



Q4 22 results presentation

March 17 2023



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Xplora team presenting today



Sten Kirkbak
CEO

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



Jonas Ringstad
Finance Director

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



Q4 22 at a glance

Xplora managed growth in a very challenging quarter for the tech consumer industry. In addition to growth, several improvements and foundations for an already promising 2023 was made.

Group revenues

NOK 179 m
+2% y/y

Recurring services

NOK 41 m
+21% y/y

Subscribers

157 K
+27% y/y

Gross earnings

NOK 71 m
41% margin

EBITDA

NOK -20 m

Cash balance

NOK 50 m



Strategies & external conditions driving the numbers

Key management focus during Q4 and Q1 23; doing the right money allocations and priorities in order to rethink and optimize 2023.

- Key objective to secure a strategy to reach **break even** point as early as possible in 2023
- Focus on achieving a strong(er) **positive unit economic** above growth alone
- Secure the right **product and market fit**
- Execute our efficiency program to significantly **reduce cash burn** in 2023 (Q1/Q2 effect)
 - Such as rethink office spaces, staffing, marketing spend, logistic and warehousing aka working capital etc.
- While still being the **category leader**

NOK m	Q4	2022	Y/Y
Revenues	178	502	16 %
Reported EBITDA	-20	-33	



Both FX and Freight risk/cost are optimized for 2023

Key Cash flow effects 2022	Q4	2022	2023 effects
Capex: R&D (HW and SW)		-32	NA
Capex: ERP		-6	NA
XM Acquisition (earn-out)		-20	0



Articulated key deliveries Q4/2022

Stated in Q3 reporting

Outlook

- Xplora remains on track to deliver on its revised +20-30% revenue growth target for 2022
- We will exit 2022 with a brand new hardware platform of 2 premium OEM products and one entry level product.
- Xplora Connect will be available in 9 markets, including the opportunity to further increase ARR with Premium content.
- Focus on core strategy and core markets
- We will enter 2023 with an optimized cost structure and renegotiated key agreements



- Growth (20-30%)
- 3 new products, inkl OEM
- Replicate Nordic SIM model in 1-3 new markets
- Increase ARPU with VAS
- Reduce cost base +10%

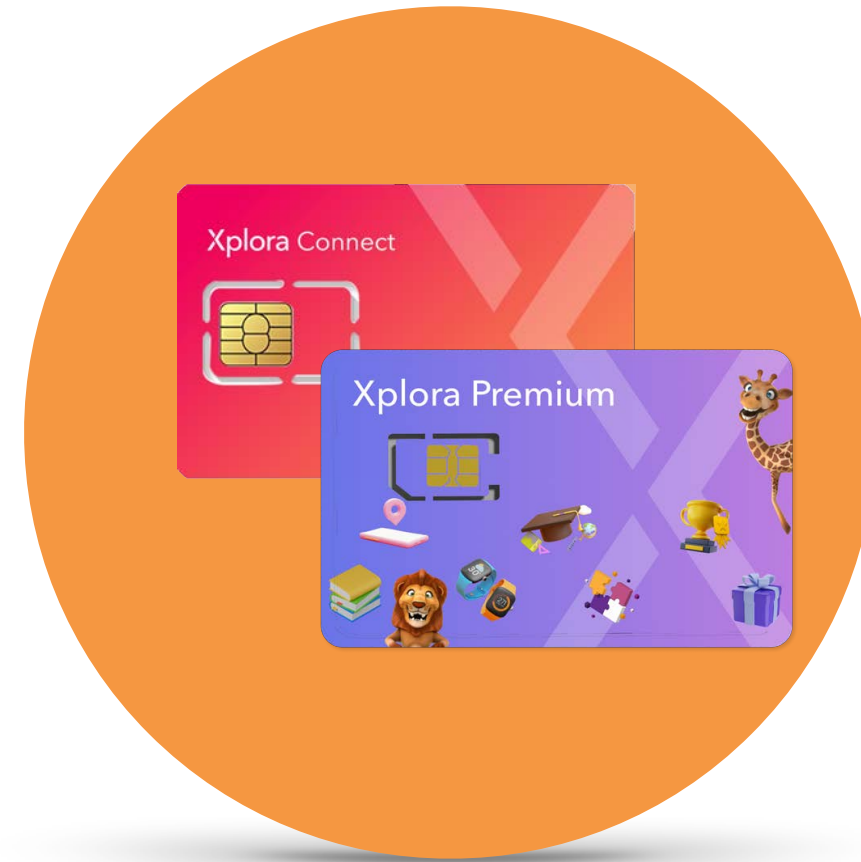


How we performed



Products:

- Finalized R&D / investments 3 new products, including first OEM platforms
(NOK 32m)
- Objective to extend product life time with X2 time providing significantly less R&D/ Capex in 2023 **(NOK 12m)**



Services:

- Successfully launched 4 new MVNOs, plus entered into agreement with AT&T in US for 2023 launch
(Replicate Nordic SIM model in 5 new markets)
- Piloted 7K+ paying users on premium services. Ready to launch new Bundle proposition in 9 markets for 2023
- Average Revenue Per Unit **(ARPU) increased in 2023**



Organization:

- Optimized organization and ready to focus on 9 core markets for 2023.
- Worked through period of growing pains and now more lean structure and better processes.
- On target with **10-20% OPEX reduction**

We reached 16% growth and passed one million shipped units!



Why 2023 will be successful



Key drivers for success in 2023

Strong foundation being #1 in our category and already generating NOK 150m in high margin Annual Recurring Revenues (ARR)



- 10-20% **OPEX reduction**
- Revised vendor deals to **reduce FX risk and improved freight**
- Improved internal processes including ERP and systems



- Revise our **distribution strategy** in order to improve our working capital / cash position (currently Xplora is carrying a large inventory)
- Significantly **less CAPEX** in 2023
- Based on all improvements and current sales, **no required capital raise**



- **Increased RRP** (similar GM)
- Replicate nordic SIM model from **4 to 9 markets**
- **Increase ARPU** in all markets
- Increase **new revenue streams**



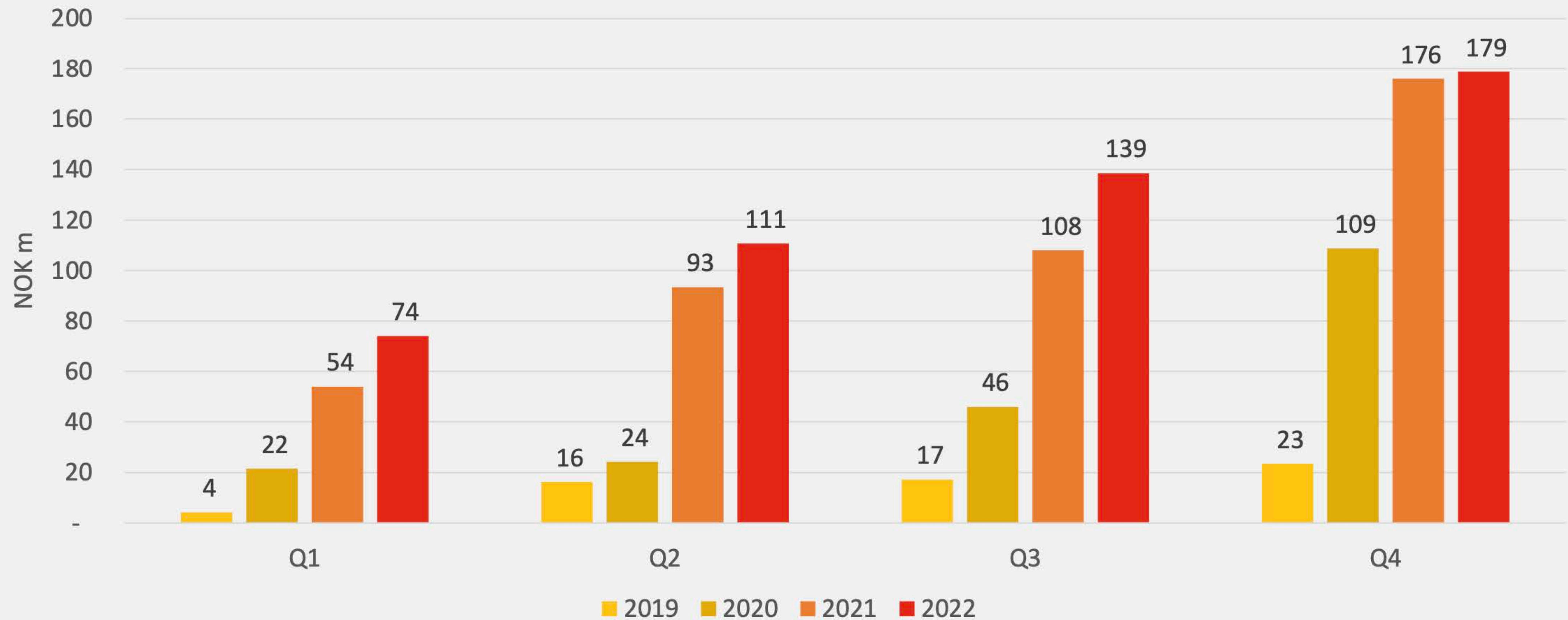
Q4 2022 Financial results



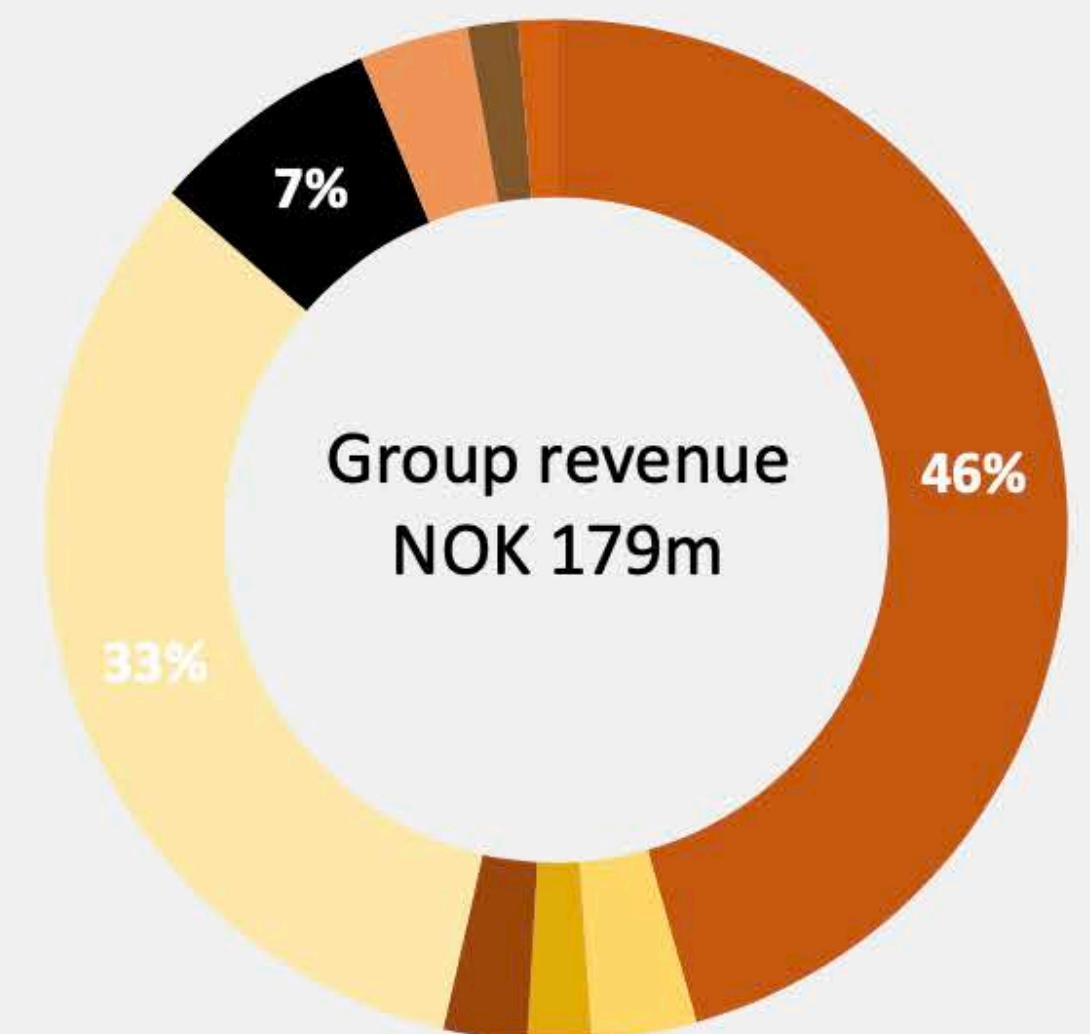
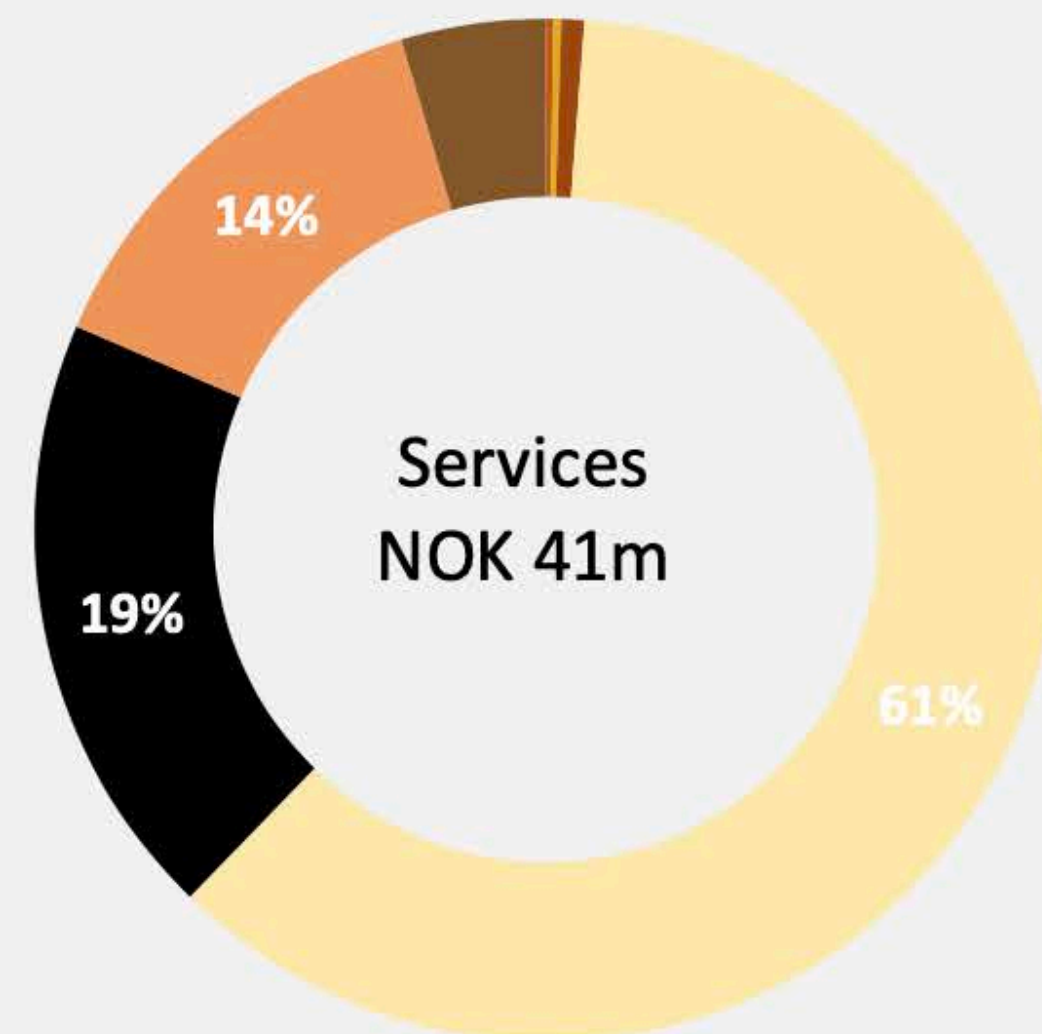
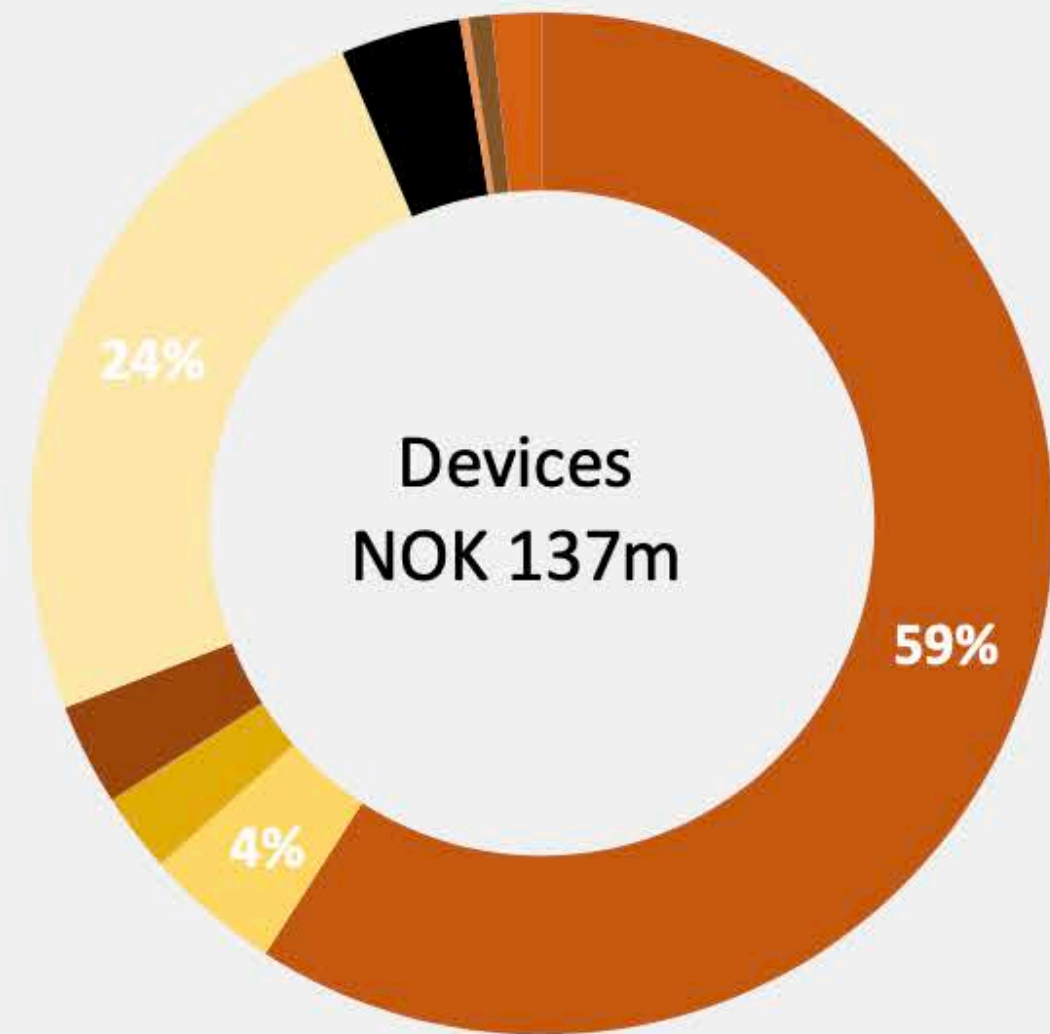
Q4 22 up 2% y/y



Revenue



Q4 22 regional revenue breakdown



Germany Spain UK US Norway
Sweden Finland Denmark France

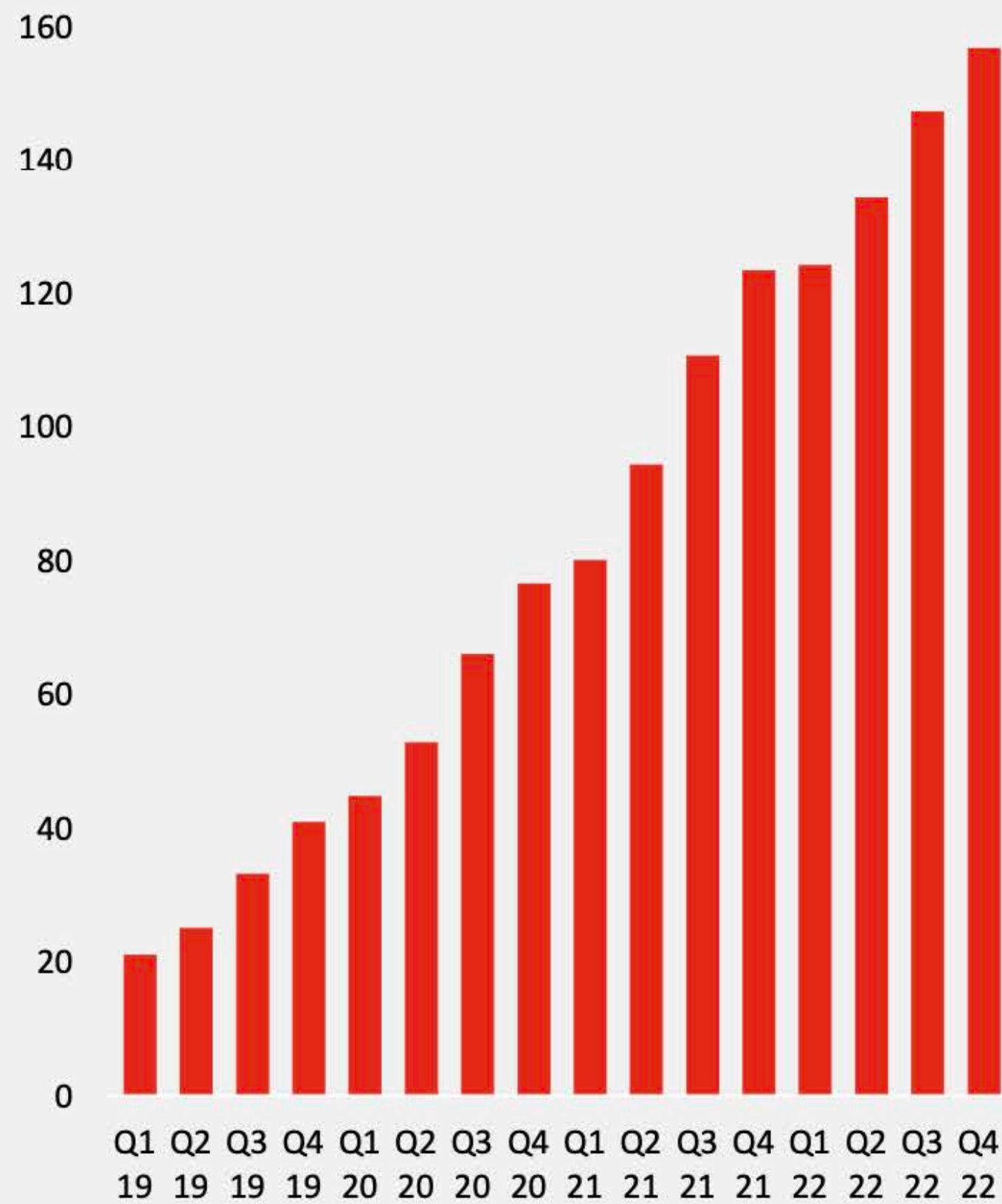
Germany Spain UK US Norway
Sweden Finland Denmark France

Germany Spain UK US Norway
Sweden Finland Denmark France

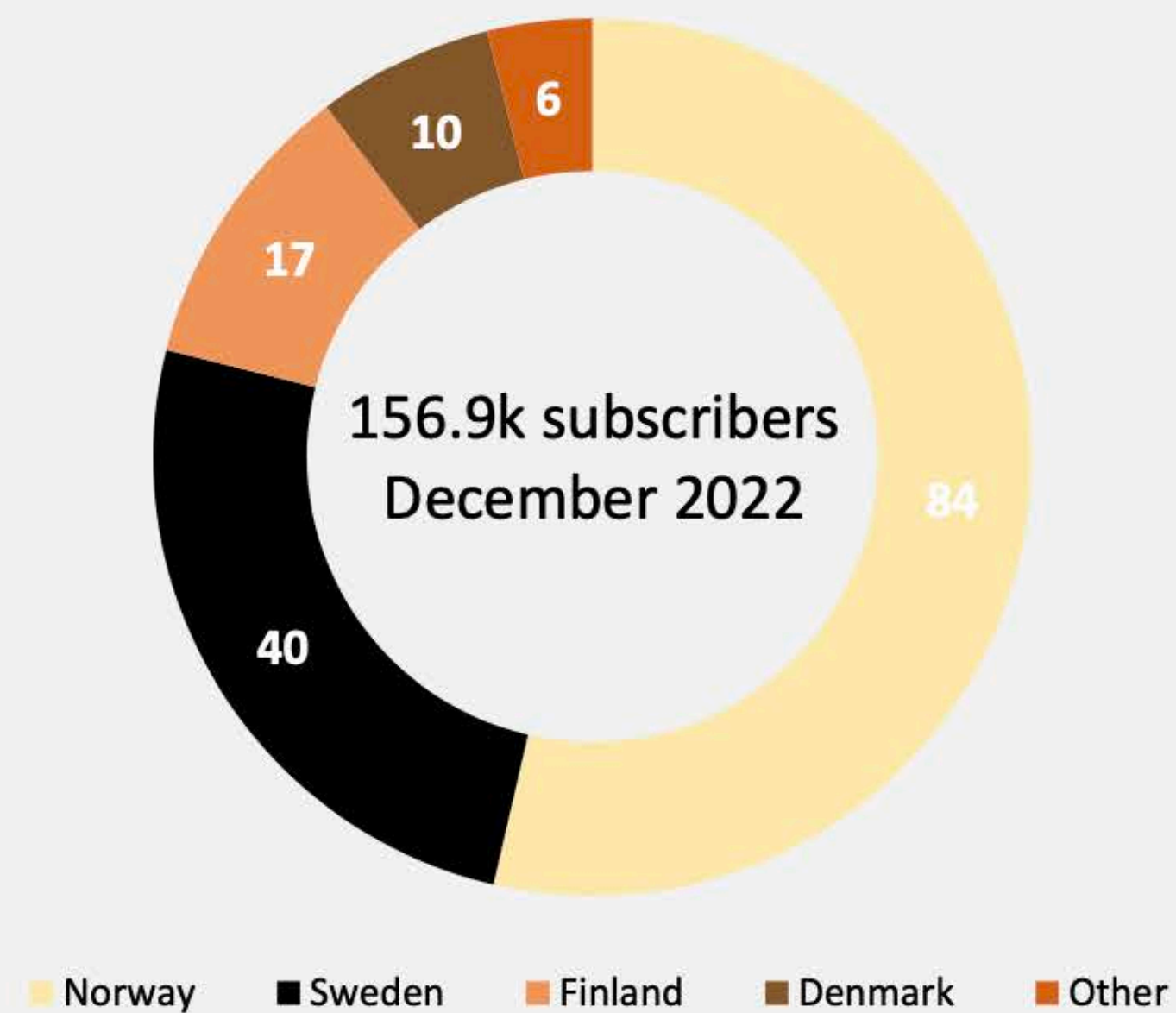
Growing subscriber base



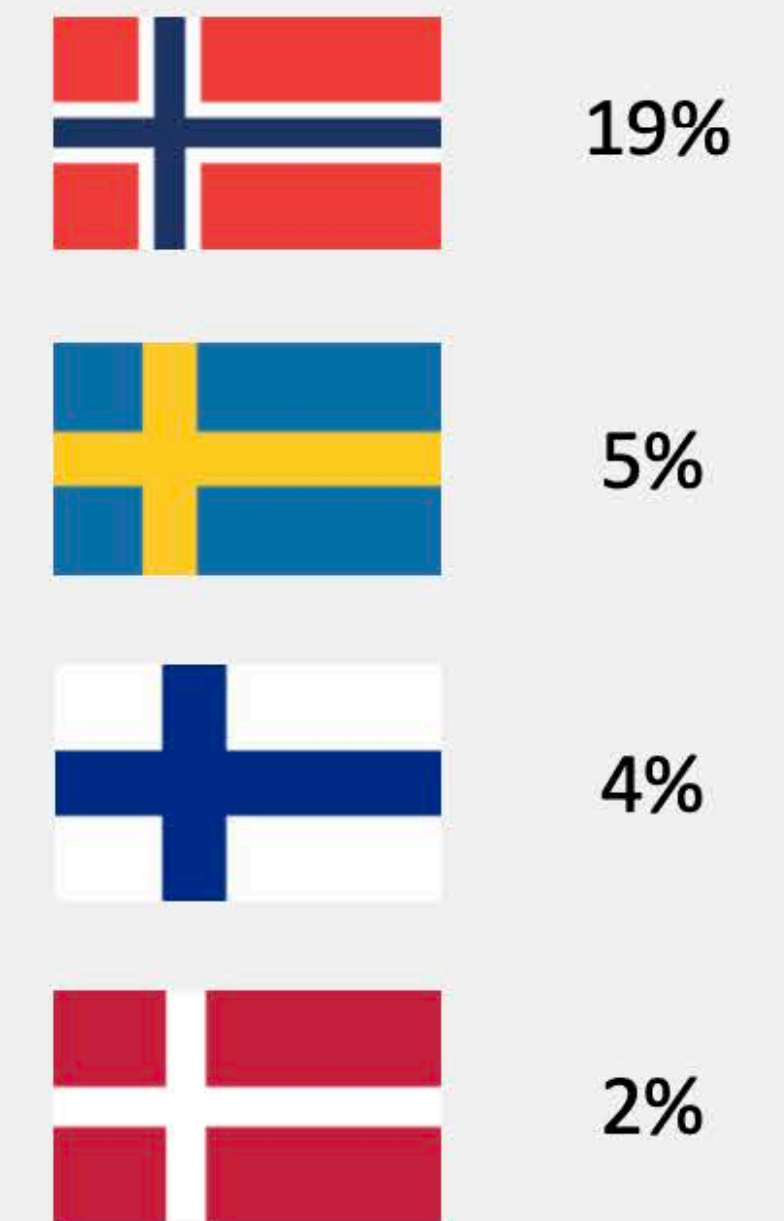
Mobile subscribers (k)



Xplora subscribers by market (k)



Xplora market share*



*market share in target segment in Nordics according to UN population data

Overall comments Q4/2022



- Strong growth in subscribers and service revenue sends total revenue for 2022 to new heights
- Increased cost of freight and USD reduced gross margin
- Restructuring cost in Q4 due to accrual of severance cost, legal counsel and renegotiations
- Market investments to establish Xplora in a league of its own
- Global freight cost increase combined with supply chain challenges resulted in higher than anticipated cost of distribution for 2022. Expected to be reduced by utilizing a higher percentage of sea freight
- As a result, there was a reduction in EBITDA
- Efficiency program launched in Q4 22 is expected to yield savings in the order of 10-20% of 2022 Opex

Amounts in NOK millions	Q4 22	Q4 21	FY 2022	FY 2021
Device revenues	137.1	142.3	346.9	339.8
Service revenues	40.9	33.7	152.3	91.6
Total revenues	178.8	176.0	502.0	431.4
Growth y/y	2 %	62 %	16 %	115 %
Gross profit	71.2	84.0	237.0	196
Gross margin	40 %	48 %	47 %	45 %
EBITDA	-20.5	28.5	-33.5	19.2
Subscribers (k)	156.9	123.4	156.9	123.4
Shares outstanding (million)	41.6	39.8	41.6	39.8
Share price (NOK)	9.9	29.1	9.9	29.1
Market capitalization	412	1158	412	1158

Q4 22 Profit & Loss



- Revenue of NOK 179m, up 2% y/y
 - Product sales of NOK 137m, down 4% y/y
 - Service sales of NOK 41m, up 20% y/y
- Cost of NOK 108m, up 17% y/y in large part due to a 17% increase in USD/NOK exchange rate through 2022 and transition to new line of products
- Payroll for the quarter was at NOK 29m, up 38% y/y from NOK 21m in Q4 21
 - Payroll in Q4 22 includes provisions for restructuring
- Other opex was NOK 63m, up 85% y/y from NOK 34m in Q4 21
 - Other opex include NOK 29m market development and NOK 10m freight and handling
- EBITDA was NOK -20m, down NOK 49m from Q4 21
- Depreciation increased to NOK 15m in Q4, up 50% y/y from NOK 10m in Q4 21

NOK 1000	Q4 22	Q4 21
Revenue - sales of watches	137,091	142,350
Revenue - service fees	40,888	33,641
Revenue - other	794	31
Total Revenue	178,774	176,022
Cost of sales	107,610	92,057
Gross profit	71,164	83,965
<i>Gross margin</i>	<i>40 %</i>	<i>48 %</i>
Payroll Expenses	28,847	21,797
Other Operating expenses	62,771	33,624
EBITDA	-20,454	28,544
<i>EBITDA margin</i>	<i>-11 %</i>	<i>16 %</i>
Depreciation and amortisation	14,685	10,367
Operating profit / EBIT	-35,139	18,177
Other finance cost	1,081	346
Finance (income)/expenses - net	-1,888	318
Profit (loss) before tax	-34,332	17,513
Income tax	7,592	0
Net profit (loss)	-26,740	17,513

FY 2022 Profit & Loss



- Revenue of NOK 502m, **up 16% y/y**
 - Product sales of NOK 347m, up 2% y/y
 - Service sales of NOK 152m, up 66% y/y
- Cost of NOK 265m, **up 13% y/y**
- Payroll for the year was at NOK 86m, up 19% y/y from NOK 72m in 2021
 - 94 FTE 01.01.22, 134 FTE 31.12.22
- Other opex was NOK 185m, up 78% y/y from NOK 104m
 - Other opex include NOK 84m marketing
- EBITDA was NOK -34m, down NOK 53m from 2021
- Depreciation increased to NOK 51m in, up 67% y/y from 2022
 - For the year it includes NOK 37m from Xplora Mobile acquisition and NOK 10m capex depreciation
- Income tax of positive NOK 11m as the company released the remainder of the deferred tax liability for customer contracts

NOK 1000	FY 2022	FY 2021
Revenue - sales of watches	346,881	339,792
Revenue - service fees	152,269	91,593
Revenue - other	2,826	
Total Revenue	501,976	431,385
Cost of sales	264,963	235,434
Gross profit	237,012	195,952
<i>Gross margin</i>	47 %	45 %
Payroll Expenses	85,728	72,435
Other Operating expenses	184,834	104,345
EBITDA	-33,550	19,171
<i>EBITDA margin</i>	-7 %	4 %
Depreciation and amortisation	51,188	30,686
Operating profit / EBIT	-84,738	-11,515
Other finance cost	2,134	1,176
Finance (income)/expenses - net	-1,888	833
Profit (loss) before tax	-84,983	-13,523
Income tax	10,589	0
Net profit (loss)	-74,394	-13,523

Q4 22 Balance



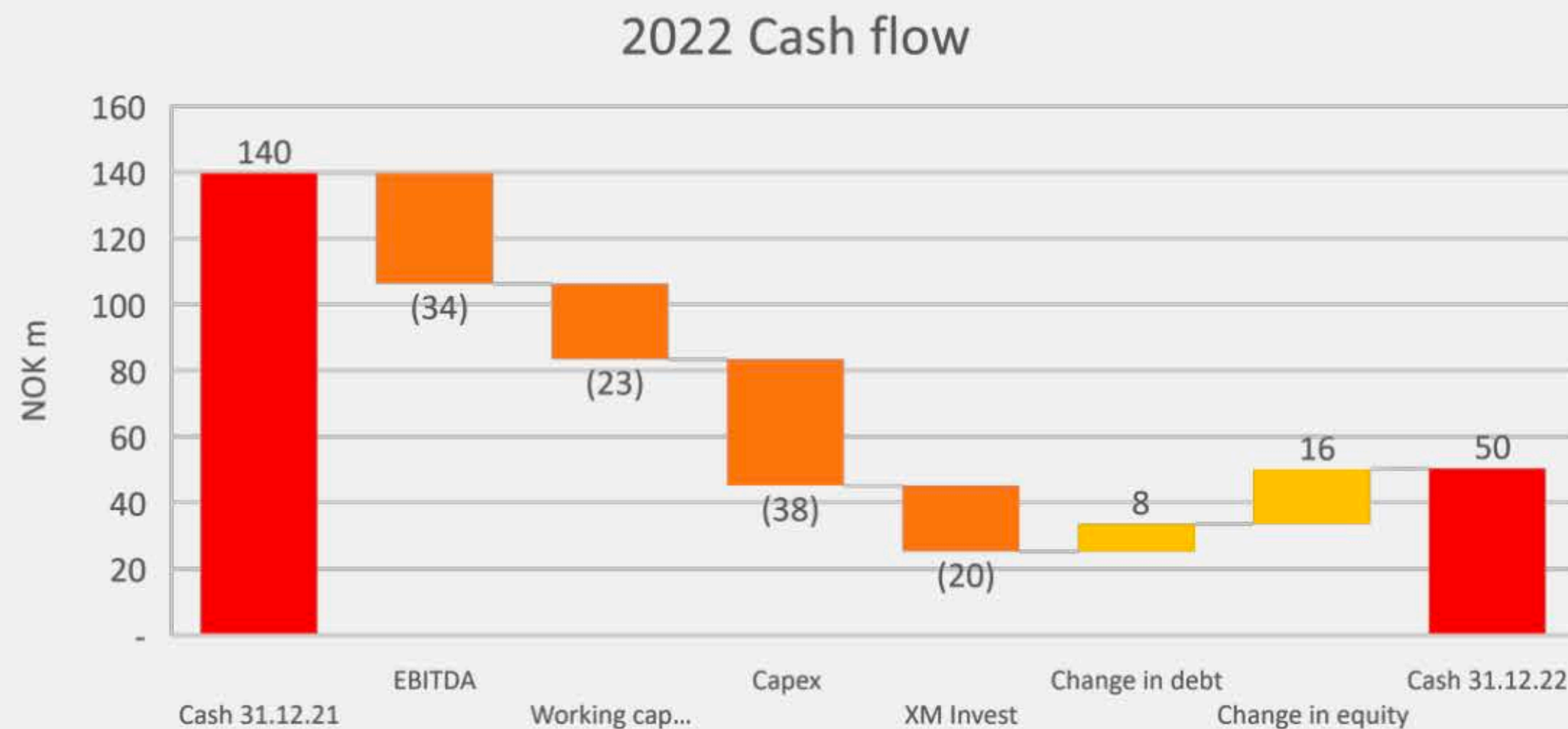
- Decrease in total current assets due to decline in accounts receivables and cash, as well as a buildup of VAT reserves
- Decrease in short term debt due to accounts payables being cut in half, while higher liabilities to credit institutions and other short-term debt
- Other current liabilities consists of accruals (NOK 42m) and deferred income (NOK 29m), and is similar to that of Q4 2021
- This results in a **net working capital of 130m**

NOK '1000	Q4 2022	Q3 2022	Q4 2021
Fixed Assets	1,976	2,027	1,131
Goodwill	154,705	159,393	170,115
Customer Contracts	41,479	46,088	59,914
Intangible Assets	40,978	36,994	17,397
Other long-term receivables	4,188	4,722	160
Total Non-current assets	243,326	249,224	248,717
Accounts receivable	43,521	56,518	78,333
Inventories	96,350	109,471	82,479
Other receivables	74,337	77,311	27,448
Cash & Equivalents	50,409	69,748	139,751
Total Current assets	264,617	313,048	328,010
Total Assets	507,943	562,272	576,727
Total equity	350,585	378,196	401,134
Debt to credit institutions	0	25,000	29,850
Other long-term debt	22,917	9,991	12,989
Total long-term debt	22,917	34,991	42,839
Short-term debt to credit institutions	15,397	2,887	5
Accounts payable	41,238	79,867	36,105
Provision for Earn Out	0	0	20,000
Other current liabilities	77,807	66,333	76,645
Total Short-term debt	134,441	149,086	132,755
Total equity and Debt	507,943	562,272	576,727

2022 cash statement



- NOK 38m capex for 2022 slightly higher than signaled NOK 30-35m, mainly due to Xplora platform development (NOK 22m), product development (NOK 10m) and ERP system (NOK 6m)
- Change in debt due to Nordea LC financing
- Change in equity from warrants from Sparebank MN
- Forecasted **improvements to cash balance** at end of Q1 2023 and positive cash flow from operations in H2 2023

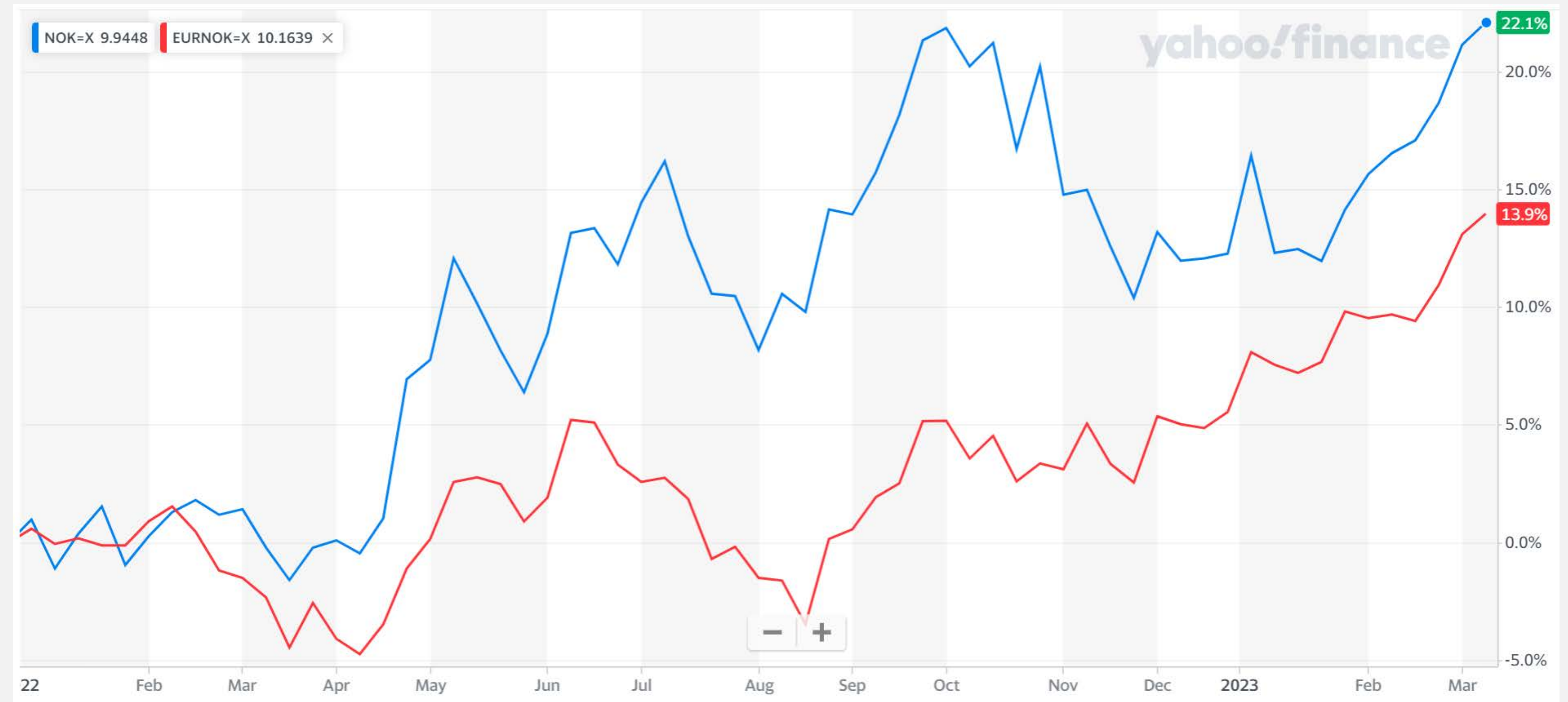


NOK '1000	Q4 2022	2022	Q4 2021	2021
Profit Before Tax	-34,332	-84,983	16,514	-16,521
Depreciation and amortisation	14,685	51,188	11,366	33,684
Working capital changes	-920	-22,851	3,024	-44,752
Net cash flow from operating activities	-20,567	-56,646	30,904	-27,589
Xplora Mobile Investment/ acquisition	0	-20,000	0	-76,921
Capex	-9,320	-38,139	-4,420	-12,125
Net cash flow from investing activities	-9,320	-58,139	-4,420	-89,046
Change in debt	10,426	8,458	-651	-9,092
Change in equity	0	16,500	0	146,776
Other	121	485	121	485
Net cash flow from financing activities	10,547	25,443	-530	138,169
Net change in cash and cash equivalent	-19,340	-89,342	25,954	21,535
Cash and cash equivalents at start of period	69,748	139,751	113,796	118,216
Cash and cash equivalents at end of period	50,409	50,409	139,750	139,750

FX effects



- Cost in USD (dark blue line) and revenue in EUR (red line) and NOK (index)
- USD and EUR follow closely in 2022 through May and then deviate
- Majority of purchase orders placed in Q3 and Q4, with payment in early October
- Currencies track closer in 2023, but still at 8 pp gap





Capital Markets Day

The road ahead



We are well positioned for 2023

We have the best product market fit in a strong family IOT category. We expect to continue to grow, generate a positive cash flow and significantly improve our working capital.



We will show you how we can use our #1 position in the market to excel our business **next 3-5 years**



With an optimized cost base and leaner organization we can focus on **profitability** going into 2023



Starting the year with 156K Subscribers, generating NOK 150m ARR, we will now increase from **4 to 9 markets**



Continue to **increase our ARPU** (Average Revenue Per Unite) with our revised business model in all markets



Opportunity to extend to new verticals to **increase Life Time Value (LTV)** next 3-5 years



Xplora team presenting today



Roy Westbye

Senior Vice President
Smartwatches

25 years experience from retail, telco and B2B. Previously worked as Nordic Senior Product Manager for Wearables at Elkjøp.



Sanghyo Kim

Chief Technology Officer

+23 years of experience from software development and valued added service in tech and telecommunication industry.



Jason Pyne

Senior Vice President
Platform & Services

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



Kjetil Fennefoss

Chief Operating Officer

Previous to Xplora Kjetil has more than 25 years experience from three International telcos , Including Telenor.



Gro Dyrnes

Country Manager
North America

25 years background from technology and business development including managing global expansion to the US market.



Market & Channel perspectives

Roy Westbye

Senior Vice President

Smartwatches



Product, Price and Channel Strategy



BEST OF INNOVATION



THE PERFECT STORM

**War in
Ukraine**

**Interest
up**

**Electric
crisis**

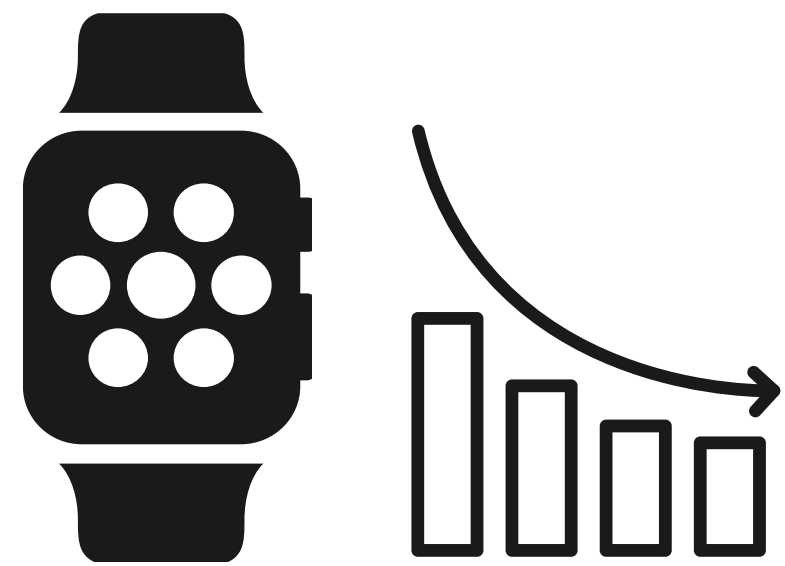
**Property
down**

**Inflation
up**

**Consumer
less
money**



Outperforming the wearable market



Wearables declining
down 10-12% in 2022

** DCI & GFK



Xplora up 5% in unit
sales 2022
(Revenues up 16%)



Kids are here



Our sale channels

Own web

10%

Retail

35%

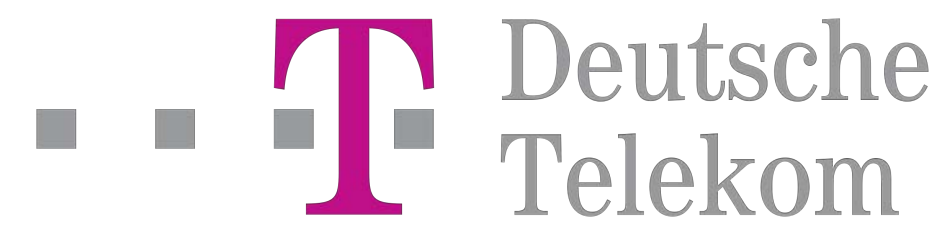
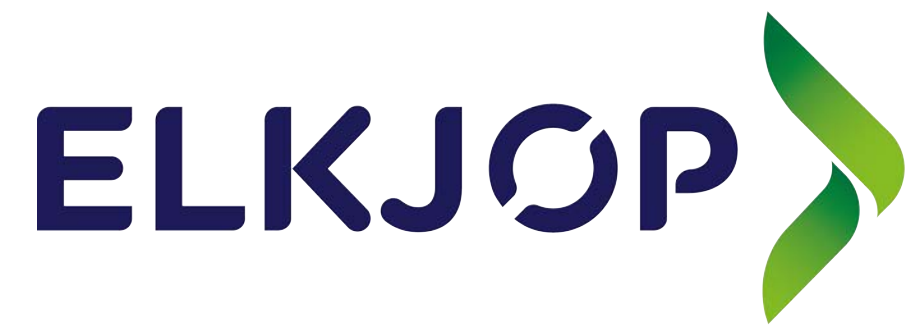
Telco

35%

Amazon

20%

Main Channels



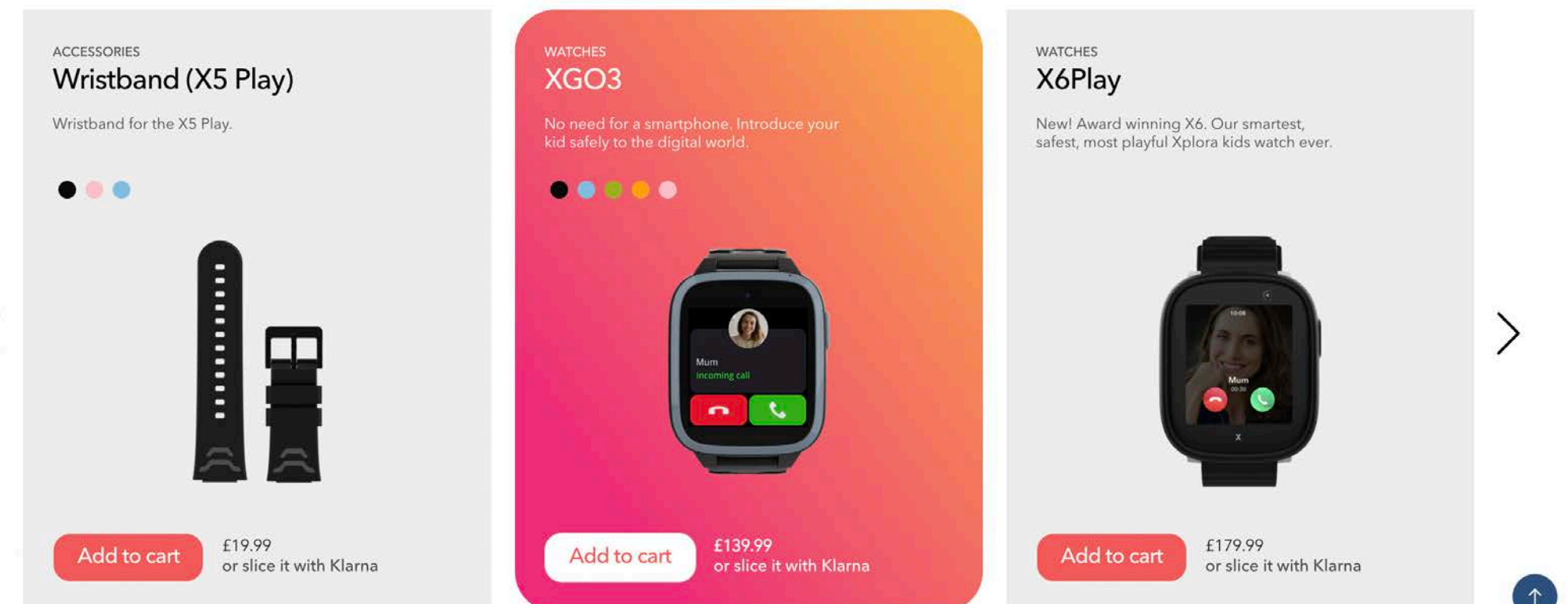


Xplora in-store and web channel



Xplora Kids Smartwatches

Delay your kids introduction to mobile phones. No internet access, no social media, no games, no unwanted calls. Keep in contact with your loved ones by activating an Xplora sim plan and incentivise them to keep active with our Goplay platform.





Product/price/channel Summary

Best products



XGO3



X6Play



X6Pro

Best price & range

XGO2	99 EURO
X5Play	129 EURO
XGO3	149 EURO
X6Play	199 EURO
X6Pro	269 EURO

Channels





Strong and compelling product-market fit





Technology & Innovation

Sanghyo Kim

Chief Technology Officer

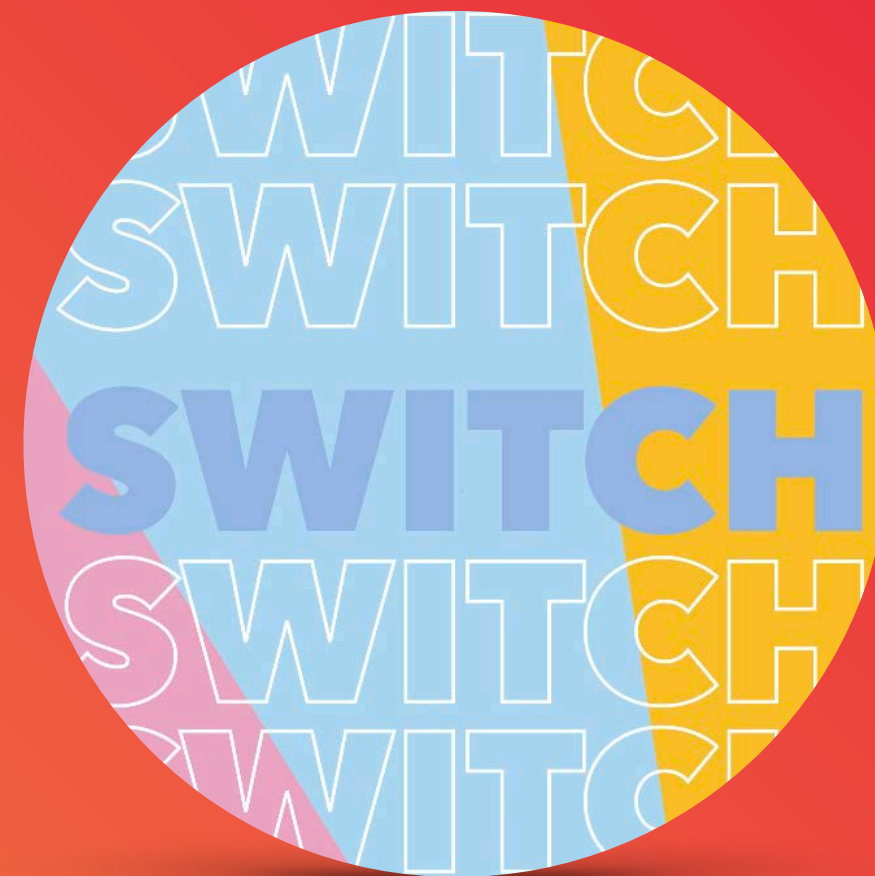


3 key objectives for our R&D team



Develop Best-in-Class **hardware platforms** within the category

Today



Design services and accessories to increase Average Revenue Per User (**ARPU**)

Short term



Extend Life Time Value (**LTV**) by versatile HW and SW platforms.

Medium to long term

X

HW: Pivoting to an OEM strategy

2022 was the first year in which we implemented an additional hardware OEM strategy, in addition to the existing ODM approach. This has enabled us to leverage our comprehensive understanding of wearable devices and **take the lead in the entire development process, starting from the design stage.**



BEST OF INNOVATION
2023



Strong Foundation for the Future

Go

Value for Money
Still the Xplora
Experience



Play

Our new Premium
Playful, powerful and
personal



Pro

The Flagship product
Taking category to
next level





How to increase ARPU

Service and Content
Providing tailored content and accessories that cater to the unique needs and preferences of individuals, based on their diverse lifestyles.



Product - OEM & ODM
Creating a reliable and high-quality product for customer satisfaction and loyalty.

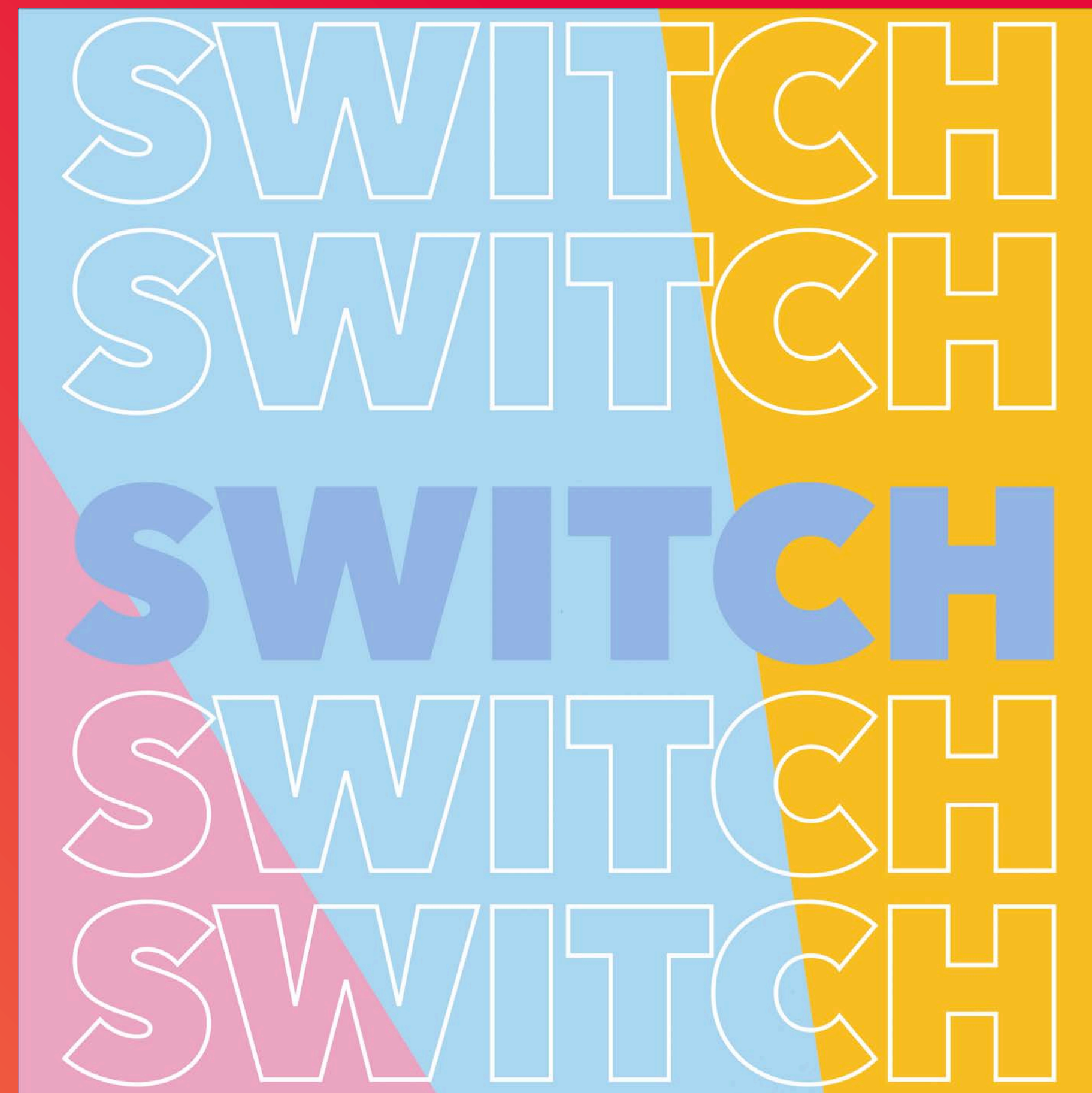
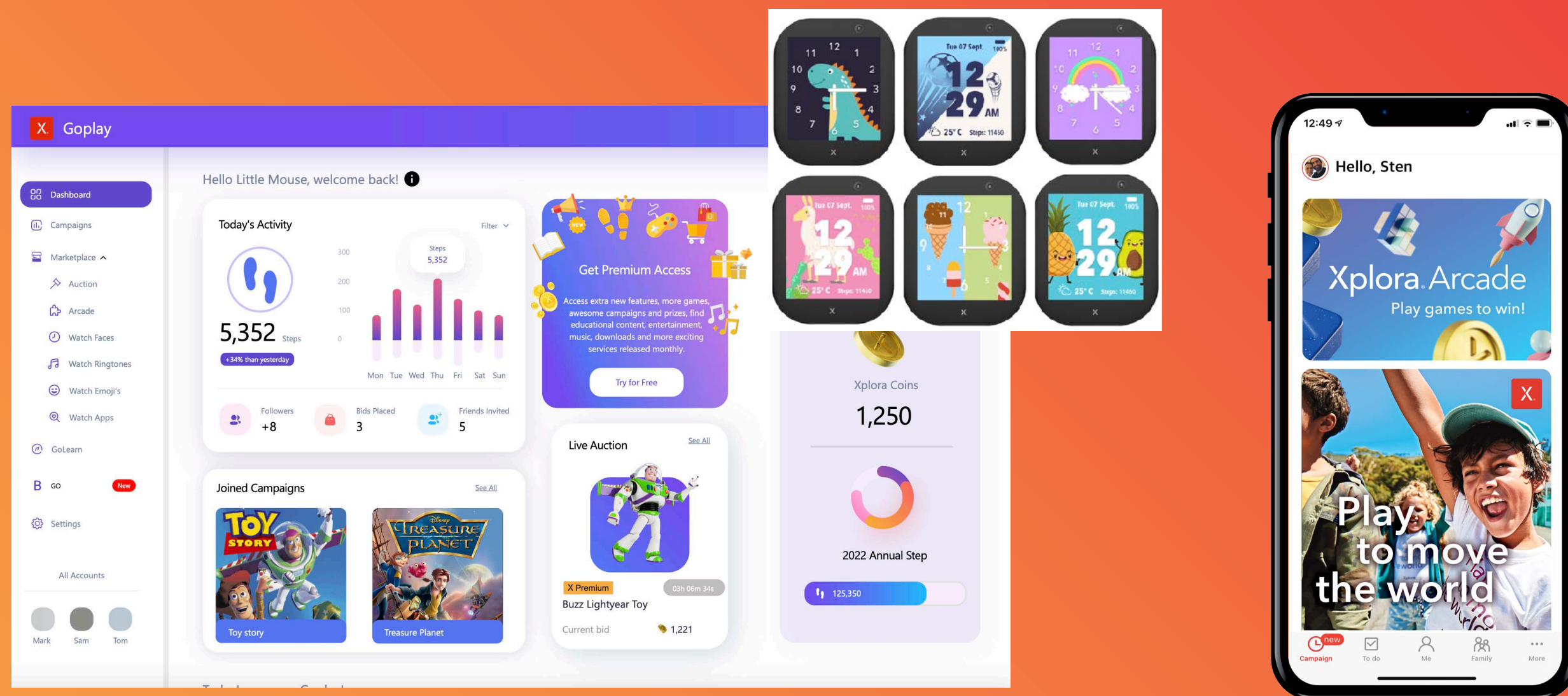
Family IoT Platform
Designing a platform that facilitates daily communication and engagement among family members, enabling them to stay connected despite their busy lives.

Crucial to promote daily and prolonged usage of the product among families.



HW and SW Personalization

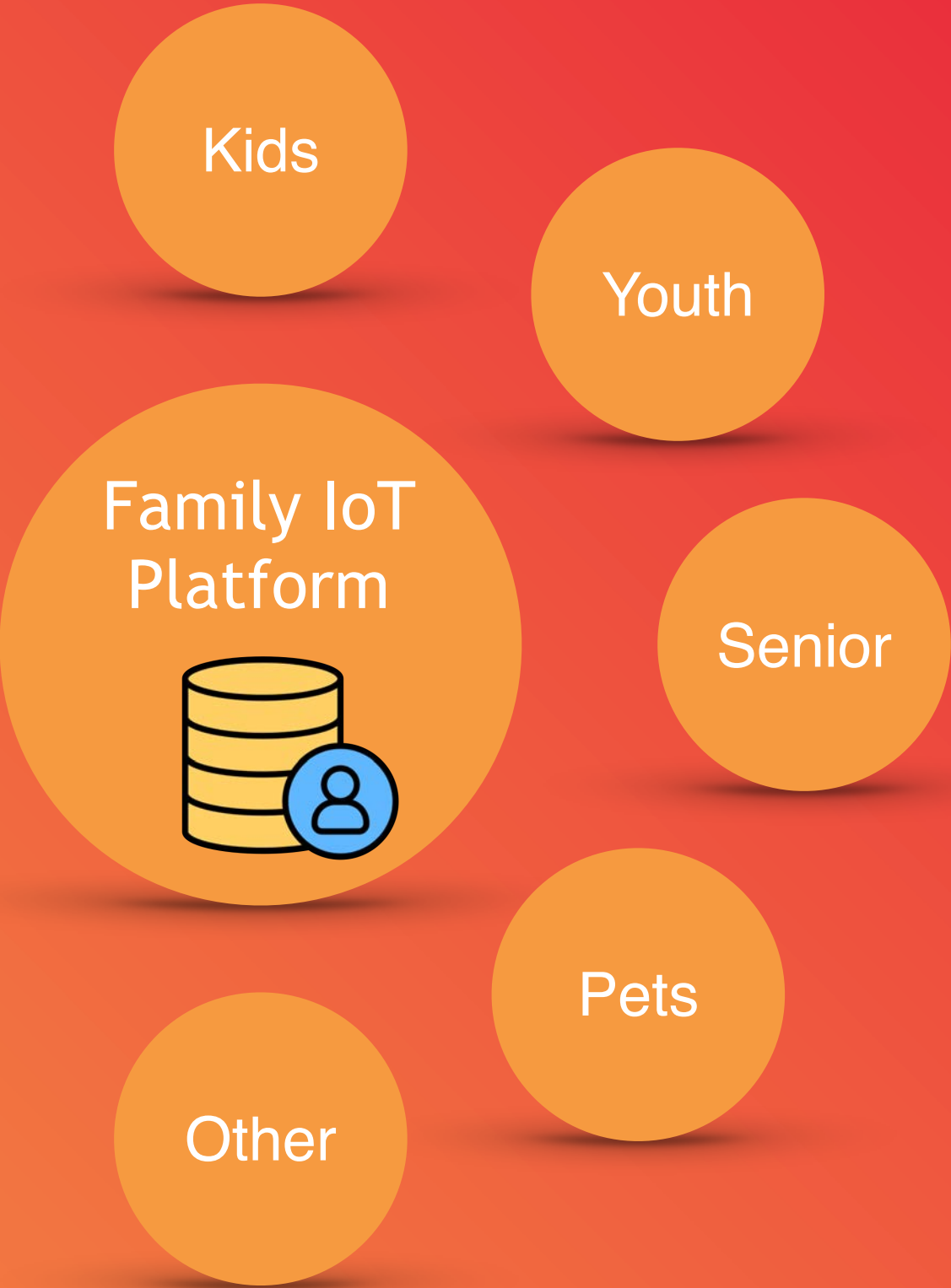
Designing services and accessories that enable users to personalize the product and engage with others can prolong the use of the product and service, ultimately increasing the Average Revenue Per User (ARPU).





Platform R&D Road-Map

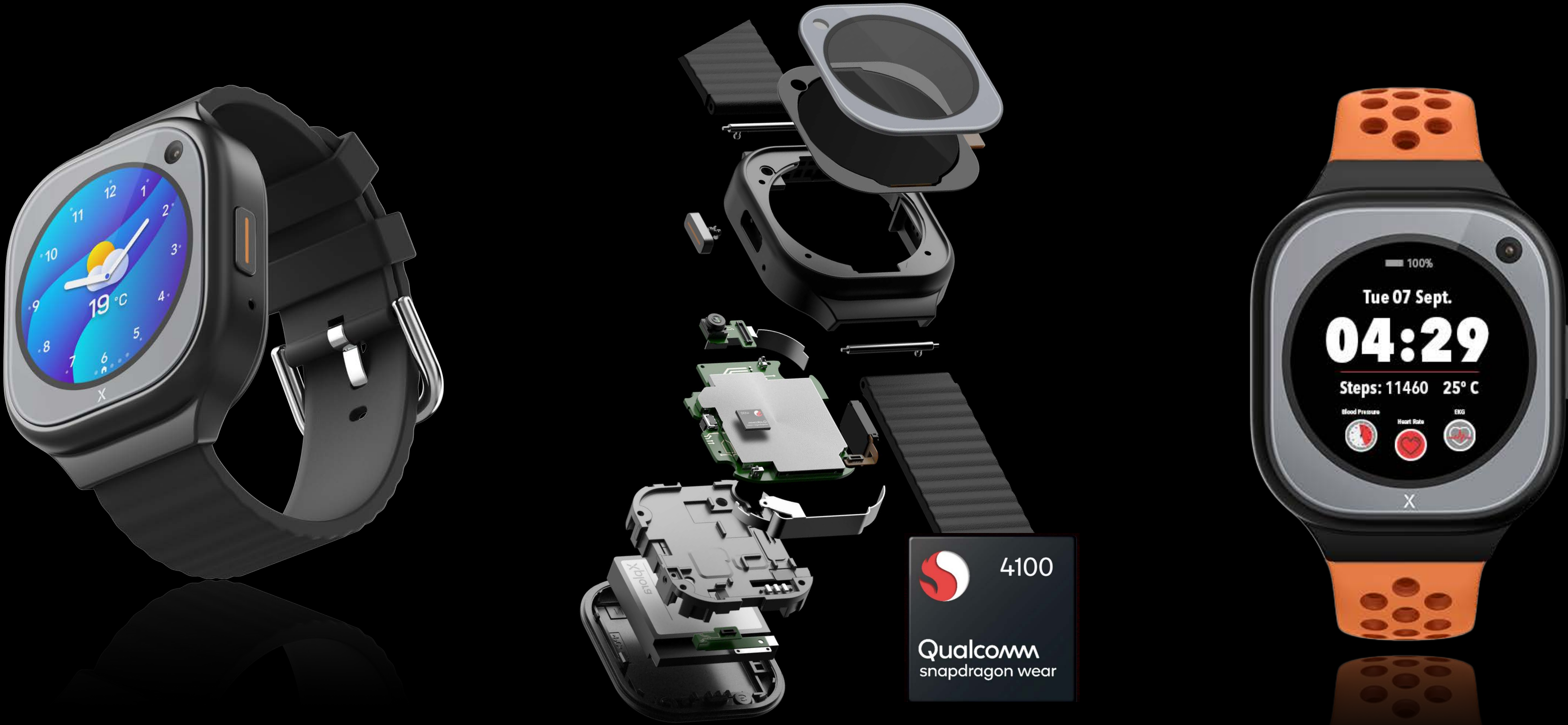
The Family IoT platform is the central hub that connects all the different verticals within the Xplora product pipeline, processing and linking them to provide customers with enhanced value and engagement.





Extend LTV in new verticals

The advanced and versatile platform offers a cost-effective solution for expanding into new verticals such as kids watch, youth watch, senior watch, etc.



 4100
Qualcomm
snapdragon wear



Platform & Services

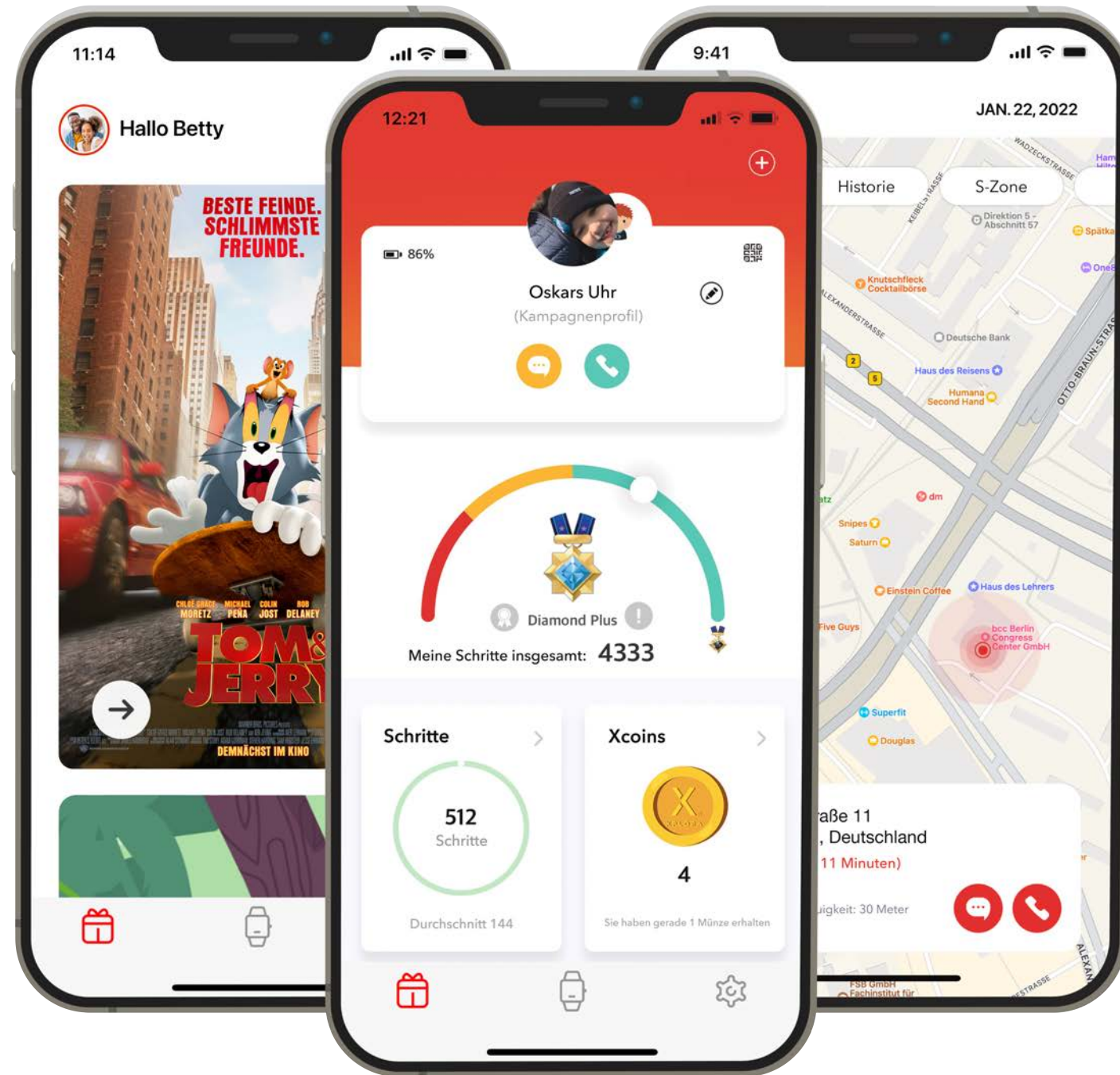
Jason Pyne

Senior Vice President

Platform & Services



Status today - Our Xplora App





1.4 million users


Top markets: Germany, Norway, Sweden, Austria, Finland, Spain, Denmark, Switzerland, UK, Hungary and US


- APP used as central source for engagement
- APP features proving to be popular **School Mode, Messaging, Safe Zone**

 **Location Tracking**
115k
Safe Zones created
over a 30 day period

 **Messaging**
510k
Sent to APP in 30 days

 **School Mode**
345k
Modes Set

 **Engagement**
+102% ↑ (365k)
Monthly active users

 **Steps**
30 Billion
Recorded over 30 days



Status today - Our Goplay Piloting

274,000 users

Top markets: Germany, Norway, Sweden, Austria, Finland, Spain, Denmark, Switzerland, UK, Hungary and US

- Steady engagement of legacy Goplay content **Adventures, Auction & Arcade**
- High interest in **NEW** digital content **Watch faces, Ringtones, e-learning & activities**



7,000 customers have **upgraded** to a payed version of Goplay premium in just a few months



 **Auction**
314K
XploraCoins used
in 1 Month

 **Arcade**
40k
Unique Users

Goplay Adventures
↑ 89%
136k users
Year on Year Growth

NEW
Engagement
+44% ↑
Average time spent
increased in a month

NEW
Watch Faces & Ringtones
Most Popular
X6 Play purchases



Improved onboarding and proposition

2022

Two different services and onboarding processes:



Xplora SIM

- SIM (all data/voice included)
- Xplora App (all included)
- 157K paying subscribers



Xplora Goplay (pilot)

- All services included, such as activity campaigns, and personalization.
- Piloting 7K paying subscribers

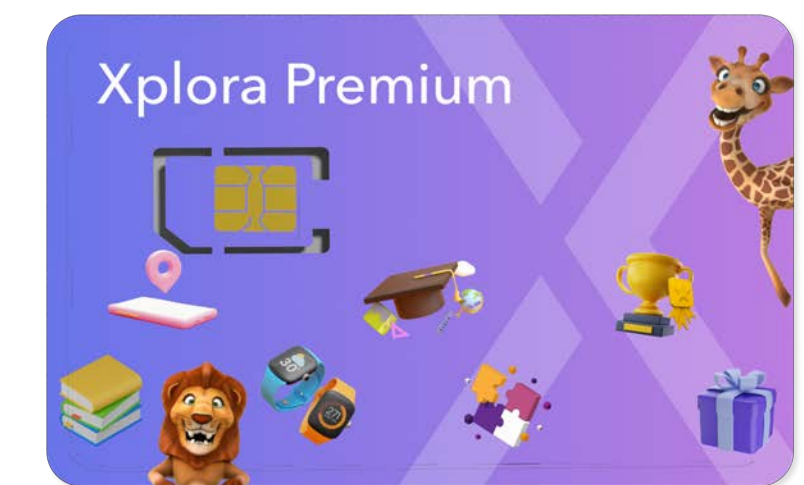


2023 forward

Merged into one onboarding and one service with two different price points:

Xplora Basic & Premium

- We are bundling our services to all customers (SIM with two options in the box)
- In the Basic service, the core App functionality and SIM connectivity is included
- In the Premium service additional App functionality is included, more data and all previous Goplay services included.





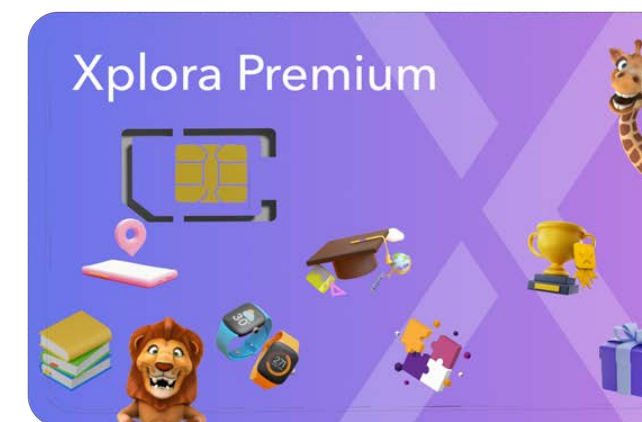
How to increase ARPU going forward

Execution and how we will monetize our new service proposition

Features	Basic	Premium
Add Devices	✗ (Only 1 device)	✓
Calls	✓	✓
Contacts	✓ (Limited)	✓
Location tracking	✓	✓
Live location tracking	✗	✓
Location history	✗	✓
Safe Zone	✗	✓
Chat message	✓ (Limited)	✓
MP3 download	✗	✓
Alarm	✗	✓
School Mode	✗	✓
Badges	✗	✓
Steps	✗	✓
X-Coins	✗	✓
Goplay Activities Plat.	✗	✓
Premium VIP: offers	✗	✓
Priority customer service	✗	✓



Xplora Basic
NOK 129 per month



Xplora Premium
NOK 159 per month

- Learnings and development of Goplay presents the opportunity to increase ARPU to many customers
- From original SIM only to high value services proposition



Operational Update

Kjetil Fennefoss
Chief Operating Officer



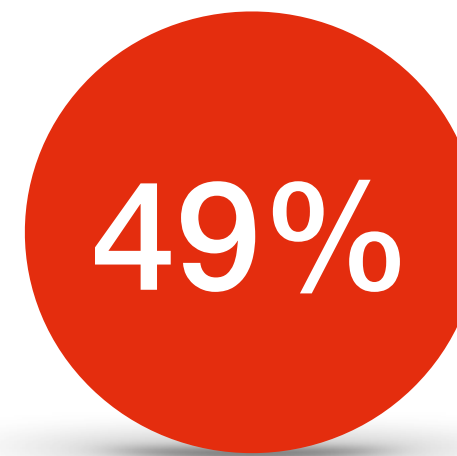
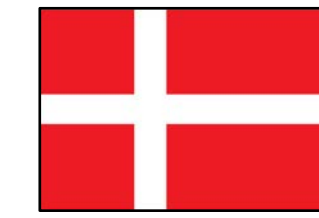
Xplora Mobile Connectivity

Xplora has the largest geographical footprint of any Nordic based MVNO



156,000 subscriptions per 1.1.23

2016 - 2020:



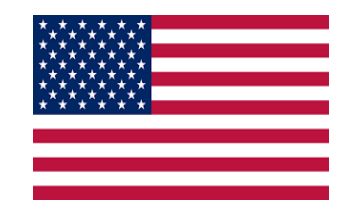
Xplora captured 49%* of net growth in the Norwegian market Q2 '17 - Q2 '22

*NKOM statistics

2022: Four new markets live, plus USA 3rd party



2023: USA



High quality mobile network partners:



T-Mobile



elisa



Alai Secure

at&t



New Plans from 2023

How we will differentiate our mobile subscriptions plans:



- SIM card is pre-installed in the watch
- All usage included – Data, voice and messaging
- Basic and Premium subscriptions
- Customer self-onboarding in real-time
- No commission payment to retail channels
- Payment upfront or direct debit
- No invoicing, no bad debt
- Increased tariffs from Jan, '23 with 14 MNOK margin improvement effect

Basic:

Velg abonnement:

Basic	Premium Mest populær
Mobiltelefonabonnement <ul style="list-style-type: none">• Foreldre-app• Begrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer	Mobiltelefonabonnement <ul style="list-style-type: none">• Foreldre-app• Ubegrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer
Fra: 129 kr / mnd	159 kr / mnd
129 kr / mnd	12 måneders forhåndsbetaling +1548 kr
139 kr / mnd	6 måneders forhåndsbetaling +834 kr
149 kr / mnd	Månedlig faktura (149 kr) +149 kr / mnd

Premium:

Velg abonnement:

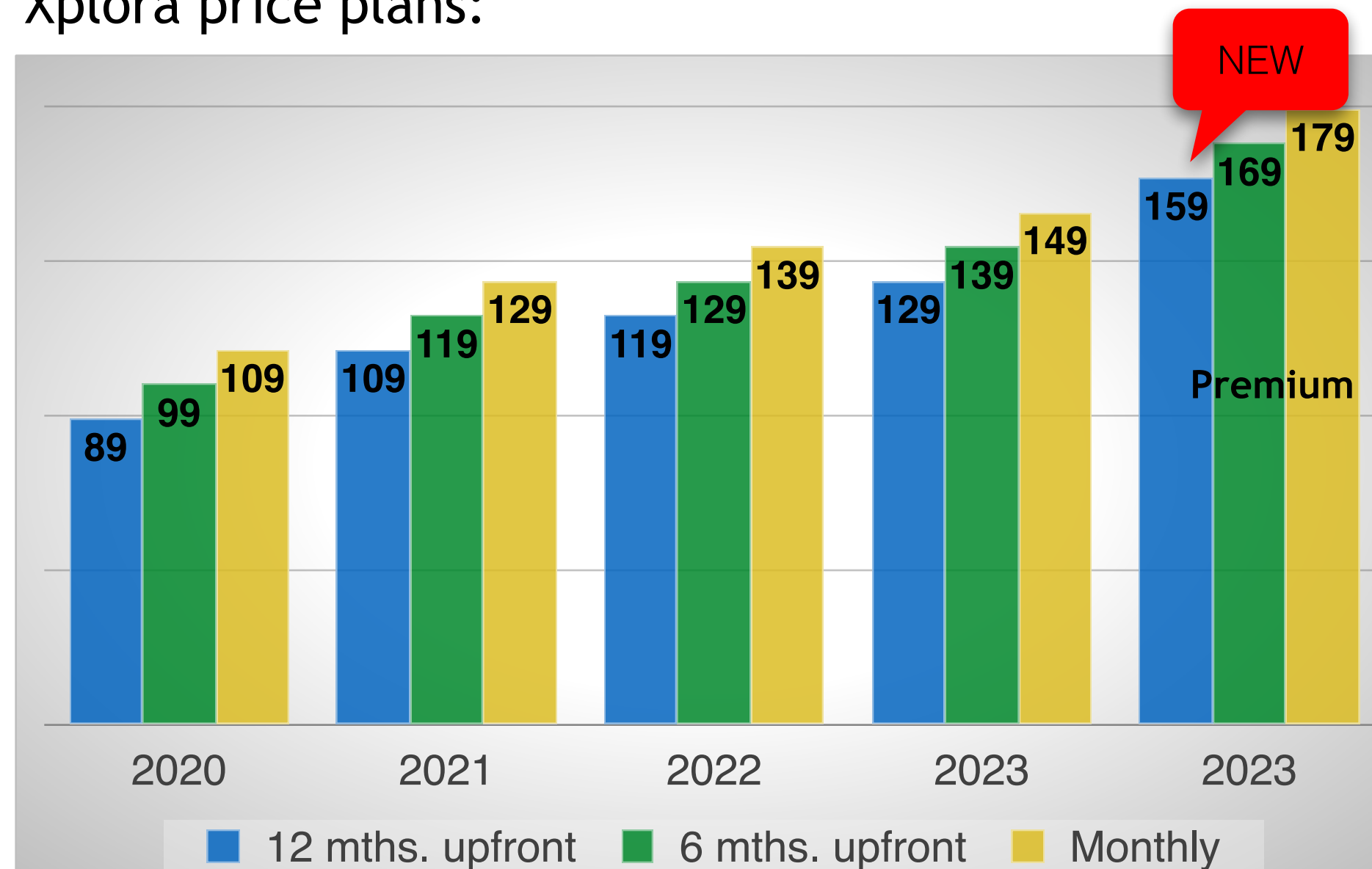
Basic	Premium Mest populær
Mobiltelefonabonnement <ul style="list-style-type: none">• Foreldre-app• Begrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer	Mobiltelefonabonnement <ul style="list-style-type: none">• Foreldre-app• Ubegrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer
Fra: 129 kr / mnd	159 kr / mnd
159 kr / mnd	12 måneders forhåndsbetaling +1908 kr
169 kr / mnd	6 måneders forhåndsbetaling +1014 kr
179 kr / mnd	Månedlig faktura (179 kr) +179 kr / mnd



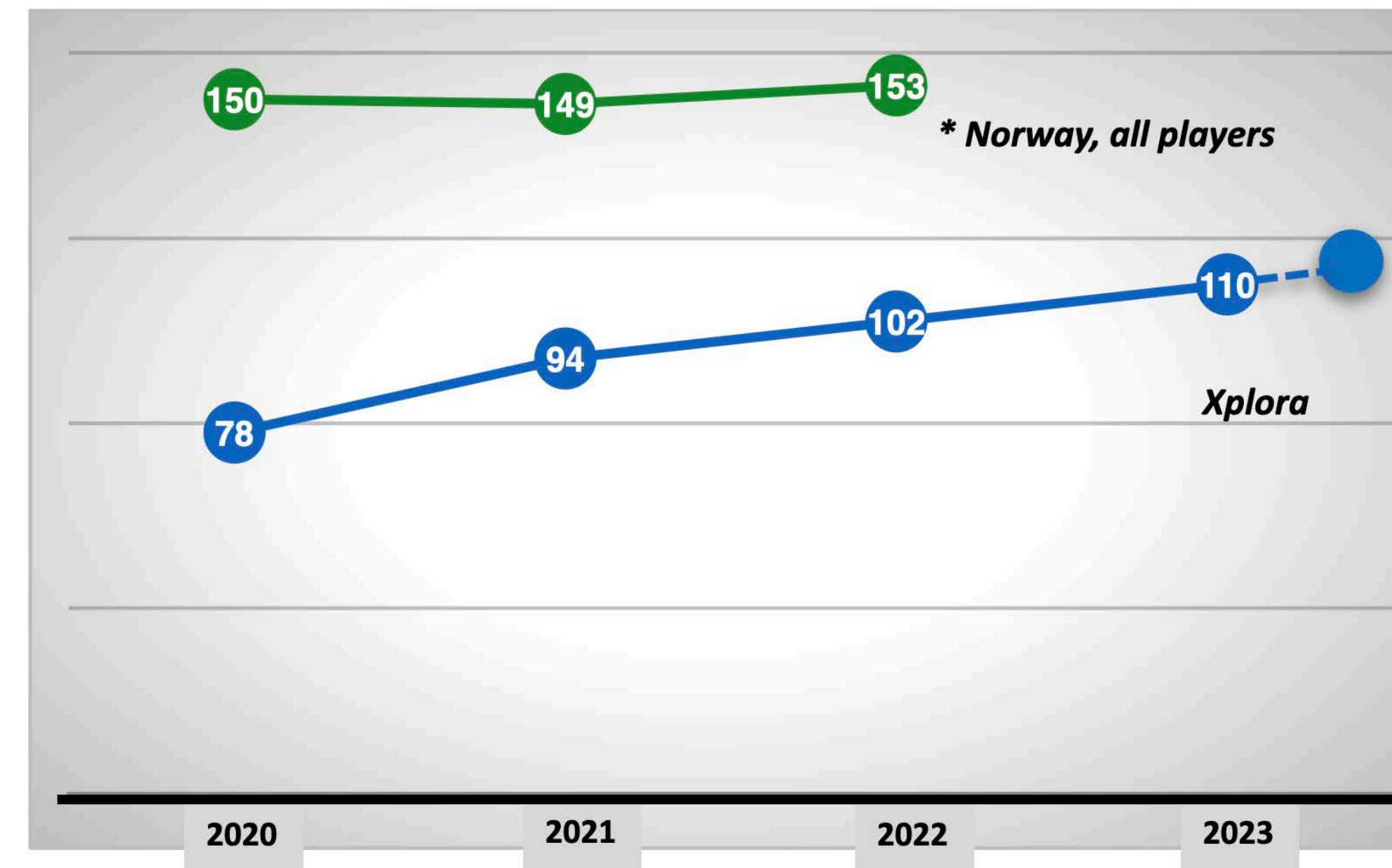
Price plans and ARPU development

Example from Norway:

Xplora price plans:



ARPU development:

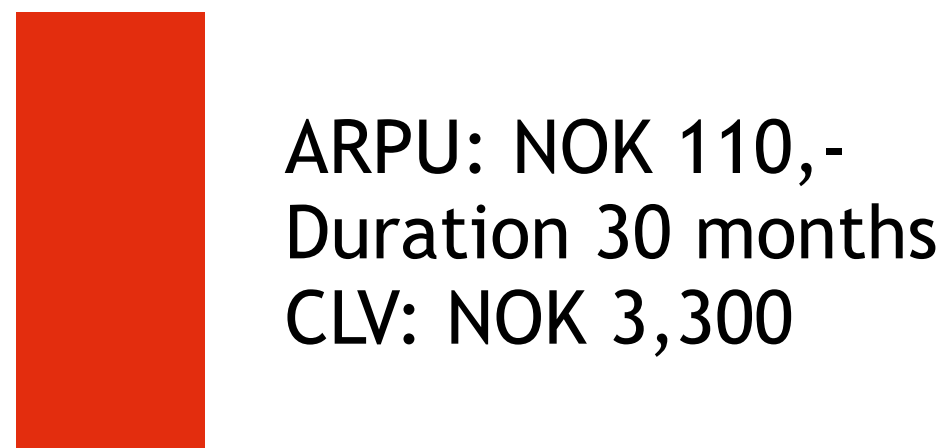


* Source :NKOM's EKOM statistic, incl. 1. half 2022



Additional recurring revenue streams

1 Xplora smartwatch with Xplora mobile subscription plan



2 Premium service

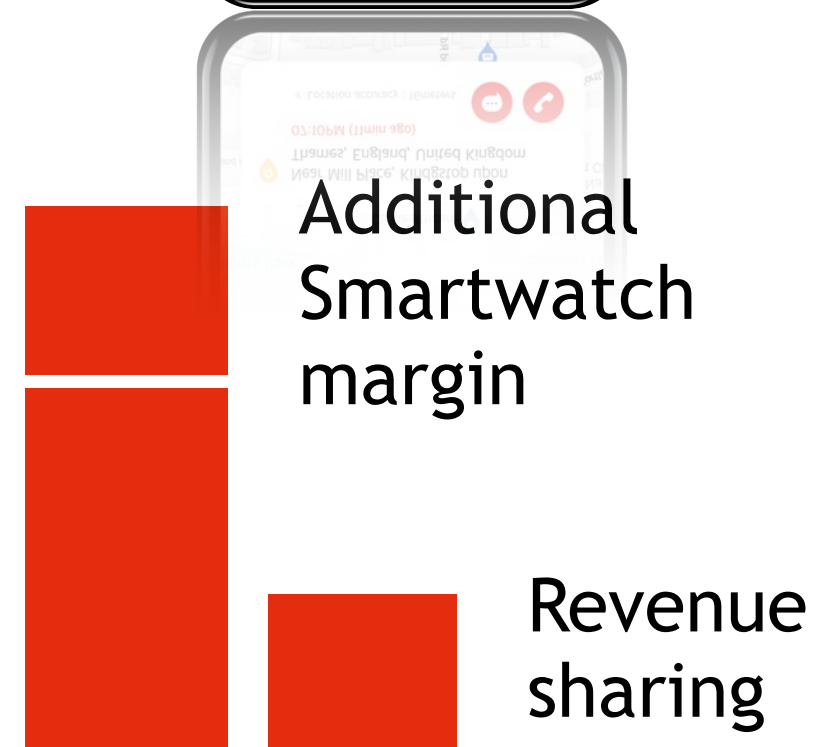
Velg abonnement:

Basic	Premium Mest populær
Mobiltelefonabonnement • Foreldre-app • Begrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer Fra: 129 kr / mnd	Mobiltelefonabonnement • Foreldre-app • Ubegrenset tilgang til Goplay aktivitetsplattform – Xplora sitt magiske univers som lar barna bli inspirert til mer fysisk aktivitet, lek og læring. Se mer Fra: 149 kr / mnd
149 kr / mnd	12 måneders forhåndsbetaling +1788 kr
159 kr / mnd	6 måneders forhåndsbetaling +954 kr
199 kr / mnd	Månedlig faktura (199 kr) +199 kr / mnd

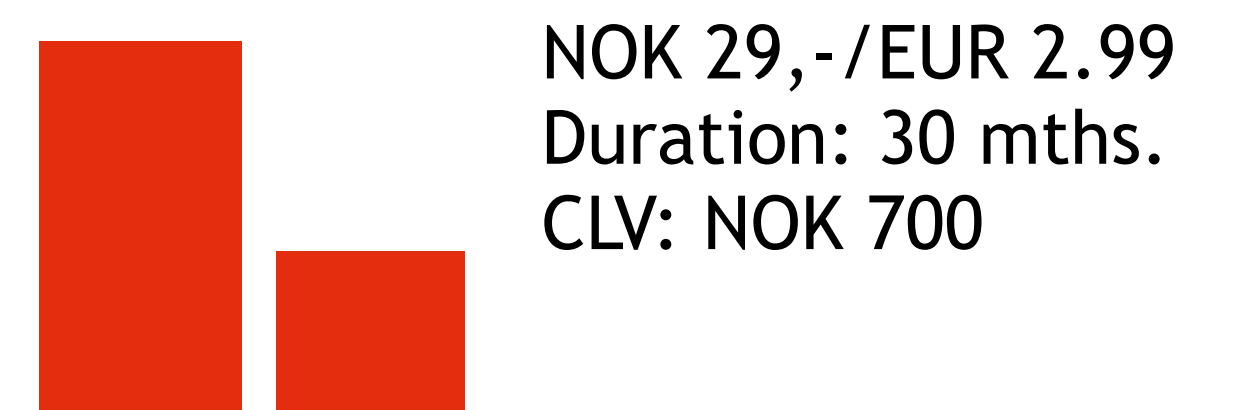
NEW



3 Telco model with revenue sharing

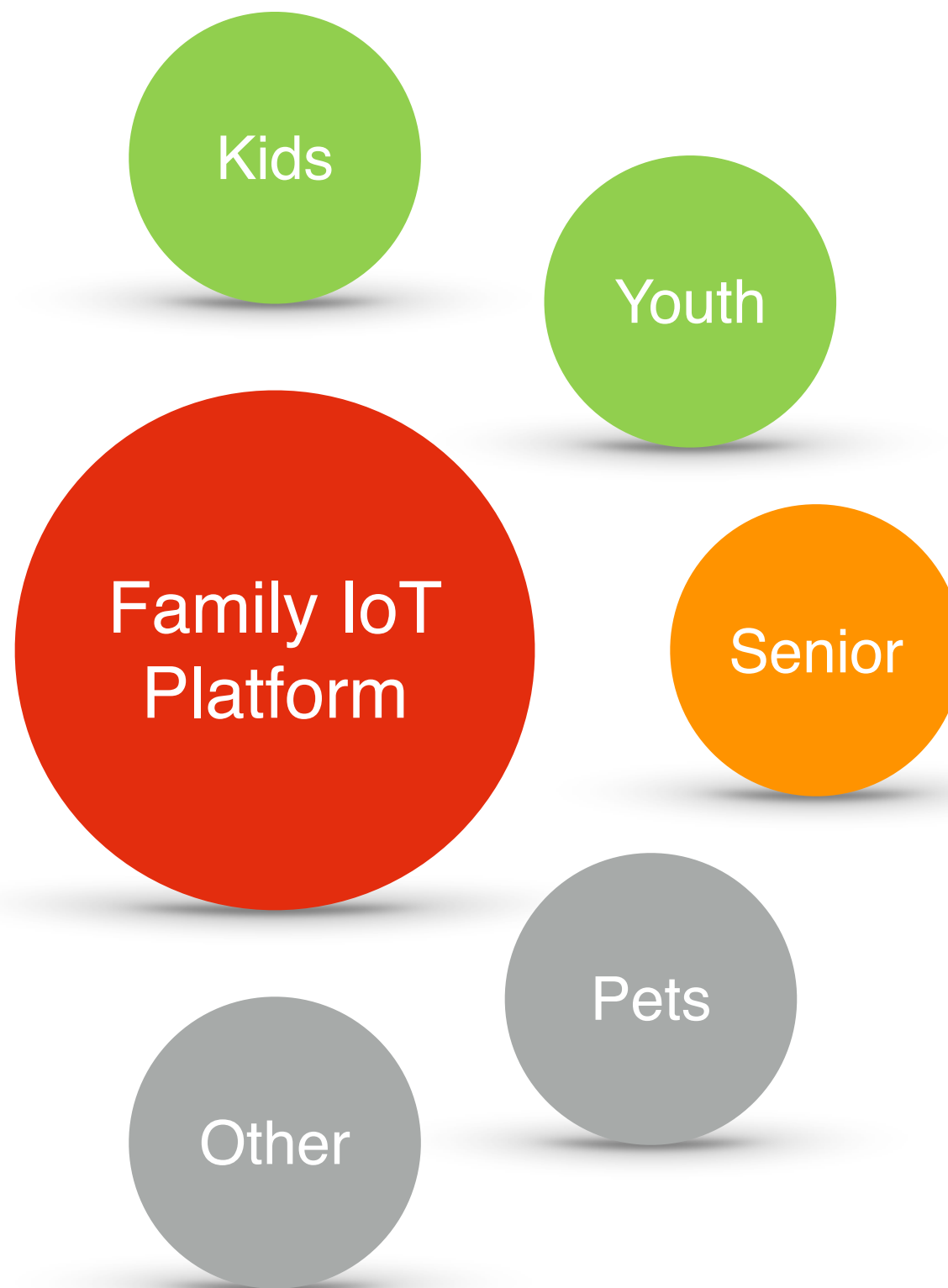
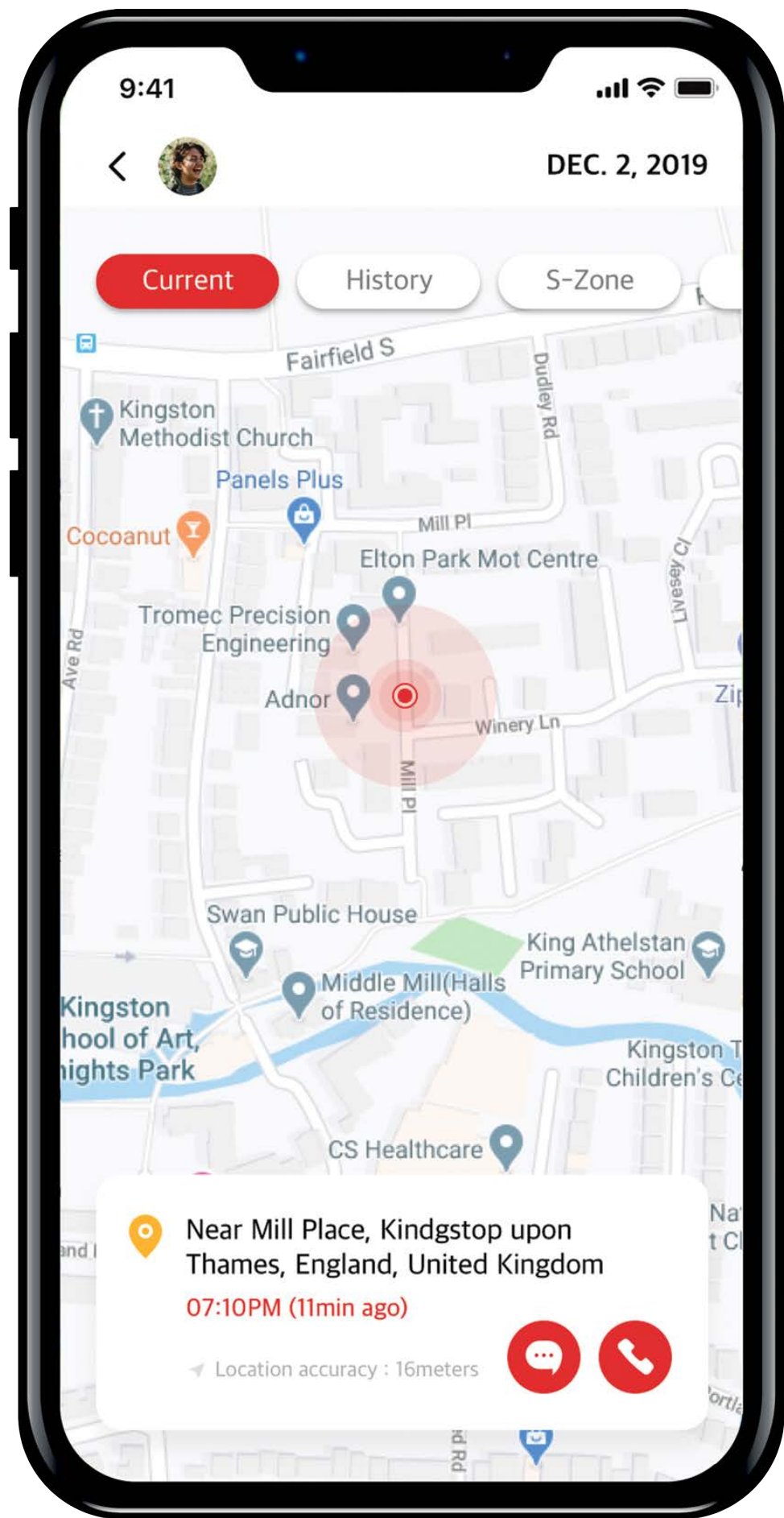


4 Monetize Xplora app. for non-Xplora subscribers





Extend Customer lifetime



4 - 10 yrs.



10 - 13 yrs.



Senior 70+



Operational improvements – Freight costs

Optimize freight cost:

- Normalization of airfreight rates: **-12 MNOK**
- Increase use of sea freight: **- 4 MNOK**



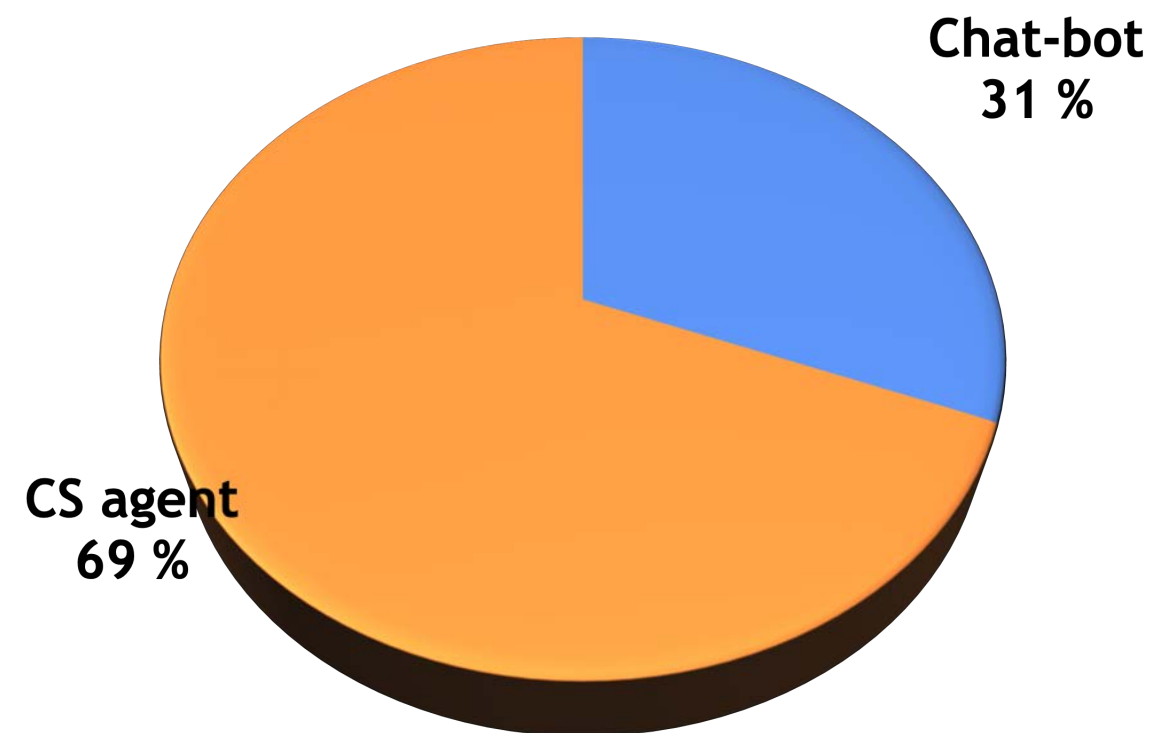
	2022	2023	2022	2023	Cost reduction
Smartwatches, units	425 000	415 000			
Inbound freight/unit	NOK 45	NOK 17	19 MNOK	7 MNOK	-12 MNOK
Outbound freight/unit	NOK 16	NOK 16	7 MNOK	7 MNOK	
3 rd party logistics			7 MNOK	7 MNOK	
Sea freight					-4 MNOK
Cost reduction					-16 MNOK



Other Cost optimizations

1

Automate Customer operations



- Cost savings from chat-bot equivalent to 12 FTE CS agents
- Automated 115,000 of 372,000 customer requests
- 6 MNOK cost reduction
- Implemented during 2022
- Increase from 31% to 40% share in 2023 (34% in Dec, '22)
- Additional 60,000 requests automated from March '23

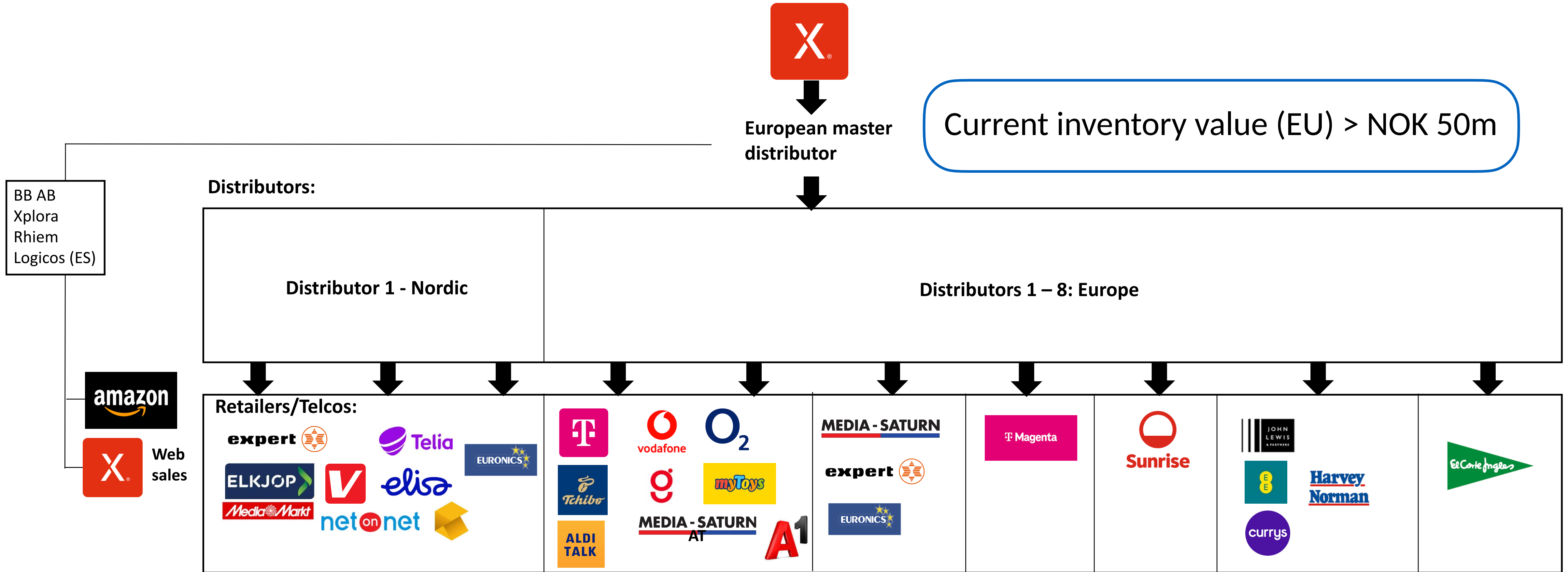
2

Organization and other OPEX

- Focusing on core markets where we have mobile subscriptions
- Reduced with 9 external consultants and approx. 20 FTEs after major development program completed
- Streamlining the cost base
- Personnel and other OPEX reduced by 10-20% upon entering 2023 compared to full year 2022



Improvement in distribution set-up in order to improve cash-flow





US Update

Gro Dyrnes

Country Manager

North America



Xplora's US Team



Gro E. Dyrnes
Country Manager

Reports formally to VP,
Sebastiaan Merts (Oslo)

Reports formally to CS Team
lead, Samanta de Cecio (Oslo)

Marlene Hahitti
Sales Manager (Retail)

Steinar Bjørnsen
Business Dev. (Telco)

Nicole Delahanty
Marketing Manager

Aaron Simaitis
Logistics Manager

Ricky Crook
Customer Service Agent

Justine Morgan
Customer Service Agent





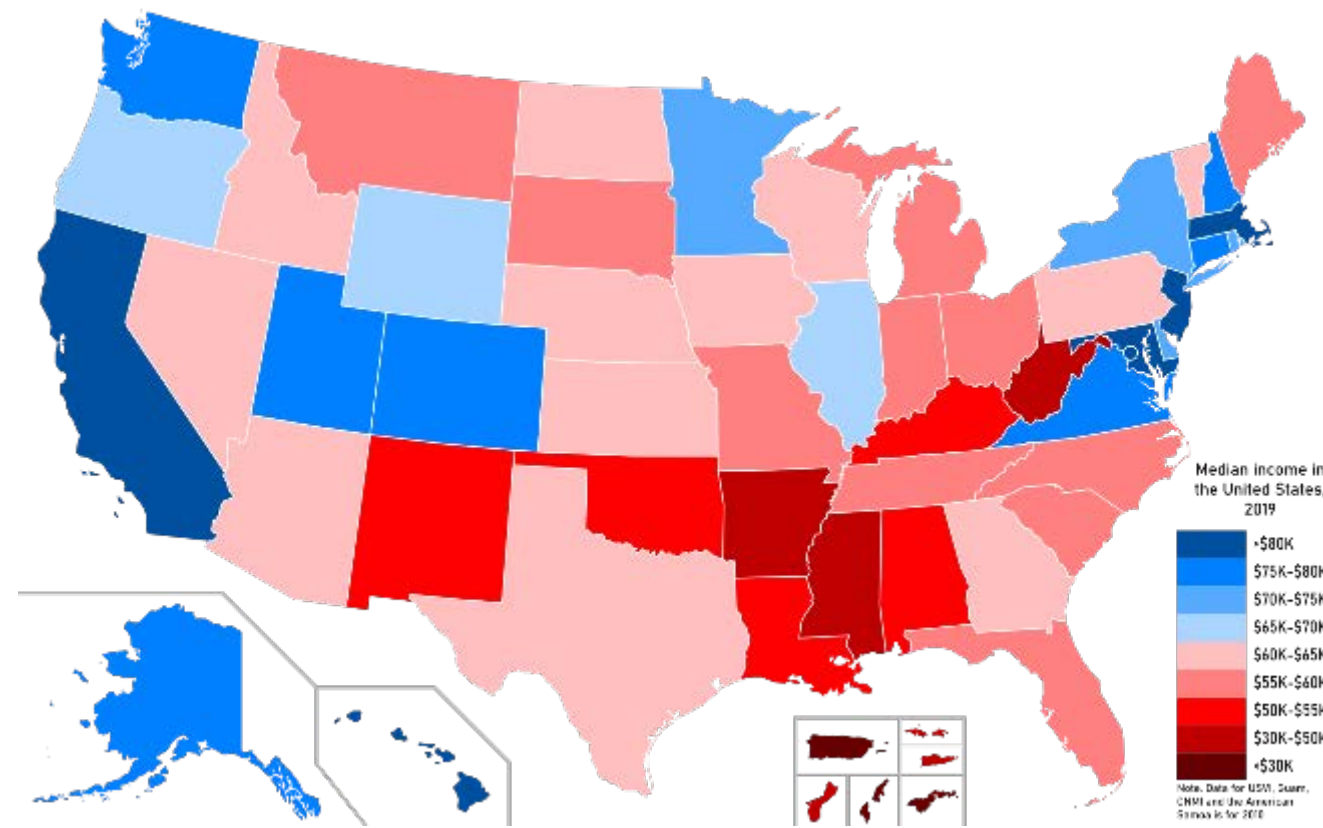
US Market today

- Slowing economy with more price sensitive customers that focus on value, memberships and services over tangible goods
- Crowded and noisy market with many, perceived alternative, products
- Immature category and a smartwatch is not necessarily a connected smartwatch
- Xplora's unique value proposition: Goplay, social impact campaigns, low Total Cost of Ownership and low subscription costs
- Our main competitors have chosen one channel each
- The main players sell approx. 200.000 units/year each
- General challenges: GPS accuracy, customer service, connectivity/onboarding





Market size / opportunity / focus

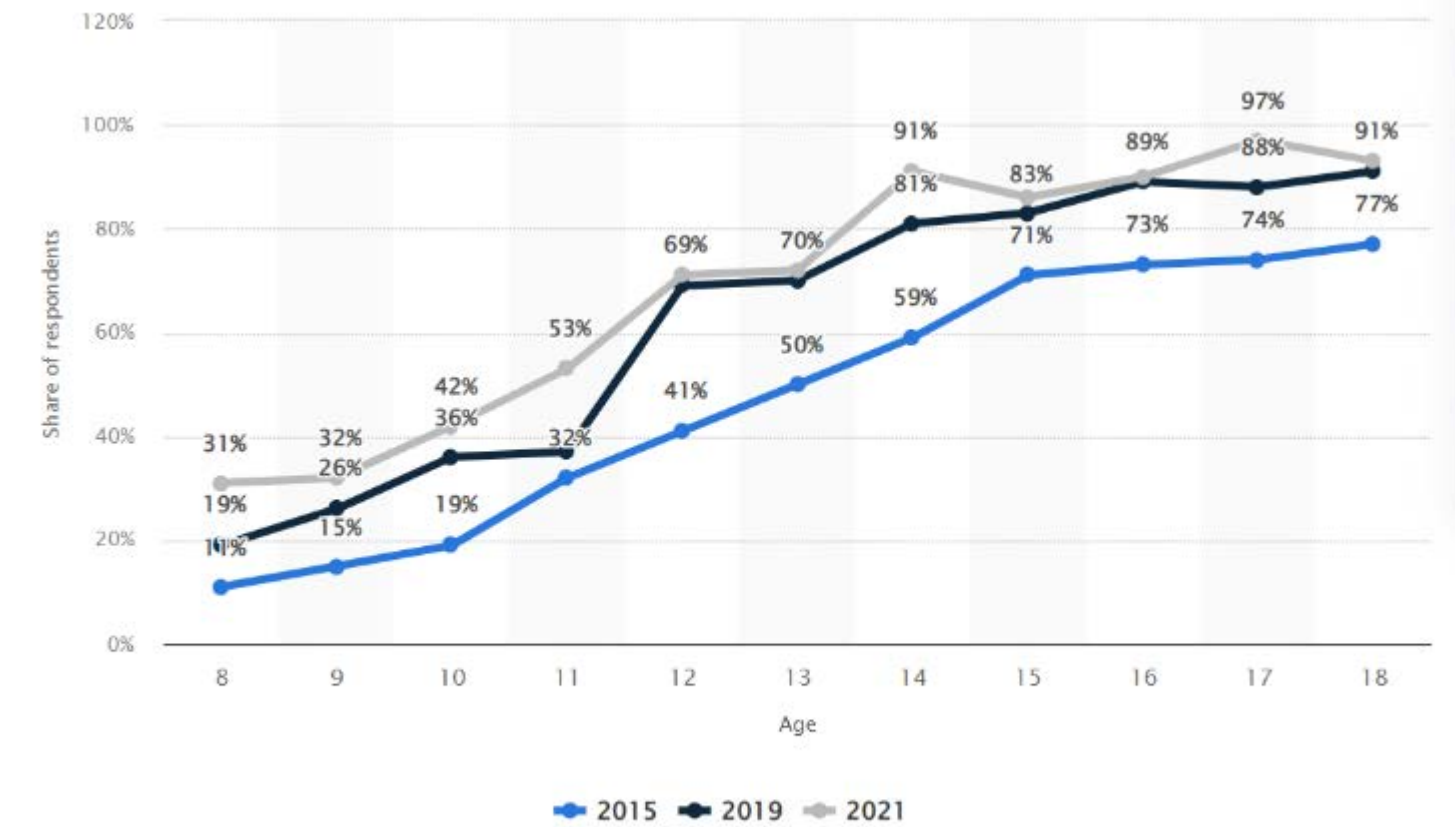


Av. household income per state, American Community Survey, 2019

California	3,429,573
Texas	2,935,089
Florida	1,662,062
New York	1,598,939
Illinois	1,081,943
Pennsylvania	1,035,595
Ohio	1,007,747

Children (5-10) per state, The Annie E. Casey Foundation, 2021

1. New York, NY
2. Los Angeles, CA
3. Chicago, IL
4. Houston, TX
5. Phoenix, AZ
6. Philadelphia, PA
7. San Antonio, TX
8. San Diego, CA
9. Dallas, TX
10. San Jose, CA



Cell phone penetration in the US (8+), Statista, 2023

© Statista 2023

Nordic
2,3m
150K users

EU*
20m/15m

US
~30m

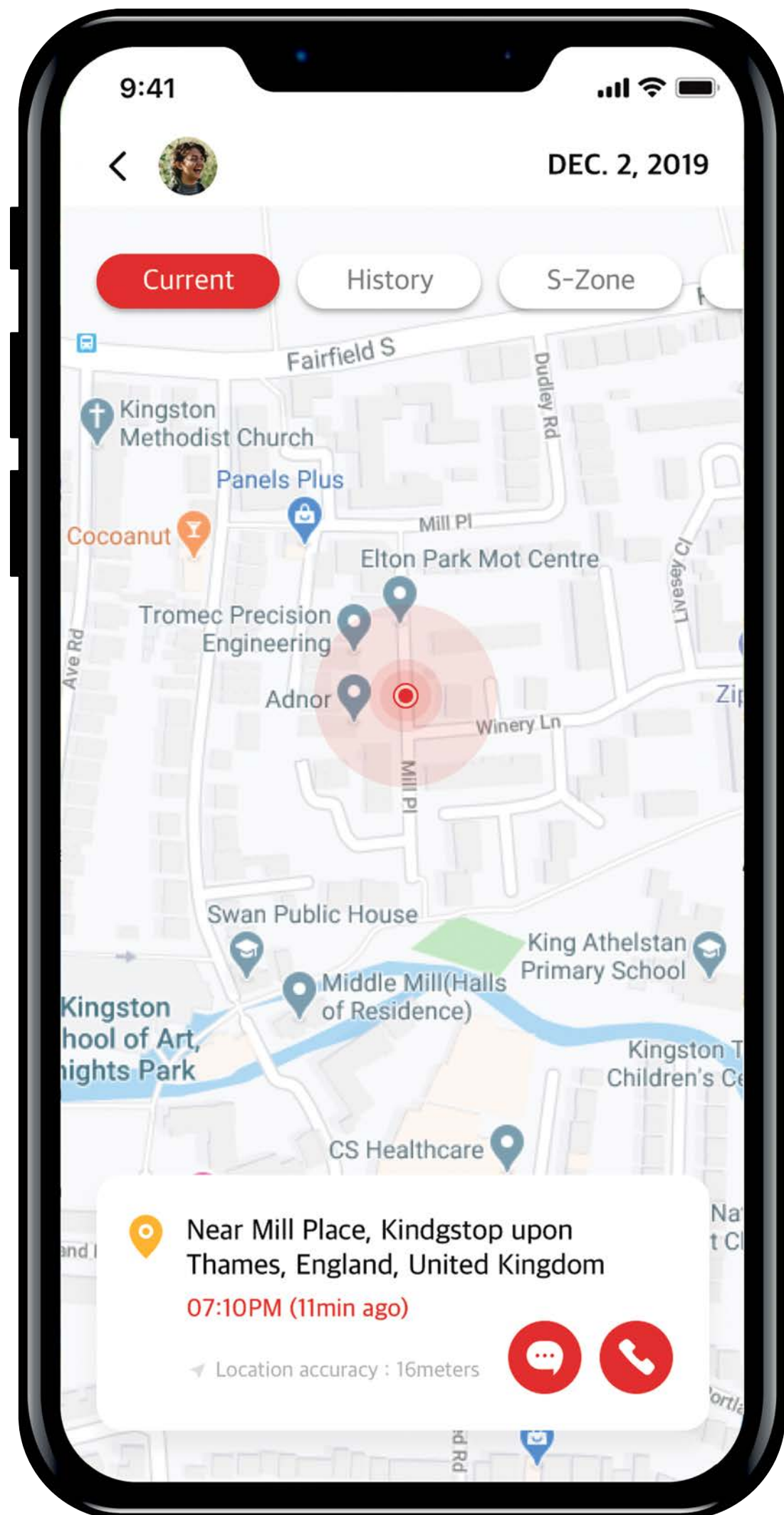
US*
~22m
excl.phone users

US**
~4.4m
household \$125k+

US division targets 10% of Xplora's total volume in 2023



US Proposition



Go

\$129.99

Value for Money
Still the Xplora
experience



Play

\$169.99

Our new Premium.
Playful, powerful and
personal



\$9.99/m

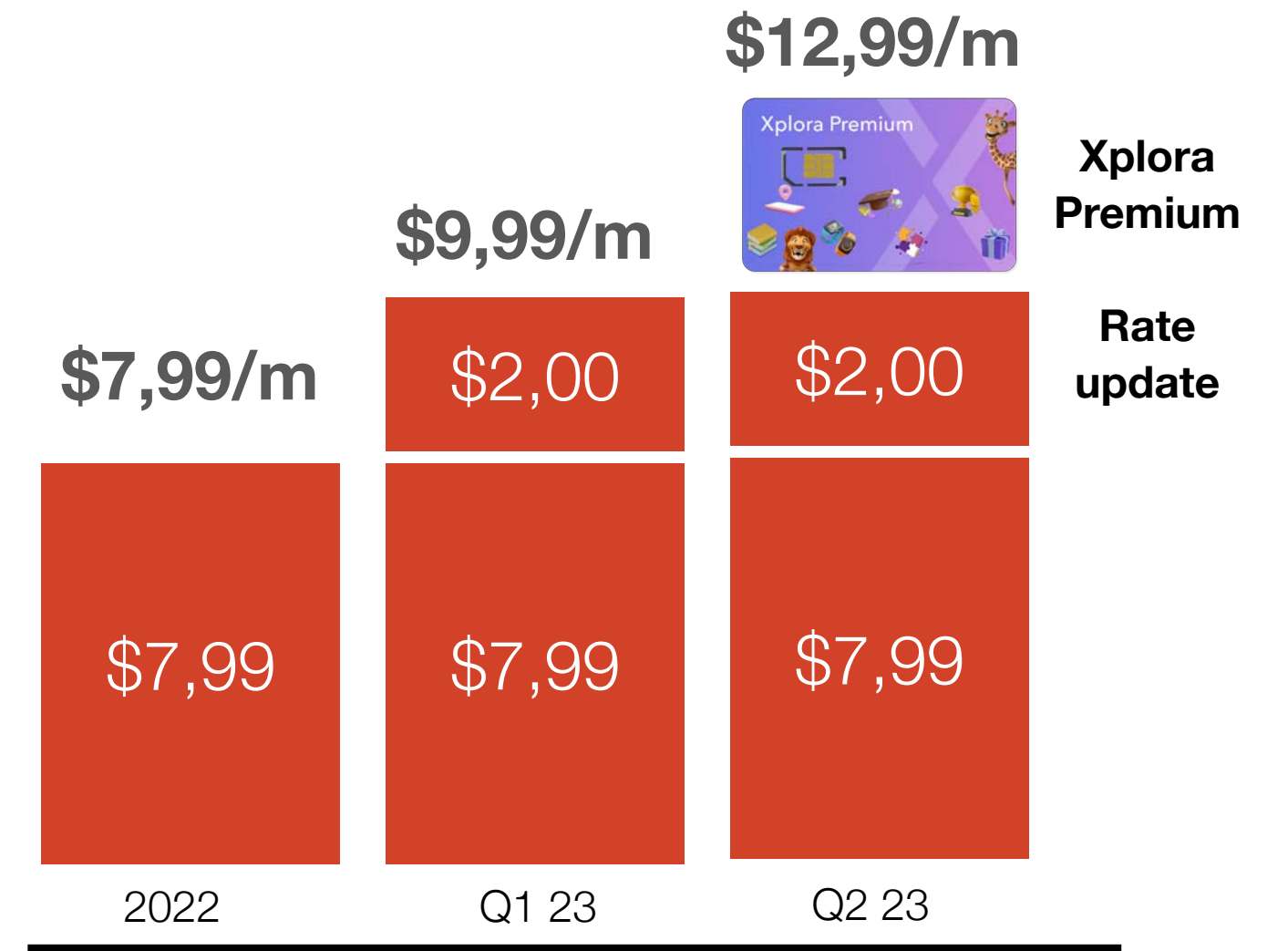
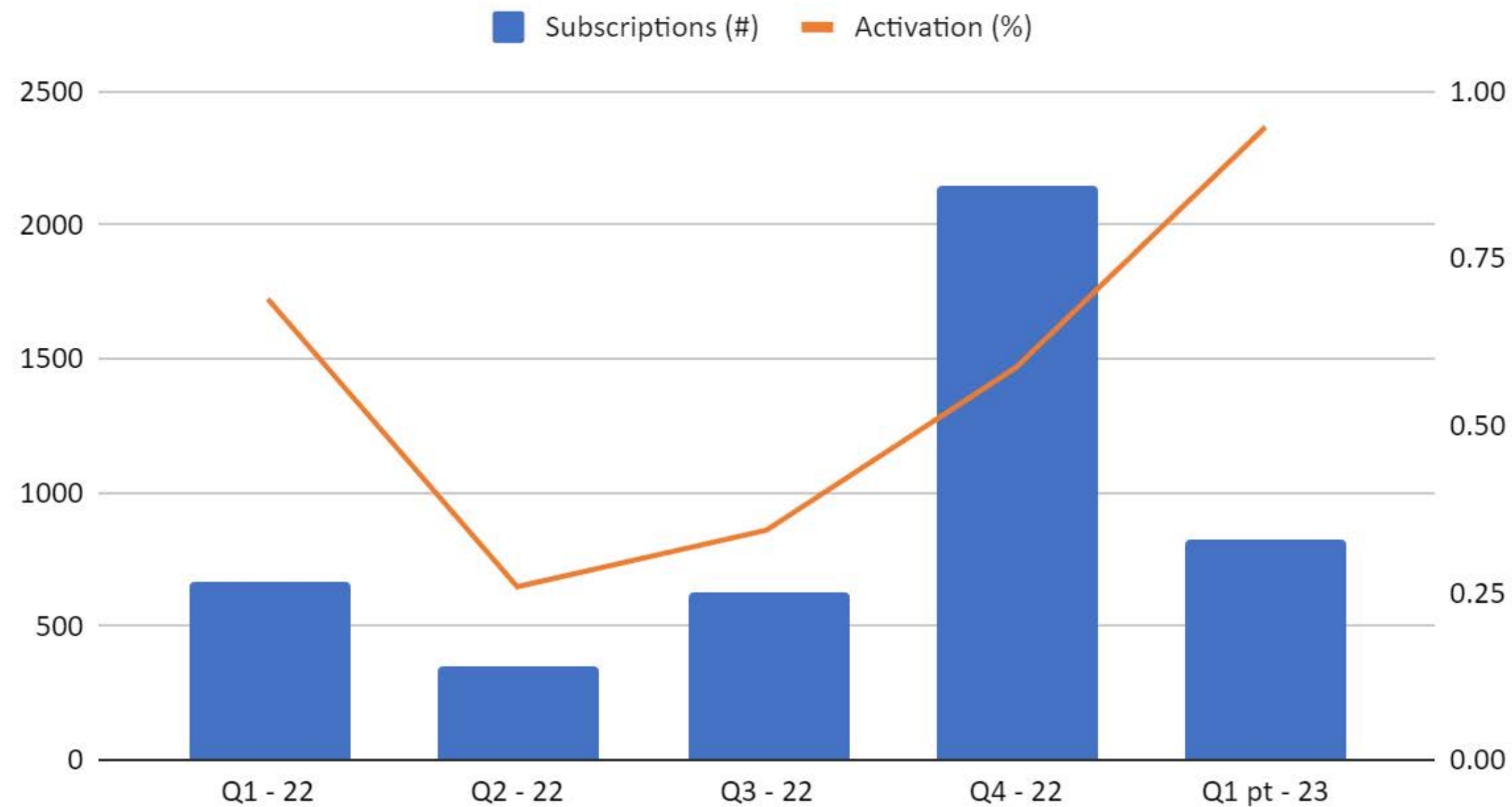




Status Xplora Connect sales: High and increasing activation

- All Xplora watches ship with a preinstalled Xplora Connect SIM-card
- Very competitive connectivity pricing, starting at \$9.99
- All plans are adjusted up \$2/month as from mid March
- Objective to further increase ARPU with premium platform in 2023
- Opportunity to take higher margin on connectivity as an MVNO. Ongoing process with AT&T

Subscriptions and Activations 2022 - 23



Plan distribution	Plan share	Revenue share
Connect ++	37%	30%
Connect +	29%	29%
Connect	34%	41%

2022 (Q4): 49% (60%) activation rate

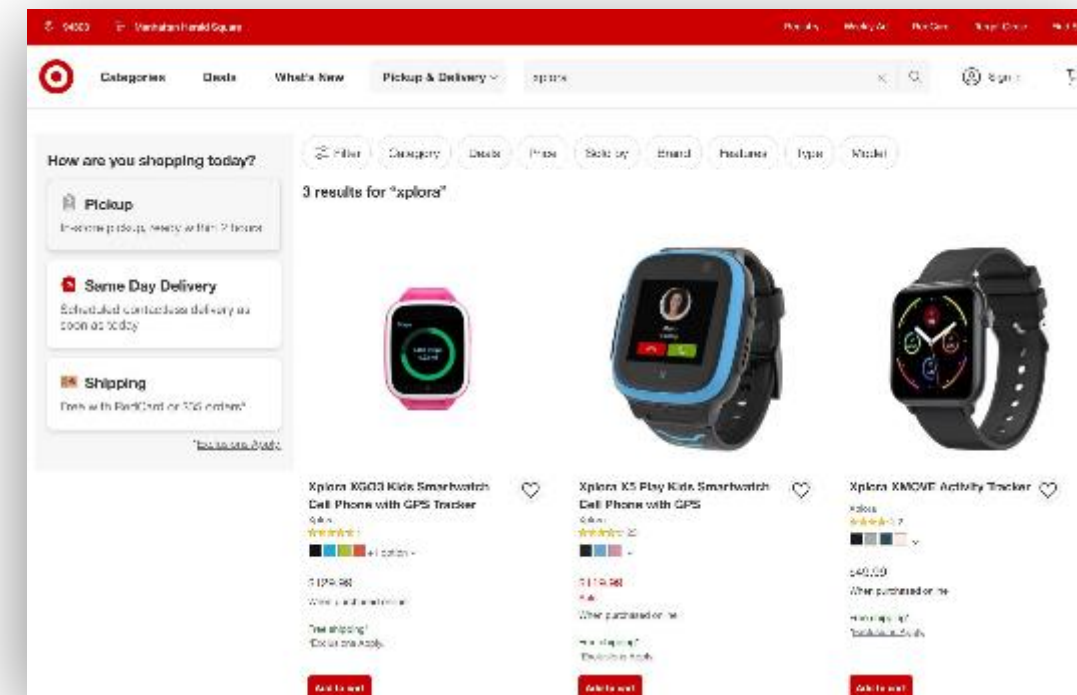


Current retail footprint

Active listings:



In listing process:



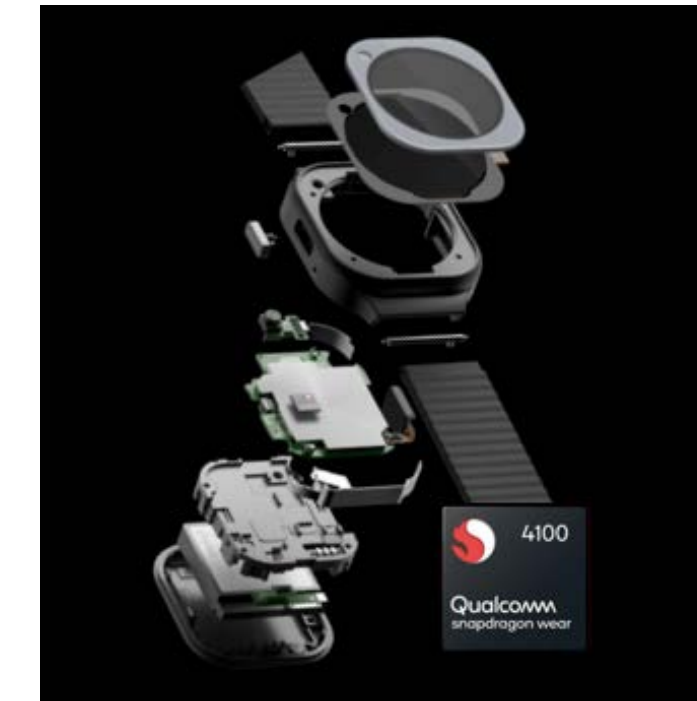
2022
Online presence on all major marketplaces



2023
In-store presence. First order (6k) secured with VLC for retailer



Growth opportunities in the US market



Improve listings, marketing and online performance



Move from online to physical retail presence to drive volumes



We are in RFP/RFI processes with all major telcos for 2024



Increased interest to license HW from category leaders



Increased interest from major kid/family brand to co-develop products, and more



Outlook 2023 and forward

Sten Kirkbak
CEO



Why 2023 will be successful



Key drivers for success in 2023

Strong foundation being #1 in our category and already generating NOK 150m in high margin Annual Recurring Revenues (ARR)



- 10-20% **OPEX reduction**
- Revised vendor deals to **reduce FX risk and improved freight**
- Improved internal processes including ERP and systems



- Revise our **distribution strategy** in order to improve our working capital / cash position (currently Xplora is carrying a large inventory)
- Significantly **Less CAPEX** in 2023
- Based on all improvements and current sales, **no required capital raise.**



- **Increased RRP** (similar GM)
- Replicate nordic SIM model from **4 to 9 markets**
- **Increase ARPU** in all markets
- Increase **new revenue streams**



Increasing LTV and ARPU over next 3-5 years

(Life Time Value and Average Revenue Per User)



Today's proposition

Kids 4-10

Average 2-3 years
customer life time

Watch from \$129
Service \$9,99/m





Today's proposition

Kids 4-10

Average 2-3 years
customer life time

Watch from \$129
Service \$9,99/m



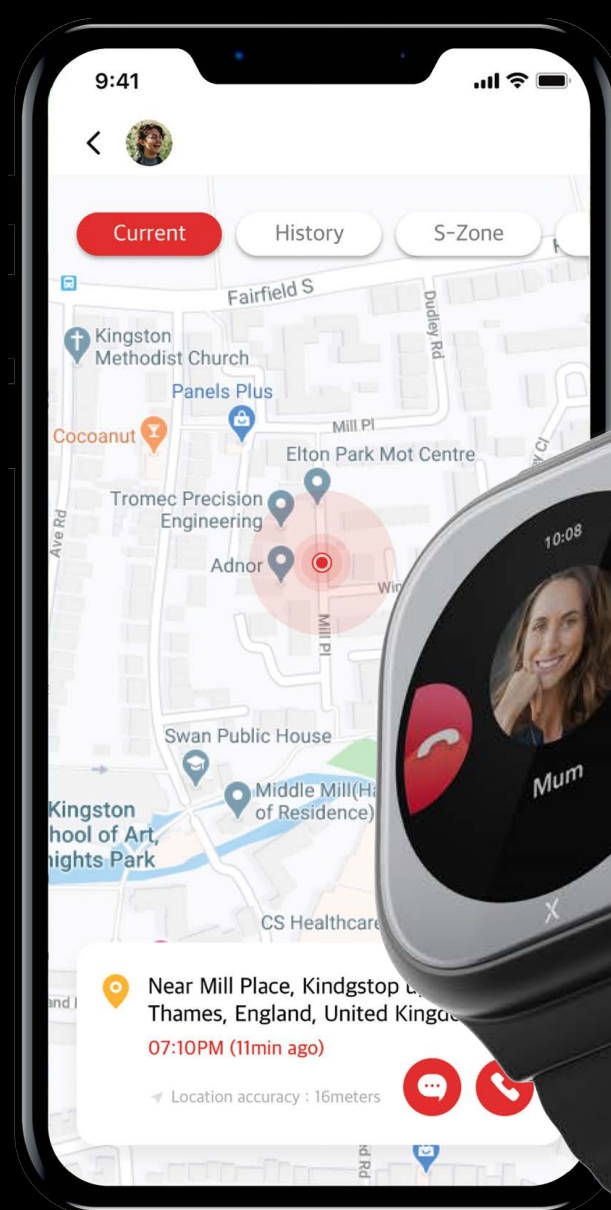
We have experienced
an accelerated
increase of interests
to further grow the
whole family IoT
category.

Our #1 position in the
kids smartwatch
category, provides us
an unique opportunity!



One platform with multiple use cases

Our new X6Pro platform and market position allows us to extend into new verticals to increase LTV in family IOT



App user: Parent (peace of mind)
Watch user: Kids (safe onboarding)



App user: Parent & Youth (Parental control)
Watch user: Youth (in combination with phone)



App user: Senior or Care giver
Watch user: Senior (additional safety)



Xplora's future impact on family IOT

Youth 10-13+

Parents already love Xplora «peace of mind». Can now bring forward the App with parental controls on first smartphone + kids can have a youth smartwatch.

Kids 4-10

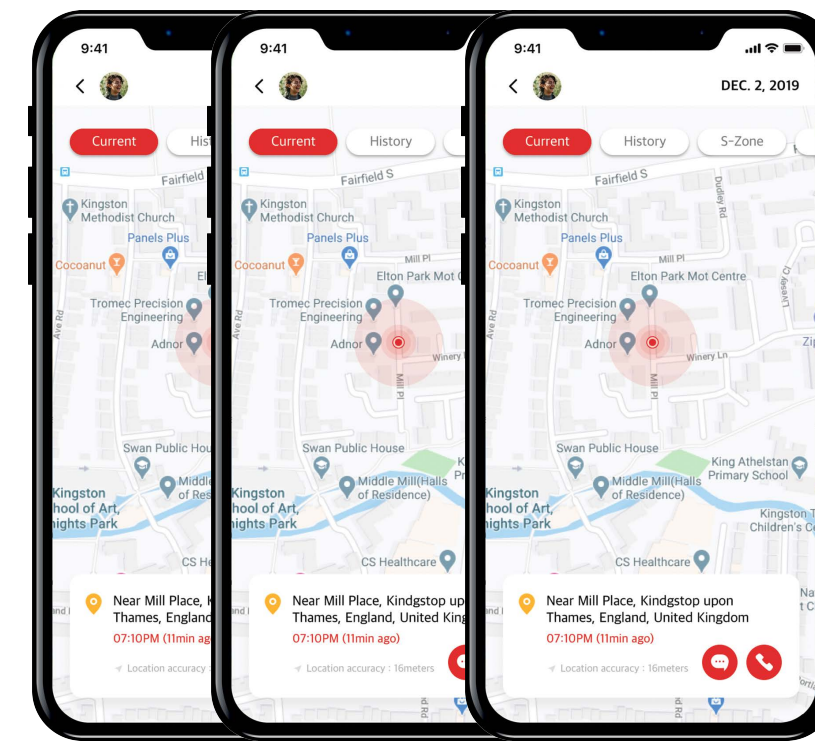
Peace of mind to parents & Safe onboarding to digital world for the kids.

Parents (buyer, care giver and user)

We have already a strong relationship with key user/buyer, the parents. Objective to extend our product portfolio still with parents as key target - the buyer.

Seniors 70+

Either purchased themselves or their care giver. Objective to add safety and peace of mind and increase activity level.





Future proposition and Life Time Value

Today

Kids 4-10

Average 2-3 years customer life time

Watch from \$129
Service from \$9,99/m



Kids 4-10

Average 2-3 years customer life time

Watch \$149-199
Service \$9,99/-14,99m

Youth 10-14

Average 1-2 years customer life time

Watch NA
Service TBA est \$4,99/m

Seniors 75+

Average 3-5 years customer life time

Watch from \$199-\$249
Service TBA est from 14,99/m

Objective 3-5 years

Kids, Youth & Seniors

Average 6-10 years customer life time

Watch \$149-249
Service \$9,99/-14,99m with objective to drive higher ARPU over time





Focus and timeline

2023 key focus

- Unit economics, ARPU and **profitability** over growth alone
- Strong **cost focus** and preserving cash
- Focus on **9 core markets**

2024 objectives

- **Unit growth** with increased ARPU
- Piloting new business opportunities and **new verticals**
- Assess **new markets** and opportunities

2025 forward

- Objective to be positioned for **growth in multiple family IOT verticals**
- Combined **ARPU and LTV** growth model



Guiding 2023

- Category growing approximately 15% CAGR*
- Continued category leader
- 10-20% reduction in OPEX
- Subscriber base to pass 175K with increased ARPU



Q&A