established an HR Committee consisting of two board members in 2022 as a sub-committee of the Board of Directors. The HR committee is established to ensure that the organization is following local, state and federal laws and certain best practices relating to its employees and

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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.

No remuneration was paid to board members that represented shareholders for tenure on the Board of Directors 2020-2021. Independent board member Kristin Hellebust received remuneration equal to the value of 10,000 shares in Xplora for her tenure on the Board from June 2020 to June 2021. The shares were issued in full in January 2022.

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.

The COVID-19 pandemic continued to impact our working environment. Xplora has focused on safeguarding employees by implementing infection control measures and following government advice and regulations. This has included working-from-home orders when and where possible.

No incidences or reporting of work-related accidents resulting in material damage or personal injury occurred during the year.

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.

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 on 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 provide 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 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 available on the Company's investor page on www.myxplora.com/investors.

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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.

During 2021 Xplora attended several investor conferences and investor meetings arranged by investment banks and met directly with new and existing shareholders throughout the year. The IR team extended its communication activities through the above in addition to recorded webcasts. Management seeks to continue to improve stakeholder communication through a dedicated PR and IR strategy. In 2022 Xplora has signed up with two sponsored research programs to widen the communication reach to new investors across broader geographies and distribution platforms. Xplora is to present at investor conferences in 2022 both in and outside Norway.

Takeovers

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

Auditors

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

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Sustainability and Social Responsibility

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 for children. 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 in regard to our own impact as well as the positive impact our growing community of Xplora customers may generate. UN's sustainability goals are at the heart of our vision.

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 organisations promoting sustainability, such as UNICEF, United Nations and United Cities.
- 3. Execution.** With our Goplay 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.

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 the 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. With our Goplay platform and already integrated Global partners such as Sony Playstation, Netflix, Paramount, and now also UNICEF and United Nations, we are able to execute not only our own B2C strategy, but enable licensing opportunities for our platform to B2B and B2B2C strategies. Global companies can use our Goplay 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

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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 digital gold coins (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.

In 2021 Xplora initiated development of new products that will be introduced in 2022. The squads leading this development have had particular focus on reducing carbon footprint. New product packaging are on average 25% smaller in volume with similar reduction in shipping weight. This improvement will have a double positive effect on emissions and carbon footprint as shipping size and weight are both reduced. The box in which the watch is shipped and sold will be produced

from 100% recycled material, with the sleeve surrounding the box produced in 57% recycled material. Xplora has further initiated a process for late assembly for parts of the production of smartwatches in Europe which is expected to reduce our carbon footprint even further.

Xplora has signed up with Quality One Wireless LLC (Q1), a global leader in wireless distribution based in Orlando, Florida as the company's 3PL logistics and distribution partner for the North American market. Q1 is a minority-owned company which has been awarded the Women Business Enterprise Certification (WBE) several years. Companies that are eligible to be WBE certified must be for-profit companies who are at least 51% owned by a woman or a group of women and whose governing board is controlled by a woman. Q1 is also a certified Responsible Recycler (R2) OHSAS 18001, ISO 14001 and ISO 9001 Supplier.

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. To become a certified member Xplora hired an external auditor which visited one of the factories where we have our smartwatches produced to assess compliance on work conditions and environmental management. The auditor then issued a report focusing on compliance with social, environmental and ethical standards, on findings, shared with Sedex. Sedex works in association with retailers. Today more retailers require a Sedex certificate. In 2022 Xplora is planning more Sedex

STEP 1



STEP 2



STEP 3



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audits for other vendor factories contingent upon COVID lockdowns lifted in China and elsewhere.

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 Goplay 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 grew substantially. In 2021 Xplora did projects in partnerships with Unicef, One Tree Planted, and Black Girls Code.

In 2021 Xplora started the preparations to take the ESG-engagement to a new and important level. The goal is to utilize the activity and campaign platform to support projects and partners working to realize sustainable solutions. In other words, Xplora will engage in projects that aim to 1) establish new, or 2) fix broken systems, into self-reliant and lasting solutions. Here strategic cooperations with other non-profit, but also commercial partners, will be essential, and Xplora has already signed an MoU with United Cities.



THE UN SUSTAINABLE DEVELOPMENT GOALS AND XPLORA

The UN Sustainable Development Goals (SDGs) were agreed by all 193 UN member states in 2015, and guide governments, civil society and the private sector in a collaborative effort for change towards sustainable development. ESG (environmental, social and governance) factors have become increasingly important in business decision making, investment and finance. ESG and the United Nations SDGs have proven not only ethical, but profitable and hence have become interesting to a wide swath of the business community. Xplora will become one of the first sources of ESG data at scale on how we can combine physical activity to directly trigger sustainability and how children can play an active role.

Xplora supports the UN SDGs and a list of the UN SDGs where Xplora is considered to have the greatest impact and focus include:



We are proud that we have already contributed to the United Nations Sustainable Development Goals (SDGs). In Q4 2021 our kids actively contributed to securing clean water to 4,000 children through their physical activity and thereby collecting more than 10 million bottles of water in Xplora's and as of April 2021 officially started the project "GoForTrust" as an official partner of Geneva UN charter Center of Excellence on SDG.



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TORE ENGBRETSSEN

Chairman

Tore Engebretsen is the owner of Passesta AS, an investment company with 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 FR. ULLTVEIT-MOE

Director

Harald Fr. 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, including Vitalis Helse, Teksport, Become Legends, Ntention and Numascale. Harald holds an M.D. degree from the University of Oslo.

BJØRN CHRISTIAN EIDE

Director and member of 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

Director and member of Audit Committee and HR Committee

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

Director

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.Munkhaugen. 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

Director and member of HR Committee

Kari Bech-Moen has more than 15 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 positions including SVP Head of Group Units Support, Project Director, and VP People Management, Group P&O. Kari has board experience from Explain, Telenor Shared Services, Telenor Forsikring, and Seema. She was the CEO and founder of FamWeek. Kari holds a MSc from London School of Economics and Political Science and is a Siviløkonom from Handelshøyskolen BI. She was elected to the board of Xplora in 2021. She is an independent board member and member of the HR Committee.

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STEN KIRKBAK

Founder and CEO

Sten Kirkbak has more than 23 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.

SANGHYO KIM

CTO

Sanghyo Kim has more than of 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 as a lawyer. Kristin has also served as board member for multiple private as well as publicly listed companies, including Hunter Group ASA. She holds a Cand. Jur. from the University of Oslo, Executive Master in Financial Strategy from BI as well as Executive MBA from Norwegian School of Economics (NHH) in Bergen.

KJETIL FENNEFOSS

SVP Device and Connectivity

Kjetil Fennefoss has been with Xplora since 2017 serving as a Managing Director for Xplora Mobile AS and currently in the role as SVP Smartwatches and Connectivity. 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.

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 organisations 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.

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Income Statement

	Note	2021	2020
Operating income and operating expenses			
Sales revenue	1	431 385 206	200 429 594
Total operating income		431 385 206	200 429 594
Cost of materials			
Personnel expenses	2	72 434 885	27 352 179
Depreciation of tangible and intangible fixed assets	3, 4	33 683 610	2 214 830
Other operating expenses	2, 9, 15, 16	104 345 439	43 402 653
Total operating expenses		445 897 524	213 591 161
Operating profit/loss		-14 512 318	-13 161 567
Financial income and expenses			
Other interest expenses		601 553	2 959 323
Other financial expenses	16	1 406 849	8 413 131
Net financial items		-2 008 402	-11 372 454
Result before tax		-16 520 720	-24 534 021
Tax expense	13	- 2 997 375	0
Result for the year	7	-13 523 345	-24 534 021
Allocation of result for the year			
Transferred from other equity		13 523 345	24 534 021
Total brought forward		-13 523 345	-24 534 021

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Balance Sheet

Amounts in NOK	Note	31.12.2021	31.12.2020
ASSETS			
Fixed assets			
Intangible assets			
Research and development	3	17 397 403	6 811 916
Goodwill	17	170 114 984	-
Customer Contracts	17	59 913 750	-
Total intangible assets		247 426 137	6 811 916
Tangible assets			
Equipment, fixtures and fittings and other movables	4, 11	1 130 633	415 894
Total tangible assets		1 130 633	415 894
Financial assets			
Long term receivable		160 259	-
Total financial assets		160 259	-
Total fixed assets		248 717 029	7 227 810
CURRENT ASSETS			
Inventories	11, 12	82 478 628	24 439 633
Total inventories		82 478 628	24 439 633
Receivables			
Accounts receivable	10, 11	78 332 722	27 197 796
Other short-term receivable		27 448 000	15 405 445
Total receivables		105 780 722	42 603 241
Bank deposits, cash and cash equivalents			
Bank deposits, cash and cash equivalents	6	139 750 566	118 216 055
Total bank deposits, cash and cash equivalents		139 750 566	118 216 055
Total current assets		328 009 917	185 258 929
Total assets		576 726 946	192 486 739

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Amounts in NOK	Note	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Equity			
Paid in equity			
Share capital	8	159 135	127 645
Share premium reserve	7, 16	397 870 125	117 679 262
Other paid-up equity	7, 16	3 105 676	10 156 995
Total paid-up equity		401 134 937	127 963 902
Total equity		401 134 937	127 963 902
Liabilities			
Deferred tax	13	12 988 625	-
Liabilities to financial institutions	11	29 850 000	25 000 000
Total of other long term liabilities		42 838 625	25 000 000
Current debt			
Trade payable		36 103 487	19 699 098
Public duties payable		10 453 088	2 387 799
Other current debt		86 196 809	17 435 940
Total current debt		132 753 384	39 522 837
Total liabilities		175 592 009	64 522 837
Total equity and liabilities		576 726 946	192 486 739

The Board of Xplora Technologies AS
Oslo, 27 April 2022

(sign.)
Tore Engebretsen
Chairman of the Board

(sign.)
Harald Fr. Ulltveit-Moe
Member of the Board

(sign.)
Bjørn Christian Eide
Member of the Board

(sign.)
Ingrid Elvira Leisner
Member of the Board

(sign.)
Kari Bech-Moen
Member of the Board

(sign.)
Torkil Munkhaugen
Member of the Board

(sign.)
Sten Kirkbak
CEO

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Statement of Cash Flow

Amounts in NOK	31.12.2021	31.12.2020
Cash flow from operating activities		
Profit before tax	-16 520 720	-24 534 021
Depreciation	33 683 610	2 214 830
Change in inventories	-47 492 750	-16 419 196
Change in accounts receivable	-36 208 015	-10 560 370
Change in accounts payable	5 186 893	9 060 877
Currency effects	-2 805 987	-176 968
Recognized operating cost option program	7 056 013	12 361 017
Change in other accruals	29 511 940	-57 936
Net cash flow from operating activities	-27 589 016	-28 111 767
Cash flows from investing activities		
Proceeds from sale of intangible and fixed assets	-	0
Purchase of intangible and fixed assets	-12 124 771	-5 690 904
Purchase shares and investments	-76 920 774	
Net cash flows from investing activities	-89 045 545	-5 690 904
Cash flow from financing activities		
Payments on long term debt	-	25 000 000
Payments on repayment of long-term debt	-1 950 000	-14 792 353
Payments on repayment of short-term debt	-7 142 055	-4 528 165
Proceeds from issue of share capital	146 776 489	130 213 660
Recognized financing cost option program	484 637	3 412 813
Net cash flows from financing activities	138 169 072	139 305 956
Currency effects on cash and cash equivalents	0	0
Net change in cash and cash equivalents	21 534 511	105 503 285
Cash and cash equivalents at 01.01.20	118 216 055	12 712 770
Cash and cash equivalents at 31.12.21	139 750 566	118 216 055

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ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Accounting Act and generally accepted accounting principles.

Use of estimates

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

Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from sale of goods are recognised in the income statement when both risk and control have 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 for services

Revenues for services are recognised when the services are performed and the company has a right to payment for the performed service.

Classification and assessment 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. 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

Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortised linearly over the asset's expected useful life.

Fixed assets

Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. 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 fixed assets

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent ingoing cashflows can be identified. If the carrying amount is higher than both the fair value less cost to sell and the value in use (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the value in use. Previous impairment charges, except write-down of goodwill, are reversed in later periods if the conditions causing the write-down are no longer present.

Inventory

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

Receivables

Accounts receivables 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 receivables, 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 recognised 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 (from Norges Bank) at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognised as operating income and cost of goods sold.

Currency effects relating to inter company 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 recognised 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, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

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NOTE 1 Revenues

Per segment	2021	2020
Revenue devices	339 791 776	191 877 101
Revenue services	90 729 911	7 531 431
Revenue other	863 518	1 021 062
Total	431 385 206	200 429 594
Geographic allocation	2021	2020
Norway	164 710 493	76 356 137
UK	16 640 919	7 265 928
Germany	175 487 924	107 316 175
Spain	12 099 391	8 300 703
USA	9 731 066	1 190 651
Sweden	40 418 532	0
Finland	9 086 884	0
Denmark	3 209 997	0
Total	431 385 206	200 429 594

NOTE 2 Personnel expenses, number of employees, remuneration, loan to employees

Payroll costs	2021	2020
Salaries/Wages	58 052 567	25 435 375
Social security fees	6 587 411	1 580 933
Pension expenses	1 094 794	277 731
Other benefits	6 700 113	58 140
Total	72 434 885	27 352 179
Average number of full-time equivalents (man-years) during the financial year	51	26

Remuneration of executives	CEO	Board
Salary/Wages	3 179 417	298 500
Pension	64 438	0
Total	3 243 855	298 500

Board

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 974 025 stock options. For further details, see [note 16](#).

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.

For stocks and stock-options owned by the CEO and board members, see [note 16](#).

No loans/sureties have been granted to the CEO, Charirman of the Board or other related parties.

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.

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Audit fee

Expenses paid to the auditor for 2021 amounts to NOK 2 940 741,- excl. VAT

	NOK
Statutory audit	1 460 439
Audit related services	381 556
Tax related services	0
Other services	1 098 746
Total audit fees	2 940 741

NOTE 3 Intangible assets

	Licences	IT-platform	Total
Acquisition cost 01.01.	1 310 250	11 036 166	12 346 416
Additions from acquisition	0	5 008 939	5 008 939
Additions	0	11 244 367	11 244 367
Disposals	0	0	0
Acquisition cost 31.12.	1 310 250	27 289 472	28 599 722
Acc. depreciation/ impairment 31.12.	-1 310 250	-9 892 069	-11 202 319
Book value 31.12.	0	17 397 403	17 397 403
Amortisation in the year	0	5 550 162	5 550 162
Impairment in the year		266 554	266 554
Amortisation plan		Linear	
Economic useful life		3-4 yrs	

Additional information regarding Research and Development costs:

- During the financial year a total of 5 840 277 related to R & D has been expensed.
- The R&D expenses consists of external services and internal development of IT platforms.
- The impairment of intangible assets comes as a result of previous additions of developed products where future financial benefit is considered to be lower than book value of the items.

NOTE 4 Fixed assets

	Art	Equipment, fixtures and fittings	Total
Acquisition cost 01.01.	0	477 632	477 632
Additions from acquisition	0	195 017	195 017
Additions	50 000	710 363	760 363
Currency effects	0	0	0
Acquisition cost 31.12.	50 000	1 383 012	1 433 012
Acc. depreciation/ impairment 31.12.	0	-302 379	-302 379
Book value 31.12.	50 000	1 080 633	1 130 633
Depreciation for the year	0	247 538	247 538
Depreciation plan		Linear	
Economic useful life		3-4 yrs	

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NOTE 5 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

	Location	Ownership/ voting rights	Established	Cost price shares	Net profit/ loss as of 31.12.21	Equity as of 31.12.21
Xplora Technologies AS (parent)	Oslo		28.01.2016		1 139 860	469 097 092
Xplora Technologies GmbH	Hamburg	100%	15.08.2017	235 700	13 533 081	5 780 825
Xplora Technologies Ltd	London	100%	13.07.2017	1 031	1 585 460	-18 301 321
Xplora Technologies SL	Madrid	100%	05.12.2018	34 029	-808 323	-17 307 939
Xplora Technologies Inc	Delaware	100%	13.02.2020	93	-23 525	-2 044 871
Xplora Mobile Holding AS ¹⁾	Oslo	100%	24.01.2019	241 662 091	-501 876	68 506 936

Xplora Mobile Holding subsidiaries:

Xplora Mobile AS	Oslo	100%	29.10.2014	55 010 160	36 617 216	12 912 638
Xplora Mobile AB	Sollentuna	100%	03.11.2015	53 024	1 620 905	2 184 107
Xplora Mobile OY	Espoo	100%	05.04.2019	24 485	-4 428 117	1 692 532
Xplora Mobile APS	Copenhagen	100%	04.05.2020	59 716	-4 289 297	-5 323 519

¹⁾ Acquisition date 01.04.2021.**NOTE 6 Restricted bank deposits, cash in hand etc.**

	31.12.2021	31.12.2020
Restricted funds deposited in the tax deduction account	1 697 691	496 946
Other bank deposits	138 052 875	117 719 109
Total cash and cash equivalents	139 750 566	118 216 055

The company have a deposits of NOK 1 394 390 in relation with being tenants in their office space in Øvre Slottsgate in Oslo, and a deposit of NOK 1 735 872 in relation with being tenants in Kongensgate 23, and a deposit of NOK 15 000 in relation with external services from Posten Norge AS. Xplora Technologies Germany have a rent deposit of EUR 21.940 (NOK 219 154), and UK has rent deposit of £2.234 (NOK 26 557) and a warehouse deposit of £1000 (NOK 10.888), US Collateral for credit card limit \$5000 (NOK 44 097) and Canadian GST deposit \$3.955,96 (NOK 34 889).

NOTE 7 Equity

Share capital	Share capital	Share premium	Other paid-up equity	Total equity
Equity at 01.01.2021	127 646	117 679 261	10 156 995	127 963 902
Capital increases	31 489	306 046 326	0	306 077 815
Paid not registered capital	0	0	-7 051 362	-7 051 362
ProSieben Effekt	0	-7 876 125	0	-7 876 125
Foreign currency translation	0	-6 419 496	0	-6 419 496
Option program	0	1 963 548	0	1 963 548
Net profit as of 31.12.21	0	-13 523 345	0	-13 523 345
As of 31.12.2021	159 135	397 870 169	3 105 633	401 134 937

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NOTE 8 Share capital and shareholder information

Share capital	No of shares	Share par value	Book value
Ordinary shares	39 783 848	0.00400	159 135.36
Shareholders as of 31.12.20	No of shares	Ownership	
Passesta AS	5 453 342	13.7%	
MK Capital AS	3 310 325	8.3%	
Eden AS	2 240 125	5.6%	
MP Pensjon PK	1 822 165	4.6%	
S. Munkhaugen AS	1 814 325	4.6%	
Harmonium Invest AS	1 667 075	4.2%	
Citibank N.A.	1 268 385	3.2%	
Commerzbank AG	1 117 019	2.8%	
Fougner Invest AS	920 750	2.3%	
Thunderstorm Invest AS	893 498	2.2%	
Skattum Invest AS	850 000	2.1%	
Esmar AS	842 576	2.1%	
Arepo AS	840 000	2.1%	
Dymax Invest AS	694 716	1.7%	
RBC Investor Services Trust	621 472	1.6%	
Ingvarda AS	570 294	1.4%	
DNB SMB	526 286	1.3%	
Camelback Holding AS	438 500	1.1%	
R Holding AS	428 550	1.1%	
EF Investigo Holding AS	402 100	1.0%	
Top 20 shareholders	26 721 503	67.2%	
Others	13 062 345	32.8%	
Total shares outstanding	39 783 848	100.0%	

The parent company has one share class with equal voting rights per share.

Options/rights outstanding

There are a total of 2 708 700 options, 4 362 767 subscription rights and 34 981 shares to be issued under Board advisor share compensation agreements as of 31 December 2021. Whereas;

	Type	Number
Innovasjon Norge	Subscription right	1 714 286
SMN 1-3	Subscription right	2 648 481
Management Incentive Program	Option	2 708 700
Board advisors	share compensation agreement	34 981
Total		7 106 448

In return for guaranteeing for loan financing, the company has issued independent subscription rights to the guarantors of loans from Innovasjon Norge and SMN (1-3).

Shares held by Board members and CEO	Role	Shareholder	No of shares	Ownership
Tore Engebretsen	Chairman	Passesta AS	5 453 342	100%
Harald Fredrik Hodne Ulltveit-Moe	Director	Harmonium Invest AS	1 667 075	100%
Harald Fr Hodne Ulltveit-Moe	Director	EF Investigo Holding	402 100	38.5%
Torkil Munkhaugen	Director	S. Munkhaugen AS	1 814 325	33%
Bjørn Christian Eide	Director	Esmar AS	842 576	45% ¹⁾
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 ²⁾	3 310 325	50%
Sten Kirkbak	CEO	EF Investigo Holding AS	402 100	15.4%

Note: shares held as of 31 December 2021. Source: Euronext VPS.

¹ Bjørn Chr. Eide owns 50% of Racce AS which owns 90% of Esmar AS.

² MK Capital AS is registered owner of 3 310 325 shares of which 42 500 shares are owned by CTO Sanghyo Kim.

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Related Parties to Board Members and CEO:

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.

Shared-based payment to management (Management Incentive Program)

Xplora has implemented an option program for the senior management team. The stock options for all management except Kristin Hellebust were granted during August 2020 as part of a 3-year Management Incentive Program 2020-2022. The stock options for Kristin Hellebust were granted in 2021 as part of a 3-year Management Incentive Program 2022-2024.

	Title	No of options
Sten Kirkbak	CEO	974 025
Mikael Clement	CFO	608 750
Sanghyo Kim	CTO	608 750
Kristin Hellebust	COO	250 000
Jan-Henrik Parmann	VP Supply Chain	243 500
Mark Rogers	VP Sales	23 675

NOTE 9 Related party transactions

Remuneration to senior executives is disclosed in [Note 2](#).

NOTE 10 Accounts receivable

	31.12.2021	31.12.2020
Accounts receivable at par value	83 551 800	28 898 592
Provision for losses	-5 219 078	-1 700 796
Total	78 332 722	27 197 796

NOTE 11 Charges and guarantees

	31.12.2021	31.12.2020
Debt secured by charges, mortgages and guarantees		
Long-term debt to Innovasjon Norge ¹	25 000 000	25 000 000
Long-term debt to other credit institutions	4 850 000	-
Total	29 850 000	25 000 000

The borrower related to Innovasjon Norge is Xplora Technologies AS. The mortgage/guarantee is distributed as follows: Innovasjon Norway has registered a mortgage of MNOK 25 in the Personal Property Register as of 31.12.21 related to the abovementioned long term debt.

The mortgage/guarantee is distributed as follows:

Inventories	25 MNOK
Accounts receivables	25 MNOK
Plant and equipment	25 MNOK

¹ See [Note 9](#) for subscription rights issued to lender in conjunction with the loan.

The borrower related to credit institution is Xplora Mobile AS.

No part of the long-term debt of NOK 4 850 000 falls due in more than 5 years.

As security for the debt to credit institutions of NOK 4 850 000, security has been provided in the form of the mortgage company's inventory, operating accessories and receivables in their entirety.

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	31.12.2021	31.12.2020
Book value of pledged assets Innovation Norge		
Plant and equipment	471 580	117 379
Inventories	18 872 153	10 643 432
Accounts receivable	6 904 225	13 431 863
Total	26 247 958	24 192 674

Book value of charged assets Credit Institutions		
Plant and equipment	24 509	0
Inventories	3 999 485	0
Accounts receivable	25 921 940	0
Total	29 945 934	0

The loan from credit institution has entered the group in 2021 from the acquisition of Xplora Mobile.

NOTE 12 Inventory

The Group's inventories consist of finished goods in its entirety.

	31.12.2021	31.12.2020
Inventories Xplora AS (Norway)	18 872 153	10 643 432
Inventories Xplora GMBH (Germany)	48 894 388	11 149 967
Inventories Xplora SL (Spain)	552 916	1 399 160
Inventories Xplora LTD (GB)	5 335 813	788 895
Inventories Xplora Inc (USA)	4 951 497	682 813
Inventories Xplora Mobile AS (Norway)	4 167 192	0
Inventories Xplora Mobile AB (Sweden)	3 028 617	0
Inventories Xplora Mobile APS (Denmark)	207 141	0
Total Inventories	86 009 717	24 664 267
Elimination margin in stock	-3 442 858	0
Provision for damaged goods	-88 231	-224 634
Total	82 478 628	24 439 633

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NOTE 13 Tax

This year's tax expense	31.12.2021	31.12.2020
Entered tax on ordinary profit/loss:		
Tax payable	0	0
Change in deferred tax assets	-2 997 375	0
Tax expense on ordinary profit/loss	-2 997 375	0
Taxable income:		
Ordinary result before tax	-16 520 720	-24 534 021
Permanent differences	140 831	6 321 559
Changes in temporary differences	16 379 889	18 212 462
Off Balance Sheet Adjustments Tax Balance Sheet	0	0
Tax Loss Deduction	0	0
Group Contribution	0	0
Taxable income	0	0
Payable tax in the balance sheet:		
Payable tax on annual result	0	0
Total payable tax in the balance	0	0
Calculation of effective tax rate:		
Profit before tax	-16 520 720	-24 534 021
Calculated tax on profit before tax	0	0
Tax effect of permanent differences	0	0
Total	0	0
Effective tax rate	0.00%	0.00%

Basis for deferred tax assets not recognized.

The tax effect of temporary differences and losses to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified by the type of temporary differences:

	31.12.2021	31.12.2020	Change
Tangible assets	-79 450	3 176 750	3 256 200
Inventories	0	-224 624	
Accounts receivable	-440 553	-2 002 740	-1 562 187
Accounts payable	0	0	0
Allocations and more	-59 289 904	-5 594 050	53 695 854
Total	-59 809 908	-4 644 664	55 389 868
Accumulated loss to be brought forward	-110 210 859	-93 130 344	-17 080 515
Not included in the deferred tax calculation	110 981 561	97 775 008	13 206 553
Basis for tax liability	59 039 205	0	
Deferred tax asset	0	0	0
Deferred tax liability	12 988 625	0	12 988 625

The Group considers that an utilization of carry-forward losses and other tax positions localized in foreign subsidiaries, is improbable for the foreseeable future. Thus the Group has not recognized any deferred tax asset in the balance sheet as of 31.12.21.

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NOTE 14 Subsequent events

In 2022 the company has paid NOK 20m in earnout for the acquisition of XMH AS.

In February 2022, Russia invaded Ukraine. Xplora monitors the consequences of the Russian invasion and subsequent sanctions. Xplora has no direct activities in Russia, Belarus, or Ukraine but has a marketing partner with operations in Ukraine. Indirect consequences or spillover effects may occur in wake of the ongoing conflict in markets where Xplora is present. This, in combination with the macroeconomic development could have negative effects on consumer spending in markets where Xplora is present.

Other announcements

The company also refers to stock exchange announcements [Oslo Stock Exchange' website](#).

NOTE 15 Operational leases

Yearly lease of operational lease agreements	Lease duration	Lease cost
Lease object		
Land, buildings and other real estate	3-5 yrs	2 709 062
IT and software systems	3-5 yrs	2 742 249
Equipment, fixtures and fittings		350 774
Total		5 802 085

NOTE 16 Share-based payment**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:

	Innovasjon Norge (IN)	SMN 3	SMN 2	SMN 1
Number of options	68 571.00	31 429.00	37 143.00	37 368.00
Number of options (after split)	1 714 286.00	785 714.00	928 571.00	934 195.00
Share price (including dilution)	158.32	158.00	169.00	256.00
Stock price	175.00	175.00	175.00	267.61
Strike price (before split)	175.00	175.00	175.00	267.61
Strike price (after split)	7.00	7.00	7.00	11.00
Grant date	29.06.2020	25.06.2020	28.02.2020	10.07.2019
Expiry date	31.12.2023	31.12.2023	12.07.2022	12.07.2022
Vesting date	31.12.2023	31.12.2023	12.07.2022	12.07.2022

A total of NOK 484 637 has been recognized in 2021 as a cost for Innovasjon Norge surety agreement

2. Management Incentive Program

On 20 August 2020 the Board of Xplora Technologies resolved to issue 2 458 700 options to management as part of a long term incentive program. The options will vest in three tranches, one third each, with vesting dates: 01.01.2021, 01.01.2022 and 01.01.2023. The program has an annual vesting from January 2020. The Strike price is NOK 7, equal to the assumed market price at the time of issue (equal to last share issue price). In the event of a takeover of the company all vested and unvested options may be exercised. The management incentive program was extended to include CCO Kristin Hellebust in 2021 for the period 2022-2024 with vesting dates 01.01.2023, 01.01.2024 and 01.01.2025. The strike price on her options is NOK 26.16 per share.

A total of NOK 5 858 791 has been recognized in 2021 as a cost (NOK 1 472 037 is the expensed value of options and NOK 4 386 754 is set aside employer's contribution). 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.

3. Share based payment to advisors to the Board of Directors

A total of NOK 1 038, 385 has been recognized in 2021 as a cost for share based payments to advisors to the Board of Directors.

4. Share based payment to Kristin Hellebust

On 17/12/2021 the Board of Xplora Technologies resolved to issue 10 000 shares to Kristin Hellebust for her contribution to the Board of Directors.

A total of NOK 403 500 has been recognized in 2021.

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NOTE 17 Business acquisition

	Business acquisition	
	Xplora Mobile Holding AS Goodwill	Total
Acquisition cost 01.01.		-
Additions	183 908 091	183 908 091
Disposals	-	-
Acquisition cost 31.12.	183 908 091	183 908 091
Acc. depreciation/ impairment 31.12.	13 793 107	13 793 107
Book value 31.12.	170 114 984	170 114 984

This years depreciation	13 793 107	13 793 107
Depreciation period	10 years	

The company is of the opinion that the underlying values have a duration of more than 5 years, and that goodwill should be amortized over 10 years.

	Business acquisition	
	Xplora Mobile Holding AS Customer Contracts	Total
Acquisition cost 01.01.	-	-
Additions	73 740 000	73 740 000
Disposals	-	-
Acquisition cost 31.12.	73 740 000	73 740 000
Acc. depreciation/ impairment 31.12.	13 826 250	13 826 250
Book value 31.12.	59 913 750	59 913 750

This years depreciation	13 826 250	13 826 250
Depreciation period	4 years	

Amortization period on customer contracts based on average duration period.

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Income Statement

	Note	2021	2020
Revenue	1	256 235 413	156 596 789
Other operating income			1 014 800
Total operating income		256 235 413	157 611 589
Raw materials and consumables used		-218 980 192	-136 284 787
Staff costs	2	-42 950 212	-25 405 137
Depreciation of fixed assets and intangible assets	3, 4	-3 354 373	-2 038 630
Write-down on fixed assets and intangible assets	3, 4	-266 555	-140 628
Other operating expenses	15	-37 406 796	-10 758 878
Sum operating expenses		-302 958 128	-174 628 060
Result of operations		-46 722 715	-17 016 472
Income from investments in subsidiaries and associated companies		41 569 900	
Interest received from group companies		4 175 277	3 098 110
Other interest income		2 925	10 617
Other financial income		18 035 846	10 355 639
Total financial income		63 783 948	13 464 366
Write-down of financial assets			-456 339
Other interest charge		-518 651	-2 969 941
Other financial expense		-15 402 721	-15 352 926
Total financial expenses		-15 921 373	-18 779 206
Net financial items		47 862 575	-5 314 840
Operating result before tax		1 139 860	-22 331 312
Operating result		1 139 860	-22 331 312
Results of the year		1 139 860	-22 331 312
Transfers			
Transfers to/from reserves		-31 284 662	
Transfers to/from other equity		32 424 522	-22 331 312
Total transfers and allocations		1 139 860	-22 331 312

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Balance Sheet

Amounts in NOK	Note	31.12.2021	31.12.2020
ASSETS			
Fixed assets			
Intangible fixed assets			
Research and development	3	12 868 231	6 811 916
Total intangible fixed assets		12 868 231	6 811 916
Tangible fixed assets			
Fixtures and fittings, tools, office machinery, etc.			
	4	471 580	117 379
Total tangible fixed assets		471 580	117 379
Financial fixed assets			
Loans to group companies			
	9	184 625 309	96 818 634
Investments in shares	5	241 932 944	270 853
Total financial fixed assets		426 558 254	97 089 487
Total fixed assets		439 898 065	104 018 783
CURRENT ASSETS			
Stocks			
	12	18 872 153	10 643 432
Total stocks		18 872 153	10 643 432
Receivables			
Trade debtors			
	10	6 904 225	12 002 072
Other debtors		20 669 320	13 499 280
Group debtors		41 569 900	
Total receivables		69 143 445	25 501 352
Bank deposits, cash in hand, etc.			
	6	51 366 278	98 777 615
Total bank deposits, cash in hand, etc.		51 366 278	98 777 615
Total current assets		139 381 876	134 922 399
Total assets		579 279 940	238 941 181

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Amounts in NOK	Note	31.12.2021	31.12.2020
EQUITY AND LIABILITIES			
Equity			
Paid-in capital			
Share capital	7, 8	159 135	127 645
Share premium reserve	7	465 832 281	164 565 588
Total paid-in capital		465 991 416	164 693 233
Retained earnings			
Other equity			
Losses from previous years	7	3 105 676	10 156 995
Total retained earnings		3 105 676	10 156 995
Total equity		469 097 092	174 850 228
Liabilities			
Other long-term liabilities			
Other long-term group liabilities		7 100 364	0
Other long-term liabilities	11	25 000 000	25 000 000
Total other long-term liabilities		32 100 364	25 000 000
Total long-term liabilities		32 100 364	25 000 000
Current liabilities			
Trade creditors		25 155 422	19 270 189
Public duties payable		12 148 673	7 309 085
Other short-term liabilities		40 778 389	12 511 678
Total current liabilities		78 082 483	39 090 953
Total liabilities		110 182 847	64 090 953
Total equity and liabilities		579 279 940	238 941 181

The Board of Xplora Technologies AS
Oslo, 27 April 2022

(sign.)
Tore Engebretsen
Chairman of the Board

(sign.)
Harald Fr. Ulltveit-Moe
Member of the Board

(sign.)
Bjørn Christian Eide
Member of the Board

(sign.)
Ingrid Elvira Leisner
Member of the Board

(sign.)
Kari Bech-Moen
Member of the Board

(sign.)
Torkil Munkhaugen
Member of the Board

(sign.)
Sten Kirkbak
CEO

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Statement of Cash Flow

Amounts in NOK	01.01.21 - 31.12.21	01.01.20 - 31.12.20
Cash Flows from operating activities		
Profit before tax	1 139 860	-22 331 312
+ Depreciation	3 354 373	2 179 258
+ Write down	266 555	0
+/- Change in inventories	-8 228 721	-10 643 432
+/- Change in accounts receivable	5 097 847	-2 044 428
+/- Change in accounts payable	5 885 232	8916512
+/- Recognized operating cost option program	0	12 361 016
+/- Change in other accruals	-43 900 354	-29 001 459
+/- Payments on short term debt	28 266 714	-6 828 486
= Net cash flow from operating activities	-8 118 494	-47 392 331
Cash flows from investing activities		
- Purchase of intangible and fixed assets	-10 031 445	-5 457 019
- Purchase shares and investments	-241 662 091	-92
+/- Items classified as investment or finance activities	-80 706 312	0
= Net cash flows from investing activities	-332 399 848	-5 457 111
Cash flows from financing activities		
+ Payments on long term debt	0	25 000 000
- Payments on repayment of long-term debt	0	-14 792 353
+ Proceeds from issue of share capital	292 622 367	130 213 660
- Recognized financing cost option program	484 637	3 412 813
= Net cash flows from financing activities	293 107 004	143 834 120
+/- Currency effects on cash and cash equivalents	0	0
= Net change in cash and cash equivalents	-47 411 338	90 984 678
+ Cash and cash equivalents at 01.01.	98 777 615	7 792 937
= Cash and cash equivalents at 31.12.	51 366 277	98 777 615

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ACCOUNTING PRINCIPLES

The annual accounts have been prepared in accordance with the Accounting Act and generally accepted accounting principles.

Use of estimates

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

Revenue

Income from sale of goods and services are recognised at fair value, net after deduction of VAT, returns, discounts and reductions.

Revenue from sale of goods

Revenue from sale of goods are recognised in the income statement when both risk and control have 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 for services

Revenues for services are recognised when the services are performed and the company has a right to payment for the performed service.

Classification and assessment 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. 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

Expenditure on own Research and Development are expensed as and when they incur. Expenses for other intangible assets are reflected in the balance sheet providing a future financial benefit relating to the development of an identifiable intangible asset can be identified and the cost can be measured reliably. Otherwise, such expenditure is expensed as and when incurred. Capitalised development costs are amortised linearly over the asset's expected useful life.

Fixed assets

Tangible fixed assets are capitalised and depreciated linearly down to the residual value over the expected useful economic life of the assets. When the depreciation plan is changed, the effect is distributed over the remaining depreciation period. 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 fixed assets

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

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

Investments in other companies

The cost method is applied to investments in other companies. The carrying amount is increased when funds are added through capital increases or when group contributions are made to subsidiaries. Dividends received are generally recognised as income. Dividends/group contribution from subsidiaries are booked in the same year as the subsidiary makes the provision for the amount. Dividends from other companies are reflected as financial income when the dividends are approved. Investments are written down to fair value if the fair value is lower than the carrying amount.

Inventory

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

Receivables

Accounts receivables 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 receivables, 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 recognised 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 at 22% 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.

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 (from Norges Bank) at the end of the accounting year. Agio gains and losses relating to sales and purchases of goods in foreign currencies are recognised as operating income and cost of goods sold.

Currency effects relating to inter company 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 recognised 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, bank deposits, and other short term investments which immediately and with minimal exchange risk can be converted into known cash amounts, with due date less than three months from purchase date.

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NOTE 1 Revenues

Activity distribution	2021	2020
Revenues from sale of goods	227 459 984	140 004 465
Revenues from services performed	26 662 462	16 592 324
Other income	2 112 966	1 014 800
Total	256 235 412	157 611 589
Geographical distribution	2021	2020
Norway	81 147 773	70 891 549
Germany	151 873 955	68 097 478
Spain	5 161 348	9 314 464
USA	7 707 073	0
United Kingdom	5 901 466	0
Other countries	4 443 797	9 308 097
Total	256 235 412	157 611 588

NOTE 2 Personnel expenses, number of employees, remuneration, loan to employees

Payroll expenses	2021	2020
Salaries/wages	21 888 001	9 684 701
Social security fees	2 948 778	1 347 837
Pension expenses	813 052	272 731
Teamcost subsidiaries	17 186 000	13 852 850
Other remuneration	114 381	247 019
Total	42 950 212	25 405 138
Average number of full time equivalents (man-years) during the financial year	24.4	16.0

Remuneration of executives	CEO	Board
Salary/Wages	3 179 417	298 500
Pension	64 438	0
Total	3 243 855	298 500

Board

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 974 025 stock options. For further details, see [note 8](#).

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.

For stocks and stock-options owned by the CEO and board members, see [note 8](#).

No loans/sureties have been granted to the CEO, Charirman of the Board or other related parties.

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.

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Audit fee

Expenses paid to the auditor for 2021 amounts to NOK 2 366 906,- excl.mva.

Statutory audit	1 011 356
Audit related services	381 556
Tax related services	0
Other services	973 994
Total	2 366 906

NOTE 3 Intangible assets

	IT platform	Total
Acquisition cost 01.01.	11 036 166	11 036 166
Additions	9 593 330	9 593 330
Disposals	0	0
Acquisition cost 31.12.	20 629 496	20 629 496
Acc. depreciation/ impairment 31.12.	-7 761 265	-7 761 265
Book value 31.12.	12 868 231	12 868 231
Amortisation in the year	3 270 461	3 270 461
Impairment in this year	266 554	266 554
Amortisation plan	Linear	
Economic useful life	3-4 years	
Change in amortisation plan/rate		

Additional information regarding Research and Development costs:

- During the financial year a total of 5 840 277 related to R & D has been expensed.
- The R&D expenses consists of external services and internal development of IT platforms.
- The impairment of intangible assets comes as a result of previous additions of developed products where future financial benefit is considered to be lower than book value of the items.

NOTE 4 Fixed assets

	Equipment, fixtures & fittings & other movables	Art	Total
Acquisition cost 01.01.	138 859	0	138 859
Additions	388 113	50 000	438 113
Disposals	0	0	0
Acquisition cost 31.12.	526 972	50 000	576 972
Acc. depreciation/ impairment 31.12.	-105 392	0	-105 392
Book value 31.12.	421 580	50 000	471 580
Depreciation for the year	83 912	0	83 912
Depreciation rate (%)	33.00%		
Depreciation plan	Linear		
Economic useful life	3 år		

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NOTE 5 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method.

	Location	Ownership/ voting rights	Cost price shares	Net profit/loss as of 31.12.21	Equity pr. 31.12.
Xplora Technologies GmbH	Hamburg	100%	235 700	13 533 081	5 780 825
Xplora Technologies Ltd	London	100%	1 031	1 585 460	-18 301 321
Xplora Technologies SI	Madrid	100%	34 029	-808 323	-17 307 939
Xplora Technologies Inc	Dower, DE	100%	93	-23 525	-2 044 871
Xplora Mobile Holding AS	Oslo, Norway	100%	241 662 091	-501 876	68 506 936

NOTE 6 Restricted bank deposits, cash in hand etc.

	31.12.2021	31.12.2020
Restricted funds deposited in the tax deduction account	845 630	496 946
Cash in hand	50 520 647	98 280 669

The company have a deposits of NOK 1 394 390 in relation with being tenants in their office space in Øvre Slottsgate in Oslo, and a deposit of NOK 1 735 872 in relation with being tenants in Kongensgate 23, and a deposit of NOK 15 000 in relation with external services from Posten Norge AS.

NOTE 7 Equity

	Share capital	Share premium	Other paid-up equity	Total equity capital
Equity capital as at 01.01.2021	127 645	164 565 588	10 156 995	174 850 228
Capital increase	31 490	306 046 326	0	306 077 816
Paid not registered capital	0		-7 051 362	-7 051 362
ProSieben effect	0	-7 876 125		-7 876 125
Option programme	0	1 956 674	0	1 956 674
Result for the year	0	1 139 860	0	1 139 860
As at 31.12.2021	159 135	465 832 323	3 105 633	469 097 092

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NOTE 8 Share capital and shareholder information

Share capital	No of shares	Share par value	Book value
Ordinary shares	39 783 848	0.00400	159 135.36

Shareholders as of 31.12.21: No of shares Ownership	No of shares	% outstanding
Passesta AS	5 453 342	13.7%
MK Capital AS	3 310 325	8.3%
Eden AS	2 240 125	5.6%
MP Pensjon PK	1 822 165	4.6%
S. Munkhaugen AS	1 814 325	4.6%
Harmonium Invest AS	1 667 075	4.2%
Citibank N.A.	1 268 385	3.2%
Commerzbank AG	1 117 019	2.8%
Fougner Invest AS	920 750	2.3%
Thunderstorm Invest AS	893 498	2.2%
Skattum Invest AS	850 000	2.1%
Esmar AS	842 576	2.1%
Arepo AS	840 000	2.1%
Dymax Invest AS	694 716	1.7%
RBC Investor Services Trust	621 472	1.6%
Ingvarda AS	570 294	1.4%
DNB SMB	526 286	1.3%
Camelback Holding AS	438 500	1.1%
R Holding AS	428 550	1.1%
EF Investigo Holding AS	402 100	1.0%
Top 20 shareholders	26 721 503	67.2%
Others	13 062 345	32.8%
Total shares outstanding	39 783 848	100.0%

The parent company has one share class with equal voting rights per share.

Options outstanding

There are a total of 2 708 700 options, 4 362 767 subscription rights and 34 981 shares to be issued under Board advisor share compensation agreements as of 31 December 2021. Whereas;

	Type	Number
Innovasjon Norge	Subscription right	1 714 286
SMN 1-3	Subscription right	2 648 481
Management Incentive Program	Option	2 708 700
Board advisors	share compensation agreement	34 981
Total		7 106 448

In return for guaranteeing for loan financing, the company has issued independent subscription rights to the guarantors of loans from Innovasjon Norge and SMN (1-3).

Shares held by board members and CEO	Role	Shareholder	No of shares	Ownership
Tore Engebretsen	Chairman	Passesta AS	5 453 342	100%
Harald Fredrik Hodne Ulltveit-Moe	Director	Harmonium Invest AS	1 667 075	100%
Harald Fredrik Hodne Ulltveit-Moe	Director	EF Investigo Holding AS	402 100	38.5%
Torkil Munkhaugen	Director	S. Munkhaugen AS	1 814 325	33%
Bjørn Christian Eide	Director	Esmar AS	842 576	45% ¹
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 ²	3 310 325	50%
Sten Kirkbak	CEO	EF Investigo Holding AS	402 100	15.4%

Note: shares held as of 31 December 2021. Source: Euronext VPS.

¹ Bjørn Chr. Eide owns 50% of Racce AS which owns 90% of Esmar AS.

² MK Capital AS is registered owner of 3 310 325 shares of which 42 500 shares are owned by CTO Sanghyo Kim.

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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.

Shared-based payment to management (Management Incentive Program)

Xplora has implemented an option program for the senior management team. The stock options for all management except Kristin Hellebust were granted during August 2020 as part of a 3-year Management Incentive Program 2020-2022. The stock options for Kristin Hellebust were granted in 2021 as part of a 3-year Management Incentive Program 2022-2024.

Employee	Title	No of options
Sten Kirkbak	CEO	974 025
Mikael Clement	CFO	608 750
Sanghyo Kim	CTO	608 750
Jan-Henrik Parmann	VP Supply Chain	243 500
Mark Rogers	VP Sales	23 675

NOTE 9 Related party transactions

Remuneration to senior executives is disclosed in [note 2](#).

Related-party transactions to group companies	31.12.2021	31.12.2020
Sales of goods / services:		
Sales of watches, service fee and administration fee.	227 459 984	73 218 561
Service fee	26 662 462	13 332 340
Other	1 520 966	14 028 990
Total	255 643 412	100 579 891
Purchase of goods / services:		
Purchase of watches and service fee	3 746 139	1 289 579
Services	21 660 407	11 575 826
Receivables		
Loans to other group-companies	184 625 309	96 818 634
Group liabilities		
Loans from other group-companies	7 100 364	0

NOTE 10 Accounts receivable

	31.12.2021	31.12.2020
Accounts receivable at par value	7 356 426	12 454 273
Provision for losses	-452 201	-452 201
Total	6 904 225	12 002 072

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NOTE 11 Charges and guarantees

	31.12.2021	31.12.2020
Debt secured by charges, mortgages and guarantees		
Long-term debt to Innovasjon Norge ¹	25 000 000	25 000 000
Total	25 000 000	25 000 000

Innovasjon Norway has registered a mortgage of MNOK 25 in the Personal Property Register as of 31.12.20 related to the abovementioned long term debt.

The mortgage/guarantee is distributed as follows:

Inventories	25 MNOK
Accounts receivables	25 MNOK
Plant and equipment	25 MNOK

¹ See note 16 for subscription rights issued to lender in conjunction with the loan.

	31.12.2021	31.12.2020
Book value of pledged assets		
Plant and equipment	471 580	117 379
Inventories	18 872 153	10 643 432
Accounts receivable	6 904 225	12 454 273
Total	26 247 958	23 215 084

NOTE 12 Inventory

	31.12.2021	31.12.2020
Inventory	18 872 153	10 643 432
Total inventory	18 872 153	10 643 432
Provision for damaged goods	0	0
Total	18 872 153	10 643 432

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NOTE 13 Tax

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax assets	0	0
Tax expense on ordinary profit/loss	0	0
Taxable income:		
Ordinary result before tax	1 139 860	-22 331 312
Konsernbidrag	41 569 900	0
Permanent differences	-41 309 521	6 321 559
Changes in temporary differences	-2 731 350	2 875 110
Taxable income	-1 331 111	-13 134 643
Payable tax in the balance:		
Payable tax on this year's result	0	0
Total payable tax in the balance	0	0
Calculation of effective tax rate		
Profit before tax	1 139 860	-22 331 312
Calculated tax on profit before tax	0	0
Tax effect of permanent differences	0	0
Total	0	0
Effective tax rate	0.00%	0.00%

Basis for deferred tax assets not recognized.

The tax effect of temporary differences and losses to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified by the type of temporary differences:

	2021	2020	Difference
Tangible assets	52 481	3 176 750	3 124 269
Accounts receivable	-452 201	-452 201	0
Allocations and more	0	-5 594 050	-5 594 050
Corrections	0	-261 569	-261 569
Total	-399 720	-3 131 070	-2 731 350
Accumulated loss to be brought forward	-42 828 711	-41 497 600	-1 331 111
Not included in the deferred tax calculation	43 228 431	44 628 670	-1 400 239
Deferred tax assets (22%)	0	0	0

Deferred tax not included in the balance sheet.

NOTE 14 Subsequent events

In 2022 the company has paid NOK 20m in earnout for the purchase of Xplora Mobile Holding AS.

In February 2022, Russia invaded Ukraine. Xplora monitors the consequences of the Russian invasion and subsequent sanctions. Xplora has no direct activities in Russia, Belarus, or Ukraine but has a marketing partner with operations in Ukraine. Indirect consequences or spillover effects may occur in wake of ongoing conflict in markets where Xplora is present. This, in combination with the macroeconomic development could have negative effects on consumer spending in markets where Xplora is present.

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NOTE 15 Operational leases

Operating leases	Expiration of agreement	Annual lease
Lease object		
Land, buildings and other real estate	3-5 years	1 363 112
IT and software systems	3-5 years	1 561 881
Equipment, fixtures and fittings		88 987
Total		3 013 980

NOTE 16 Share-based payment**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:

	Innovasjon Norge (IN)	SMN 3	SMN 2	SMN 1
Agreement				
Number of options	68 571.00	31 429.00	37 143.00	37 368.00
Number of options (after split)	1 714 286.00	785 714.00	928 571.00	934 195.00
Share price (including dilution)	158.32	158.00	169.00	256.00
Stock price	175.00	175.00	175.00	267.61
Strike price (before split)	175.00	175.00	175.00	267.61
Strike price (after split)	7.00	7.00	7.00	11.00
Grant date	29.06.2020	25.06.2020	28.02.2020	10.07.2019
Expiry date	31.12.2023	31.12.2023	12.07.2022	12.07.2022
Vesting date	31.12.2023	31.12.2023	12.07.2022	12.07.2022

A total of NOK 484 637 has been recognized in 2021 as a cost for Innovasjon Norge surety agreement

2. Management Incentive Program

On 20 August 2020 the Board of Xplora Technologies resolved to issue 2 458 700 options to management as part of a long term incentive program.

The options will vest in three tranches, one third each, with vesting dates: 01.01.2021, 01.01.2022 and 01.01.2023. The program has an annual vesting from January 2020. The Strike price is NOK 7, equal to the assumed market price at the time of issue (equal to last share issue price). In the event of a takeover of the company all vested and unvested options may be exercised. The management incentive program was extended to include CCO Kristin Hellebust in 2021 for the period 2022-2024 with vesting dates 01.01.2023, 01.01.2024 and 01.01.2025. The strike price on her options is NOK 26.16 per share.

A total of NOK 5 858 791 has been recognized in 2021 as a cost (NOK 1,472,037 is the expensed value of options and NOK 4 386 754 is set aside employer's contribution).

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.

3. Share based payment to advisors to the Board of Directors

A total of NOK 1 038 385 has been recognized in 2021 as a cost for share based payments to advisors to the Board of Directors.

4. Share based payment to Kristin Hellebust

On 17/12/2021 the Board of Xplora Technologies resolved to issue 10 000 shares to Kristin Hellebust for her contribution to the Board of Directors. A total of NOK 403 500 has been recognized in 2021

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Independent Auditor's Report

To the General Meeting in 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 2021, 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 2021, 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 2021, 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 2021, 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 laws and regulations and 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.

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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

The Board of Directors and the Managing Director (management) are 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

Johan Henrik L'orange
State Authorised Public Accountant
(This document is signed electronically)

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

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

Johan Henrik L Orange

Partner

On behalf of: BDO AS

Serial number: 9578-5995-4-129841

IP: 188.95.xxx.xxx

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