

Xplora Technologies

Off to a good start

- Adj. EBITDA 35% above, but boosted by one-offs in Senior
- Soft watch sales, but volumes will shift to Q2
- Progressing well: Doro SIM and Youth phones launching in Q2/Q3

Adj. EBITDA NOK 28.5m, 35% above ABGSCe

Total revenue was NOK 339m in line with ABGSCe of NOK 341m. This corresponds to a growth of 185% y-o-y, driven by the acquisition of Doro, as Kids & Youth revenue was up 1% y-o-y. The gross margin was 56.3% vs. ABGSCe of 51.7%, driving gross profit of NOK 191m, 8% above ABGSCe of NOK 176m. The increase in gross margin partly comes from a one-off provision release in Doro (i.e., should not be extrapolated), but also strong mix in Kids & Youth with a gross margin of 65% vs. 58% in Q1'24. . Opex (adj. for NOK 10.9m Doro transactions one-offs) was NOK 162m, 4% higher than ABGSCe of NOK 155m. Adj. EBITDA was NOK 28.5m, 35% above ABGSCe of NOK 21.1m, driven by the higher gross margin. This corresponds to an adj. EBITDA margin of 8.4%. Adj. EBITA (bef PPA amortisation) was NOK 8.9m, 4.7m above ABGSCe of NOK 4.7m. Reported EBIT was NOK -6.6m.

Soft watch sales, but better sell-through

Device revenue was NOK 259m, spot on ABGSCe of NOK 259m, but with a higher-than-expected contribution from Doro. Watch sales was soft in the quarter, with device revenue in the Kids & Youth segment down y-o-y. However, watch activations was stable y-o-y (84k vs. 82k in Q1'24), meaning sell-in to channels was weak, while sell-through was better. Xplora also says that the low sell-in volumes in Q1 will shift volumes to the next quarter, with positive y-o-y growth in device sales expected in Q2. Going forward, Xplora will report on activated watches instead of sold watches to avoid noise related to how much is sold in to distributors each quarter. The low share of device sales in turn drove a favourable gross margin mix, with a higher share of subscription-based service revenue. Service revenue was NOK 80m, 2% below ABGSCe of NOK 82m, corresponding to a growth of 28% y-o-y. Total number of subscriptions ended at 358k as pre-announced, of which 255k were Connectivity (ABGSCe 252k), 77k were Premium (ABGSCe 74k), 20k were B2B (ABGSCe 20k), and 6k were Service fee (ABGSCe 5k). This gave a monthly ARPU of NOK 74 vs. ABGSCe of NOK 77, which compares to NOK 82 in Q1'24.

Targets reiterated, entering Youth and Senior from Q2

Xplora reiterates its ambition of achieving 15% annual growth in its Kids & Youth segments and reaching 1 million subscriptions within four years. Regarding Doro, it says that pre-installments of Xplora SIM cards on Doro phones will start in Q2, as previously communicated. It plans to launch Doro subscriptions in Sweden from June, in the rest of the Nordics from Q3, and in the UK, Germany, and France from Q4. Xplora has also entered into the Youth segment through the partnership with HMD, launching the HMD Fusion X1 smartphone, which will become available in the market from Q2. We expect cons to lift '25e EBITDA by 5-8%.

Fast comment

Commissioned research

Not rated

IT

XPLRA-NO/XPLRA NO

Share price (NOK)	22/5/2025	38.00
MCap (NOKm)		1,695
MCap (EURm)		147
No. of shares (m)		44.6
Free float (%)		44.0
Av. daily volume (k)		82

Next event Q1 Report 30 April 2025

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Deviation table

Xplora Technologies NOKm	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q1'25e	ABGSC Dev %	Dev Δ
Revenue	119	195	257	243	339	341	-1%	-2
Revenue growth y-o-y	24%	2%	35%	15%	185%	187%	-2pp	
COGS	-50	-98	-132	-127	-148	-165	-10%	17
Gross profit	69	96	125	116	191	176	8%	14
Gross margin	58.0%	49.4%	48.6%	47.7%	56.3%	51.7%	4.6pp	
Adj opex	-67	-79	-95	-93	-162	-155	4%	-7
Adj EBITDA	1,6	17,0	30,3	23,0	28,5	21,1	35%	7,4
EBITDA margin	1.4%	8.7%	11.8%	9.4%	8.4%	6.2%	2.2pp	
Ordinary D&A	-5	-5	-6	-6	-20	-16	20%	-3
Adj EBITA	-3,6	11,6	24,6	17,1	8,9	4,7	88%	4,1
EBITA margin	-3.0%	6.0%	9.6%	7.0%	2.6%	1.4%	1.2pp	
M&A amortization	-9	-9	-9	-9	-5	-16	-70%	11
Adj EBIT	-13,0	2,2	15,2	7,7	4,3	-10,8	-139%	15,1
Acquisition one-offs					-11			
Reported EBIT					-6,6			
Key figures								
Capex	-3	-5	-7	-5	-16	-8	98%	-8
Adj EBITDA-capex	-1,8	12,4	23,4	17,7	12,3	12,9	-5%	-0,6
Device segment								
Device revenue	56	129	182	166	259	259	0%	0
Growth y-o-y	12%	-8%	36%	10%	362%	362%	0pp	
Service segment								
Connectivity	203	221	243	258	255	252	1%	3
Premium	40	45	60	75	77	74	4%	3
Revenue share (B2B)	10	12	19	20	20	20	0%	0
Service fee	1	3	4	5	6	5	19%	1
Total Kids subscriptions ('000)	255	281	326	358	358	351	2%	7
ARPU (NOK/month)	82	82	83	75	74	77	-3%	-2
Service revenue	63	66	75	77	80	82	-2%	-2
Growth y-o-y	39%	33%	36%	28%	28%	31%	-3pp	

Source: ABG Sundal Collier, company data

NOKm	2023	2024	2025e	2026e	2027e
Sales	689	813	1,838	1,968	2,216
<i>Sales growth (%)</i>	<i>37.3</i>	<i>18.0</i>	<i>126.0</i>	<i>7.1</i>	<i>12.6</i>
EBITDA	34	72	196	220	295
<i>EBITDA margin (%)</i>	<i>5.0</i>	<i>8.9</i>	<i>10.7</i>	<i>11.2</i>	<i>13.3</i>
EBIT adj.	-23	12	78	103	176
<i>EBIT adj. margin (%)</i>	<i>-3.3</i>	<i>1.5</i>	<i>4.2</i>	<i>5.2</i>	<i>7.9</i>
Pretax profit	-30	-2	-6	50	126
EPS	-0.48	-0.13	-0.10	0.89	2.23
<i>EPS growth (%)</i>	<i>-73.9</i>	<i>-72.4</i>	<i>-26.8</i>	<i>-1,006.2</i>	<i>nm</i>
EPS adj.	0.17	2.01	0.81	1.73	3.07
DPS	-0.00	0.00	0.00	0.00	0.00
EV/EBITDA (x)	46.9	21.2	10.2	8.5	5.7
EV/EBIT adj. (x)	-70.4	125.7	25.7	18.1	9.5
P/E (x)	nm	nm	nm	42.9	17.1
P/E adj. (x)	nm	18.9	46.7	21.9	12.4
EV/sales (x)	2.34	1.88	1.09	0.95	0.75
FCF yield (%)	2.2	4.6	-40.9	8.7	12.8
Le. adj. FCF yld. (%)	2.2	4.6	-40.9	8.7	12.8
Dividend yield (%)	-0.0	0.0	0.0	0.0	0.0
Net IB debt/EBITDA (x)	-2.0	-2.0	1.7	0.9	-0.0
Le. adj. ND/EBITDA (x)	-2.0	-2.0	1.5	0.7	-0.1

Source: ABG Sundal Collier, Company Data

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