

Xplora (Q3 Review) - Ringing in the harvest

Redeye updates its estimates and fair value range following Xplora's Q3 report, which surprised positively with a 25% beat on EBITDA despite Net Sales coming in 7% below Redeye Research estimates (RRe). Redeye believes 2026 will prove to be a harvesting period for Xplora as the 'Doro Connect' service is rolled out to 900 retail stores and service revenue begins to inflect, with Annual Recurring Revenue (ARR) already covering 103% of last-12-month (LTM) service-related costs excluding device marketing. Redeye takes the view that consensus underestimates the gross margin impact of the transition towards service revenue; consequently, it believes the company will surprise on the upside regarding EBITDA. Redeye forecasts incremental EBITDA margins of ~45% as recurring revenue gains a larger share. As a result, Xplora is positioned to deleverage rapidly following its debt-fuelled acquisition of Doro. Based on 2026 RRe, Xplora is valued at 8.1x EV/EBITDAC. The success of Doro Connect remains pivotal, with a promising conversion rate of 25% currently seen in direct-to-consumer (DTC) markets in the Nordics. Furthermore, Redeye believes Doro's long-term status as a 'cash cow' limits the downside risk, regardless of the ultimate trajectory of Doro Connect.

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Attachments

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