



Interim Report

Third quarter 2022

Thomas Berge, Interim CEO
Morten Edvardsen, Interim CFO



LINK facts and figures

2000

FOUNDING YEAR

#1

MESSAGING PLAYER IN EUROPE

~ 15 bn

MESSAGES SENT per year

30

OFFICES GLOBALLY

19

COUNTRIES IN OUR GROUP

~ 50 k

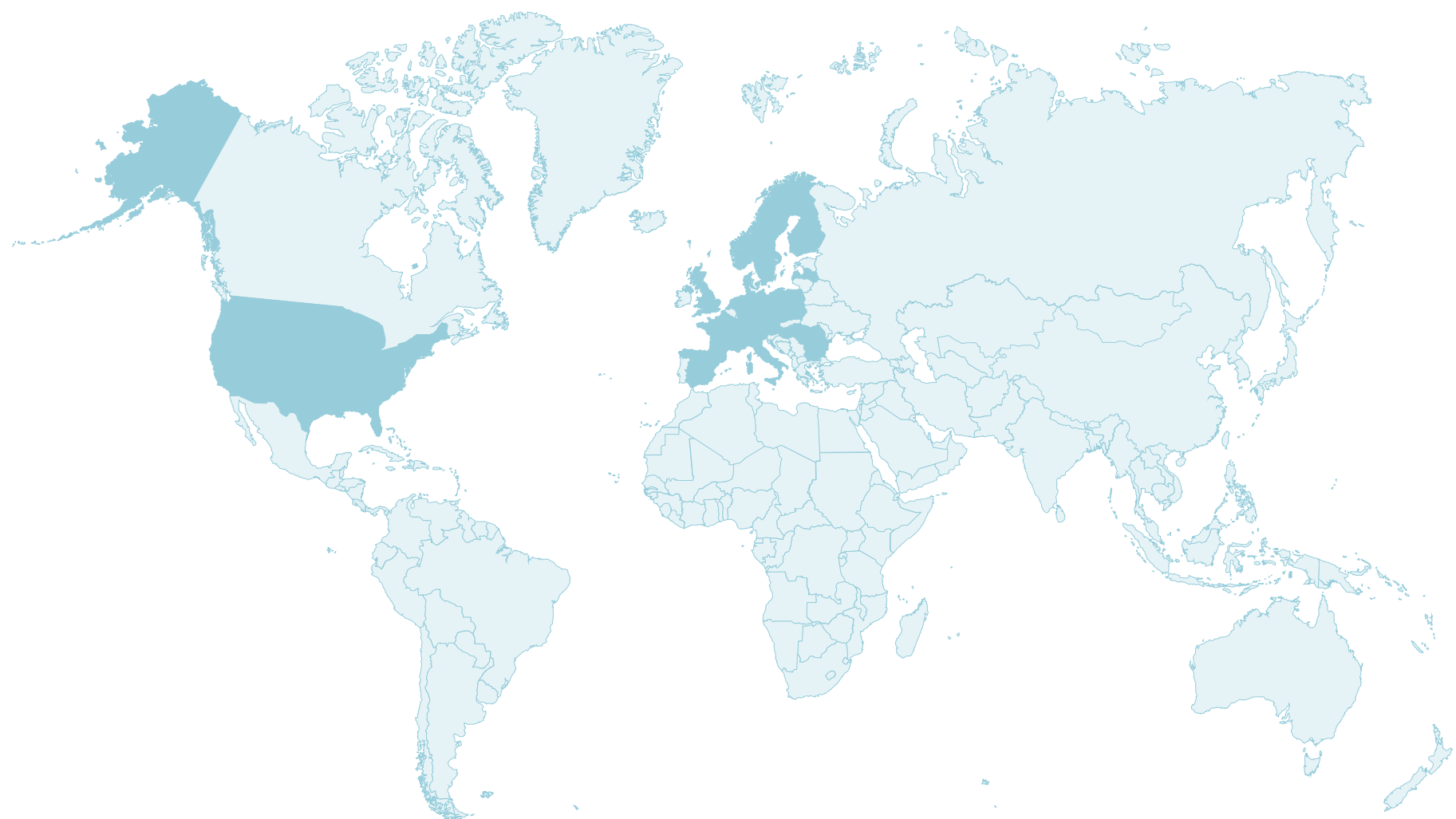
HAPPY CLIENTS WORLDWIDE

NOK 5.0 bn

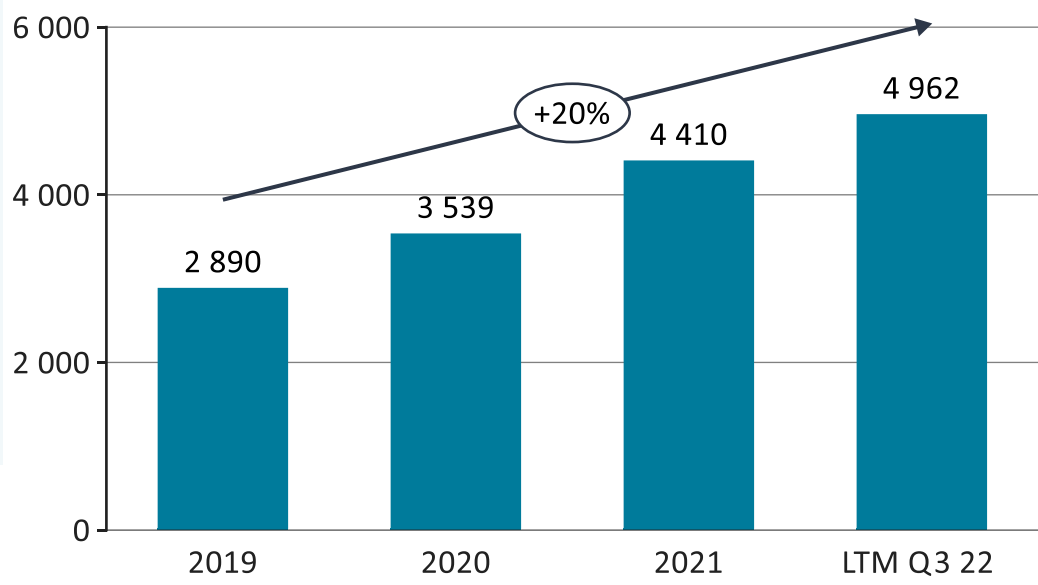
NOK LTM revenue Q3 22

NOK 613 m

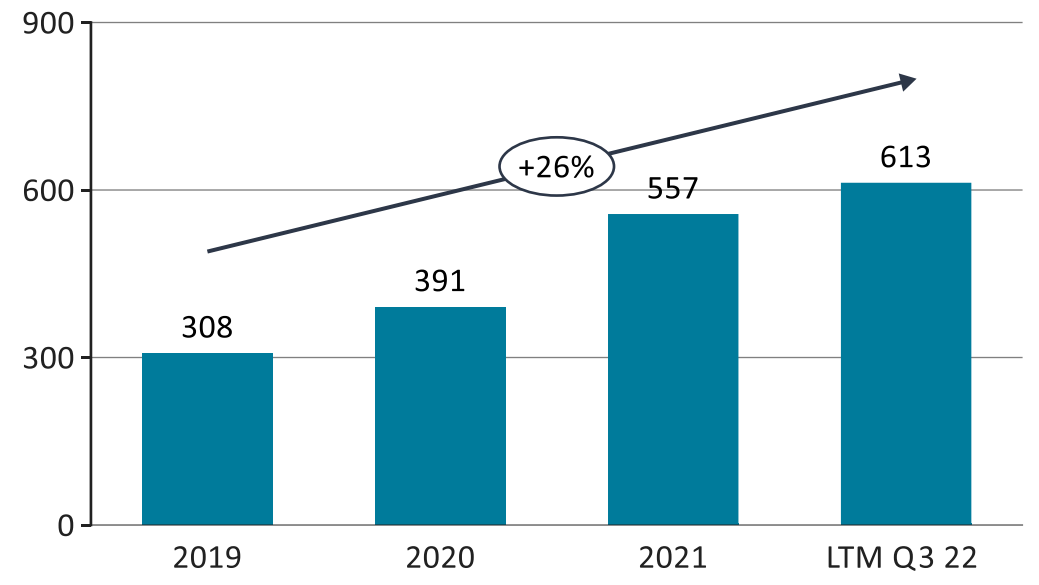
NOK LTM adj. EBITDA Q3 22



Revenue NOKm



Adj. EBITDA NOKm



Third quarter report 2022 highlights



Revenue grew 18% to NOK 1,314 million. Organic revenue growth in fixed currency of 17%

- Temporary high OTP volumes from new global hyperscaler client and large aggregator traffic on favourable routes
- Considerable potential and already signed high margin solutions with new hyperscaler client



Gross profit increased 7% to NOK 346 million

- Gross profit margin at 26.4%, negatively impacted by higher share of low margin OTP volumes and aggregator traffic
- Stable margins for the enterprise regions



Adj. EBITDA growth of 9% to NOK 166 million

- Previously announced opex reductions to contribute to improved margin and growth in coming quarters



Cash flow from operations NOK 38 million in Q3 22

- WC negative by NOK 103 million in the quarter due to timing effects of receivables and payables
- WC stable over time with LTM flat



LINK signed 420 new and expanding agreements in the third quarter

- Increasing 15% YoY from 365 agreements signed in Q3 21

Strong organic revenue growth - Uneven gross profit contribution

Central Europe report high revenue growth but less gross profit growth

- High margin Covid traffic in Austria last year increased comparable figures
- Low margin hyperscaler OTP revenue expected to reduce in the coming quarters
 - Already signed agreements on high margin solutions to support gross profit growth

Global messaging segment reported large revenue growth

- Global Messaging margins within normal range
- High revenue growth dilutes group margins

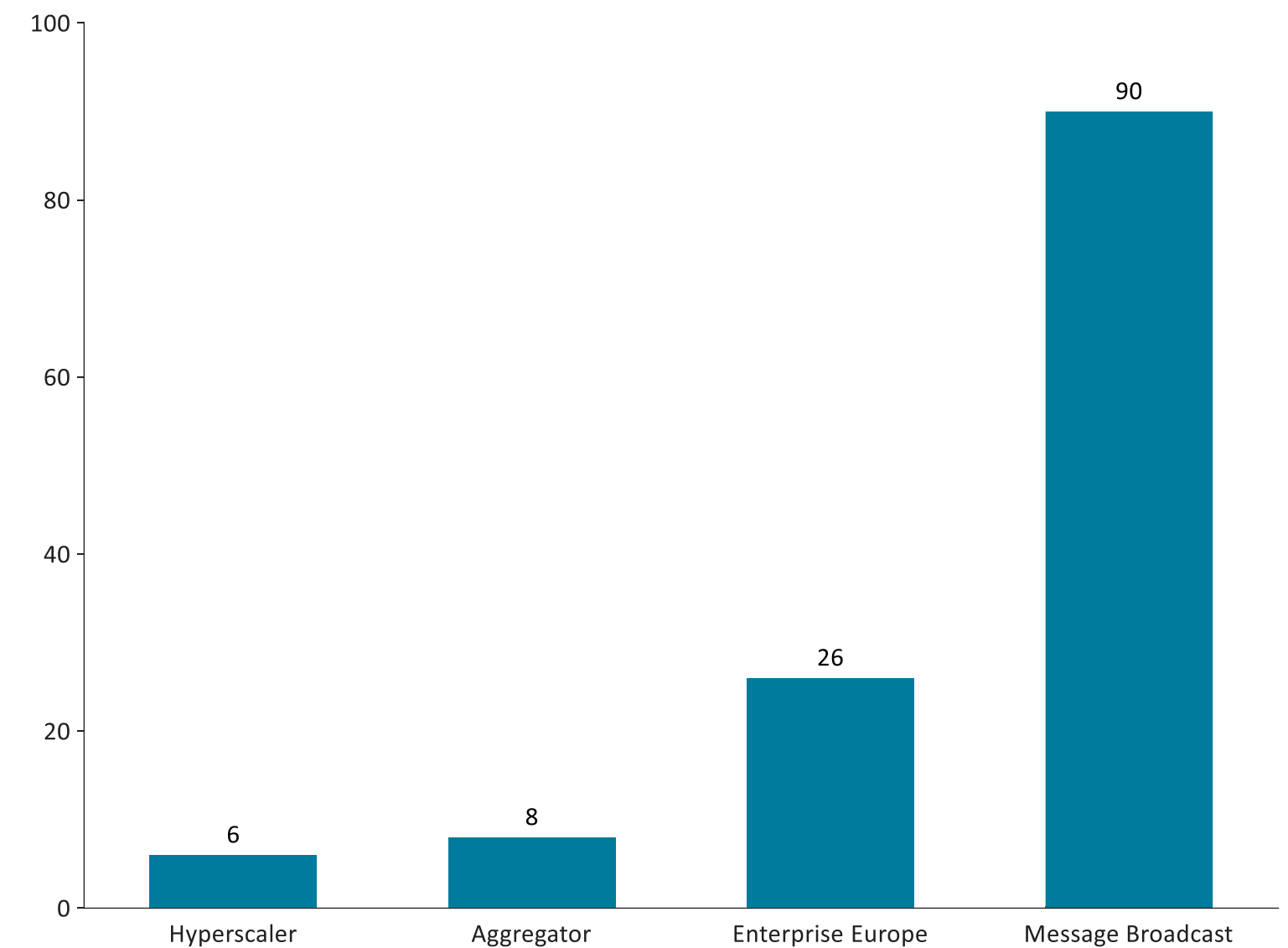
Northern Europe and Western Europe performance similar to previous quarter

- Temporarily lower Nordic growth momentum expected to improve from Q2 next year
- Relatively stable retail spend in France, Italy and Spain QoQ

North America subsidiary Message Broadcast rebounded from previous quarters

- Several new contracts signed since summer contributing in Q3 and Q4 this year
- Normal weather-related critical events messaging in Q3 22

Gross margin (%) by business



Several measures implemented to realize improved gross profit growth in 2023

New team established for global clients beyond reach of local salesforces

- LINK approach characterized by deep integrations and long-term client relations
- Several global companies acquired as new customers in 2022 with extensive pipeline

Expansion of mature solutions and switch to richer channels

- More resources directed to upselling cost savings solutions for existing clients
 - Significant client value from implementing well-established use cases
 - Requires deep value chain understanding as established by LINK's local approach
- Convert existing clients from SMS to Rich SMS and RCS with higher margins

LINK SenderID Protection

- Product launched in close cooperation with MNOs to avoid abuse of brands
- Supporting customers to limit negative impact from fraudulent digital activities

Extending well established product portfolio to large US utilities

- Upselling to existing clients and geographical diversification with new client wins
- High margin products with significant growth potential in a low penetrated market

LINK has established a leading position for RCS



Opex and capex initiatives on track - Supporting adj. EBITDA and FCF

Opex reductions to support adj. EBITDA growth

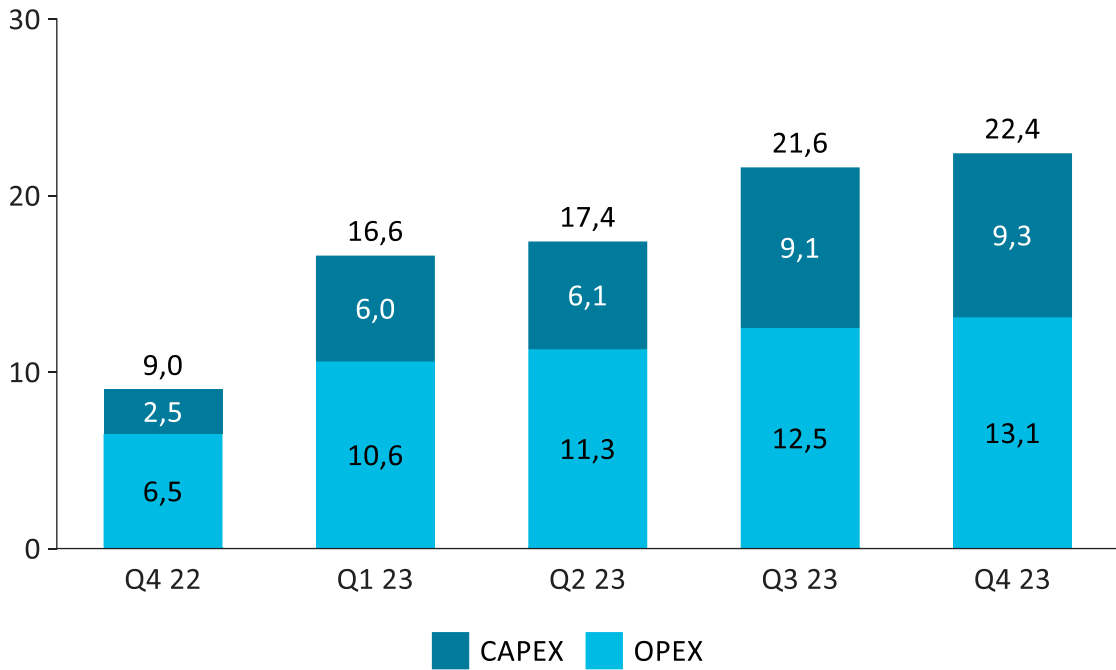
- Annual run rate reduction in Q4 23 NOK 52 million
- Amounting to 8% of current LTM adjusted EBITDA

Lower capex to strengthen free cash flow further

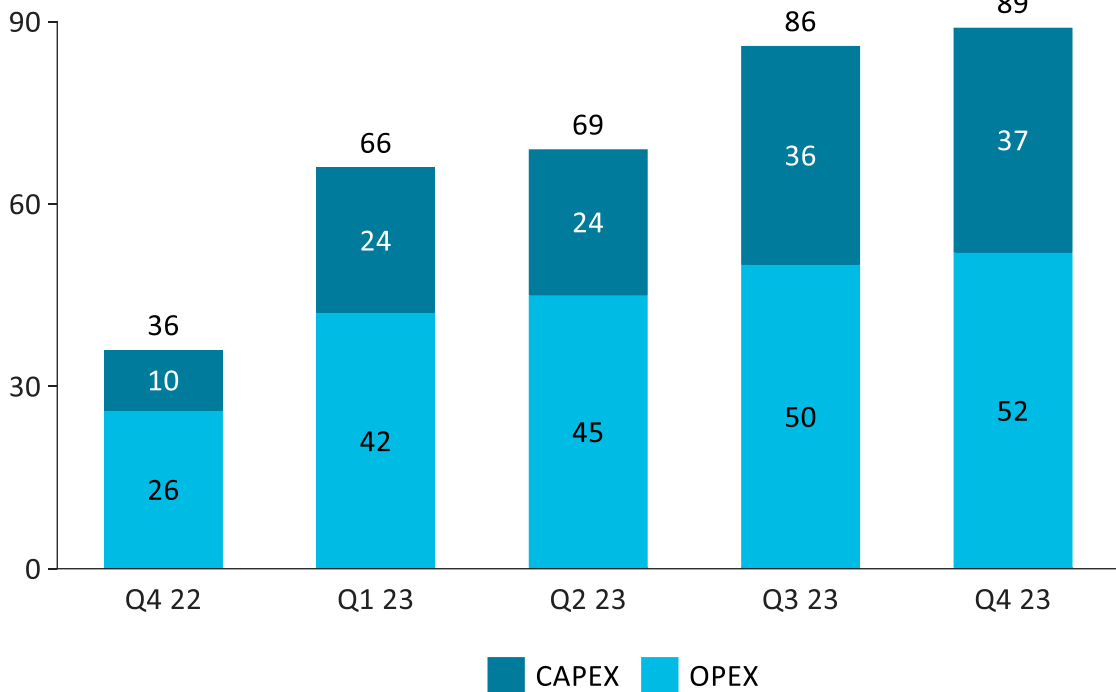
- Annual run rate reduction in Q4 23 NOK 37 million
- Forecasted capex level before initiatives was NOK 180 million per year

Total annual run rate cash savings 41% of current LTM free cash flow

Quarterly savings from Q2 22 cost level (NOKm)



Run rate annual OPEX and CAPEX savings (NOKm)



Large growth potential from new contract wins

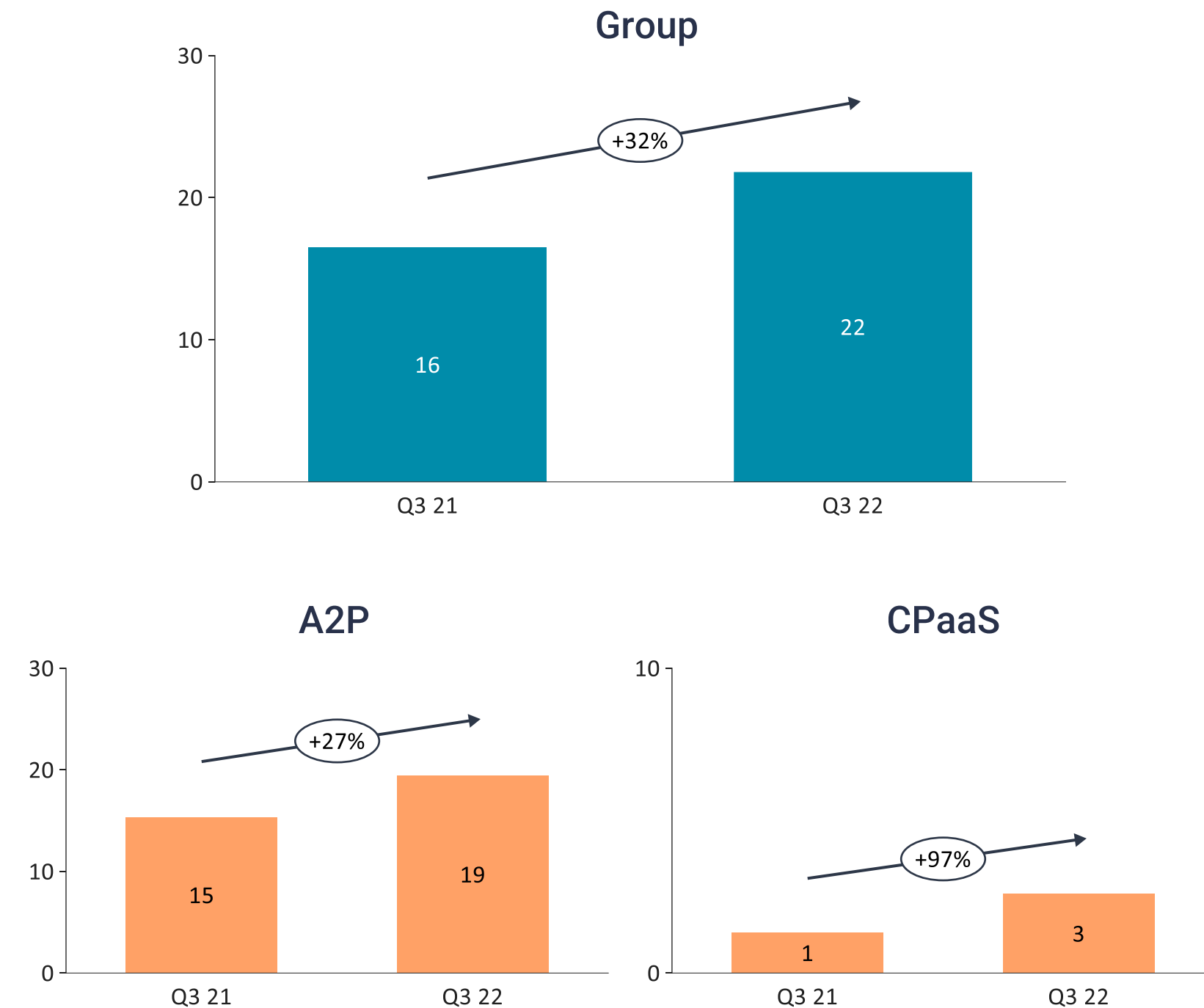
Forecasted gross profit contribution from new contracts win

- Contracts will be implemented gradually, and historical data indicates 75% of gross profit will be recorded in the P&L after the first 12 months for market ready products

Significant interest for and growth in CPaaS contract signings

- More advanced high margin solutions however scale slower than mature A2P products
- Xenioo chatbot exception as easy to implement with immediate client cost savings

Annualized gross profit contribution* from new agreements signed (NOKm)



Large and stable customer base growing with new customer wins every quarter

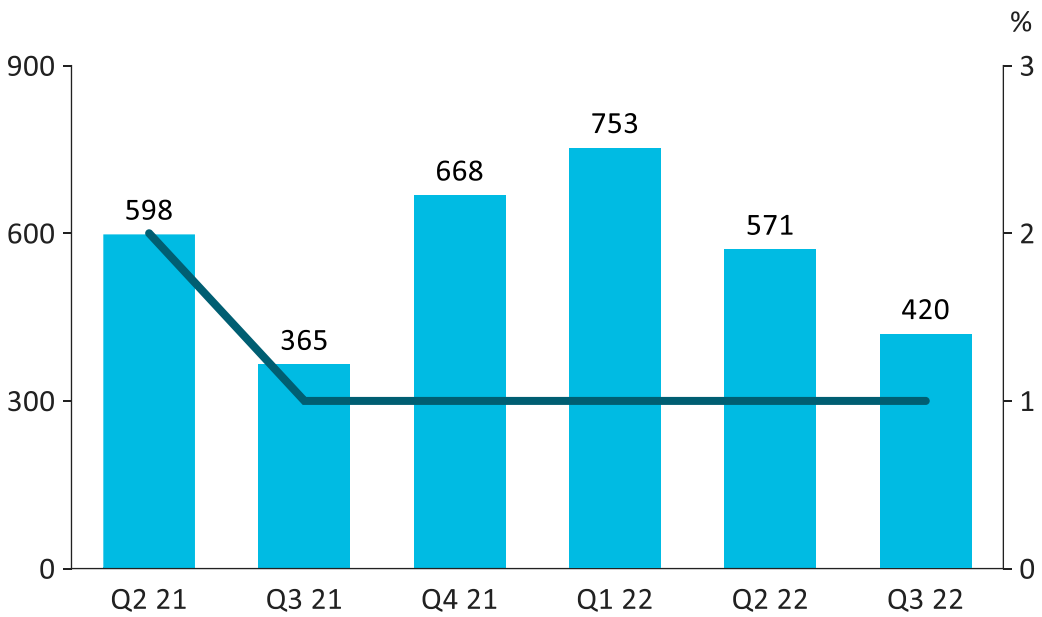
Customer accounts



50,000 active customer accounts

- 2,000 new customer accounts signed in existing footprint last 12 months
- Acquired growth from Altiria and Xenioo in December 2021

New agreements signed in quarter / Customer churn (%)



New agreements signed increased 15% to 420 in Q3 22

- Seasonality in contract signing with Q3 the low season due to summer vacation

Customer churn remains very low at 1%

Forward-looking statement

2022

Full-year organic revenue growth of 8 - 12%

- Versatile business model with diverse use cases and geographical diversification
- Net retention rate expected to be 3-4 percentage points lower than organic revenue growth reflecting historical contribution from new client wins
- Opex and capex reductions have commenced and will ramp up further in 2023, supporting adj. EBITDA, free cash flow and deleveraging

2025

Pro forma revenue NOK 10 billion

- Growth contribution from accretive acquisitions
- 20% long-term organic growth in mature CPaaS market
- Pro forma adj. EBITDA margin 15-17% with scalability

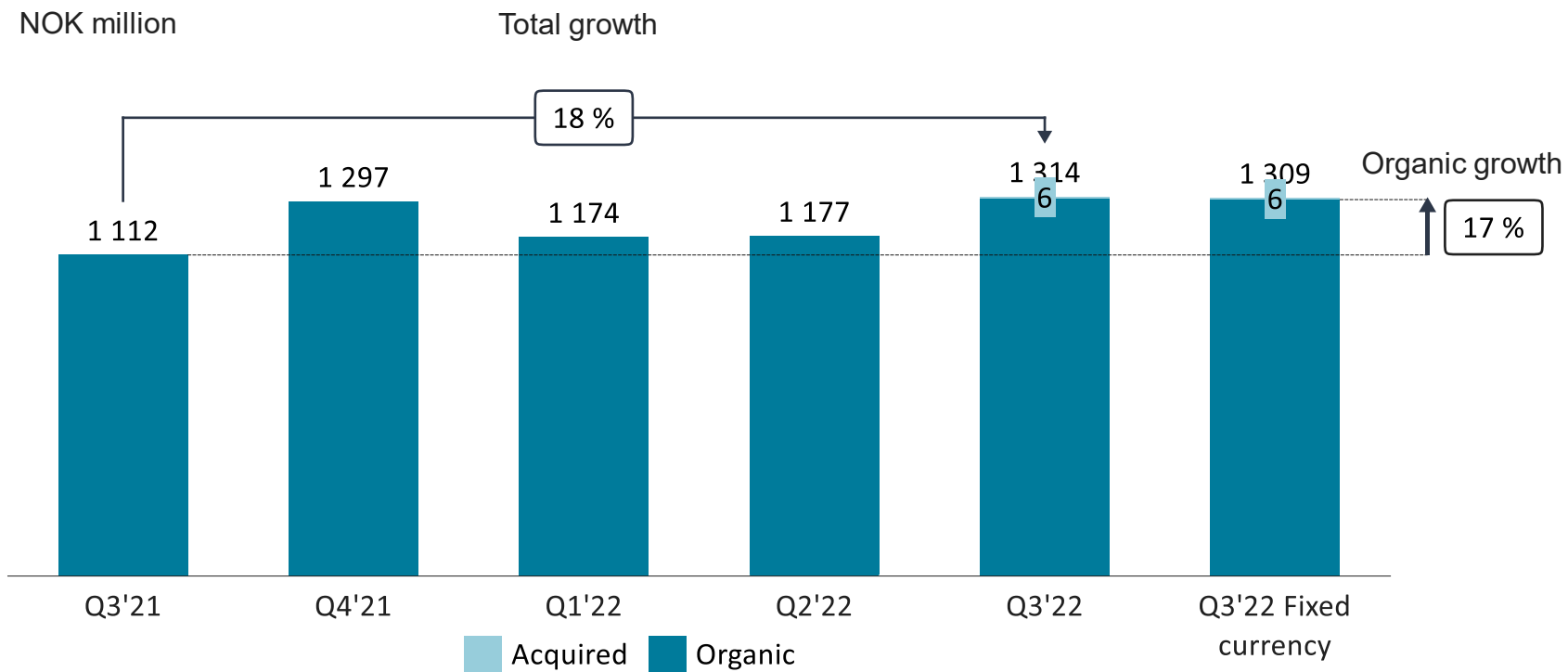


Financial Review

Third quarter 2022

Reported revenue growth of 18% to NOK 1,314 million

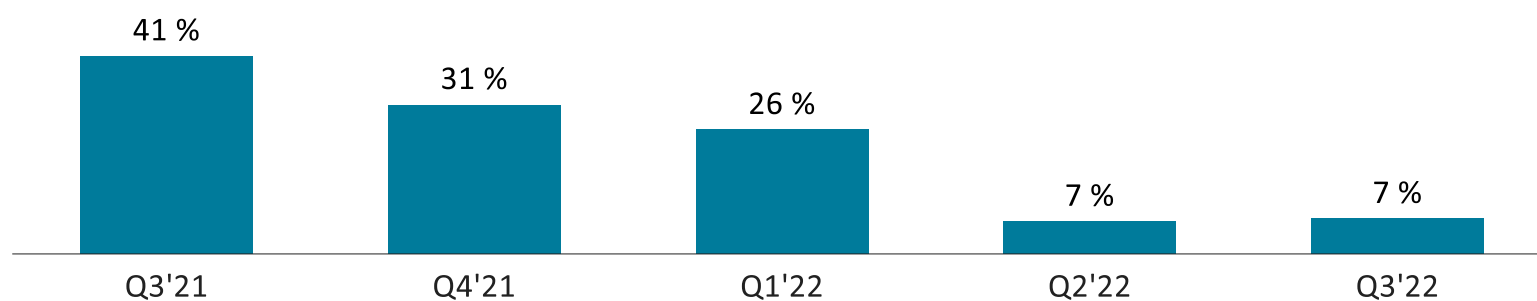
Total reported revenue



Organic revenue growth of 17% in fixed currency

- Strong contribution from global hyperscaler volumes and aggregator traffic
- 29% revenue growth contribution from US (12% revenue growth in fixed currency)
- Relatively stable retail spend in France, Italy and Spain QoQ

Reported volume growth YoY (%)

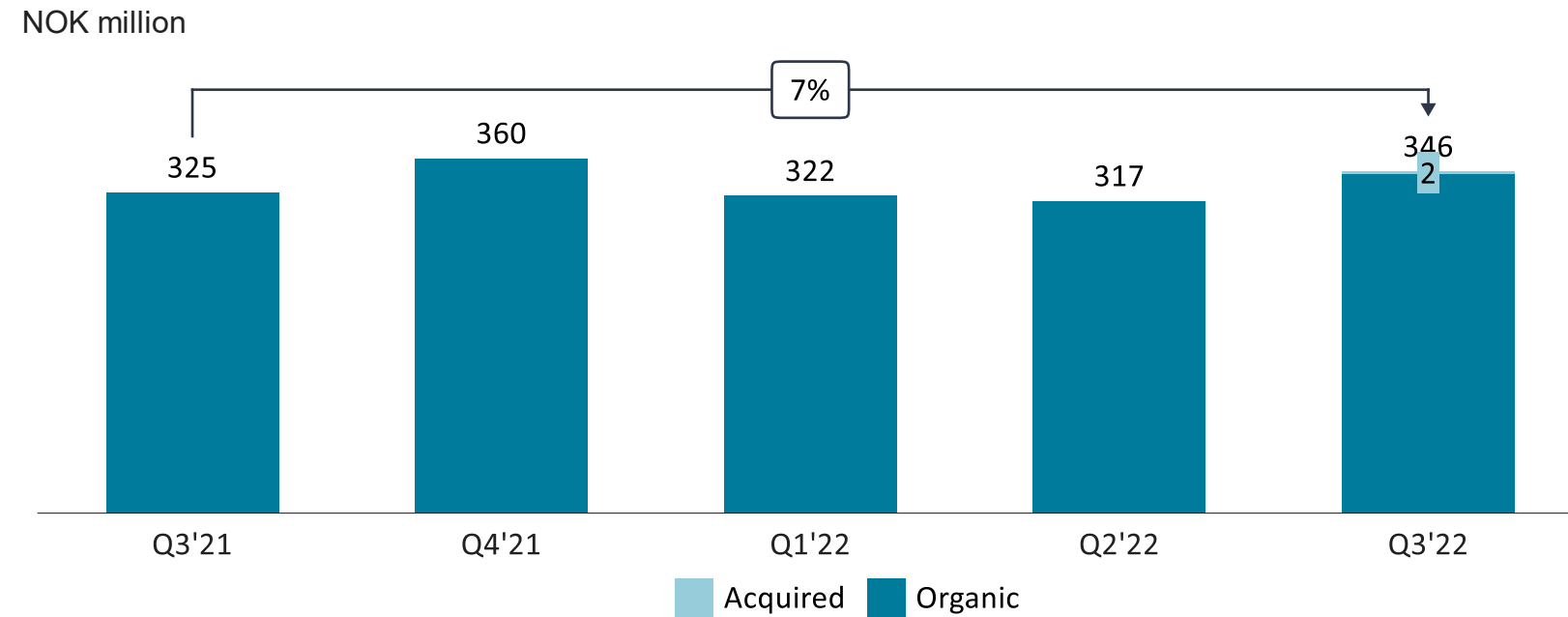


Reported volume growth for Q3 22 at 7% and lower than revenue growth

- Higher share of non-messaging revenue like licences and professional services
- Critical event messaging in the US through multiple channels including voice
- Global Messaging volume mix towards destinations with higher price per message

Reported gross profit increased 7% to NOK 346 million

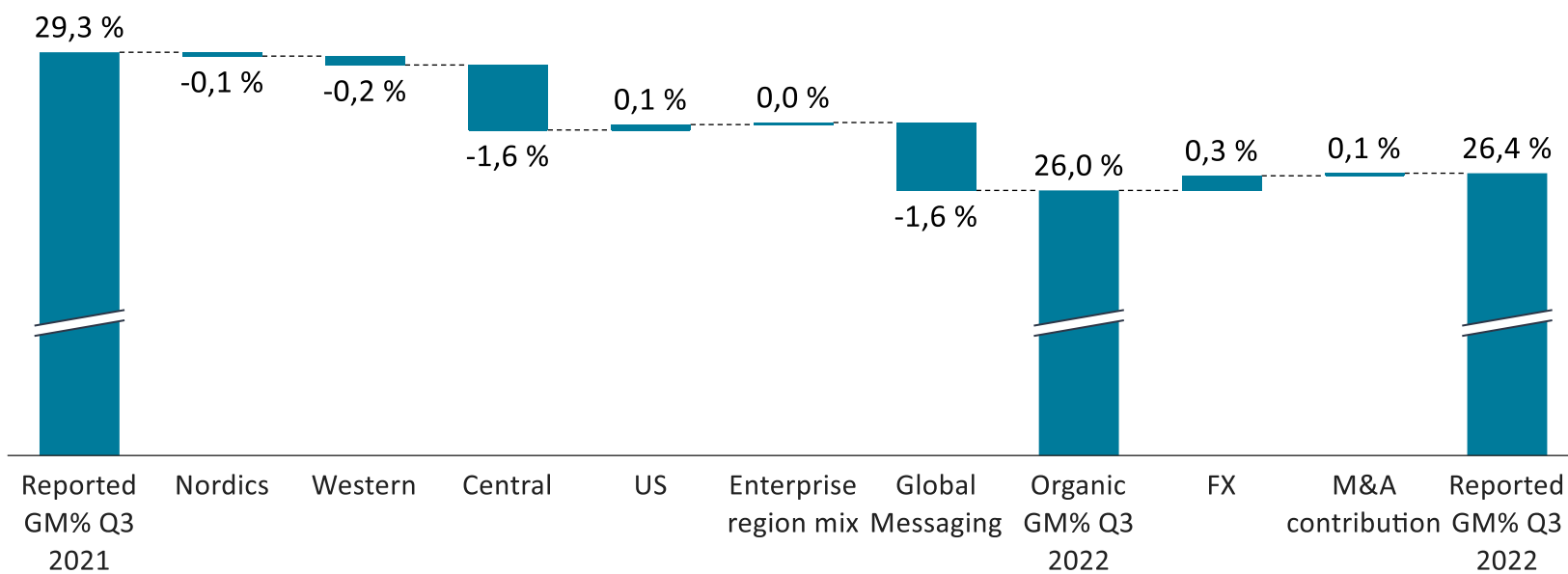
Reported gross profit



Gross profit grew slower than revenue growth due to margin dilution

- Organic gross profit growth in fixed currency was 4%

Gross margin per region (%)

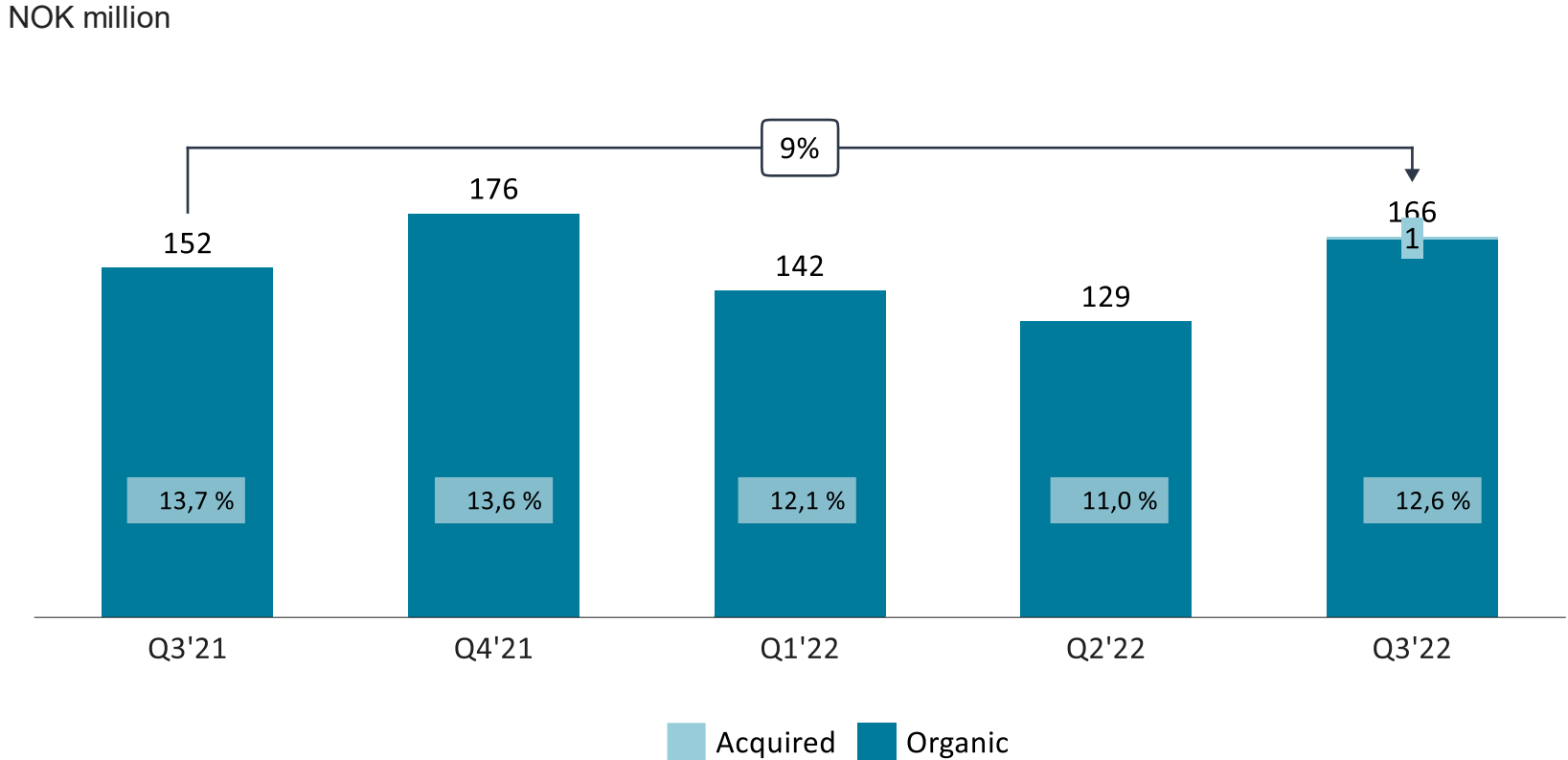


Gross margin dilution of 2.9 percentage points YoY in Q3 22

- Stable margins in the Nordics, Western Europe and the US
- Significant margin decline in Central Europe
 - High margin Covid related volumes in Austria last year
 - Strong initial low margin OTP revenue growth from new hyperscaler customer
 - Considerable potential from already signed high margin solutions with hyperscaler
- Mix effect from high growth in low margin Global Messaging revenue

Reported adj. EBITDA increased 9% to NOK 166 million

Reported adj. EBITDA and adj. EBITDA margin (%)



Adj. EBITDA margin improved QoQ

- Larger contribution from high margin US business

Adj. EBITDA margin lower YoY

- Gross profit negatively affected by mix effects partly offset by improved opex to sales
- Ongoing opex initiatives supportive to growth and margin from Q4 22

P&L third quarter 2022

NOK in millions	Q3 2022	Q3 2021	YTD 2022	YTD 2021	Full Year 2021
Total operating revenues	1 314	1 112	3 665	3 113	4 410
Direct cost of services rendered	(968)	(787)	(2 680)	(2 273)	(3 210)
Gross profit	346	325	985	840	1200
Operating expenses	(181)	(173)	(547)	(460)	(644)
Adjusted EBITDA	166	152	437	381	557
Non-recurring costs	(29)	(60)	(85)	(198)	(252)
EBITDA	137	92	352	183	305
Depreciation and amortization	(105)	(101)	(307)	(238)	(338)
Operating profit (loss)	32	(9)	46	(55)	(33)
Net financials	71	(37)	131	(111)	(14)
Profit (loss) before income tax	103	(46)	176	(165)	(48)
Income tax	(15)	(31)	(49)	(16)	(30)
Profit (loss) for the period	88	(78)	128	(181)	(78)

Revenue NOK 1,314 million, an increase of 18% YoY
 Gross profit NOK 346 million, an increase of 7% YoY
 Adj. EBITDA NOK 166 million, an increase of 9% YoY

Non-recurring costs of NOK 29 million

- Share option cost NOK 13 million
- M&A related costs NOK 2 million
- Restructuring costs NOK 15 million

Depreciation and amortization of NOK 105 million

- Depreciation of intangible assets of NOK 19 million from internal R&D
- Depreciation of acquired excess values of NOK 79 million deriving from PPA's
- Remaining related to depreciation of leasing arrangements and fixed assets

Net financial items positive NOK 71 million

- Net currency exchange positive NOK 112 million with limited cash effect
- Net interest expense NOK 39 million mainly related to outstanding EUR bond
- Other financial expenses of NOK 2 million

Strong balance sheet

NOK in millions	Q3 2022	Q3 2021	Year 2021
Non-current assets	9 407	8 792	8 792
Trade and other receivables	1 118	802	905
Cash and cash equivalents	916	766	844
Total assets	11 441	10 360	10 540
Equity	5 620	5 050	5 090
Deferred tax liabilities	602	569	557
Long-term borrowings	3 858	3 759	3 696
Other long term liabilities	57	79	64
Total non-current liabilities	4 517	4 407	4 317
Trade and other payables	1 141	820	1 063
Other short term liabilities	163	84	71
Total current liabilities	1 304	904	1 134
Total Liabilities	5 821	5 310	5 451
Total liabilities and equity	11 441	10 360	10 540

Non current assets increased mainly due to currency effects

- Marginal additions related to purchase price allocations (PPA)

Cash on balance sheet NOK 916 million

Equity NOK 5,620 million and equity percentage of 49%

Receivables and payables increased

- Reflecting organic development
- Working capital impacted by increased revenue in the US with low cogs and timing of collection related to OTP traffic revenue expansion

Net interest bearing debt NOK 2,905 million

LINK generates FCF in excess of NOK 200 million per year

Reported free cash flow

NOK '000	Q4 2021	Q1 2022	Q2 2022	Q3 2022	LTM Q3 2022
Adj.EBITDA	176	142	129	166	613
Change working capital	113	(98)	89	(103)	1
Taxes paid	(28)	(13)	(6)	(10)	(57)
Non-recurring costs M&A	(30)	(14)	(18)	(15)	(77)
Payable Social cost on Share options	(6)	-	-	-	(6)
Net cash flow from operating activities	225	19	194	38	476
Add back non-recurring costs M&A	30	14	18	15	77
Adj. cash flow from operations	255	32	212	53	552
Capex	(58)	(50)	(45)	(38)	(191)
Interest	(71)	(3)	(69)	(1)	(143)
Cash flow after capex and interest	126	-21	98	14	218

Adjusted LTM cash flow from operations NOK 552 million

- Reported cash flow from operations include M&A related expenses
- Free cash flow generated after capex and interest of NOK 218 million

Working capital (WC) varies significantly between quarters

- Stable WC on LTM basis despite revenue growth
- WC is net negative and a funding source for organic growth

High cash conversion LTM

- Adj. cash flow from operations 90% to adjusted EBITDA
- Free cash flow after interest and capex 36% to adjusted EBITDA

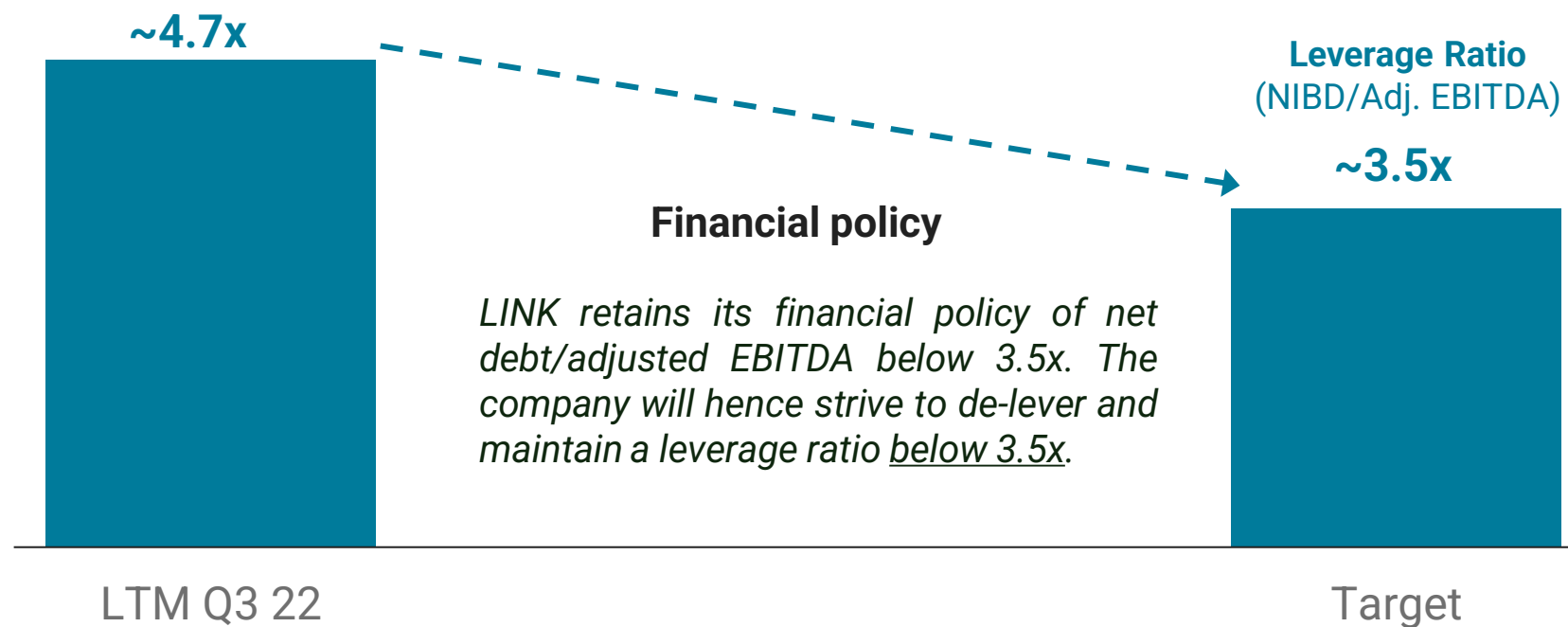
Cost reduction initiatives to support FCF generation in 2023

Reported LTM Q3 22 leverage at 4.7x

- Strong FCF to reduce leverage over time

LINK's EUR 370 million fixed coupon bond matures in December 2025

- Fixed interest rate at 3.375% secured for another 3 years





Q&A

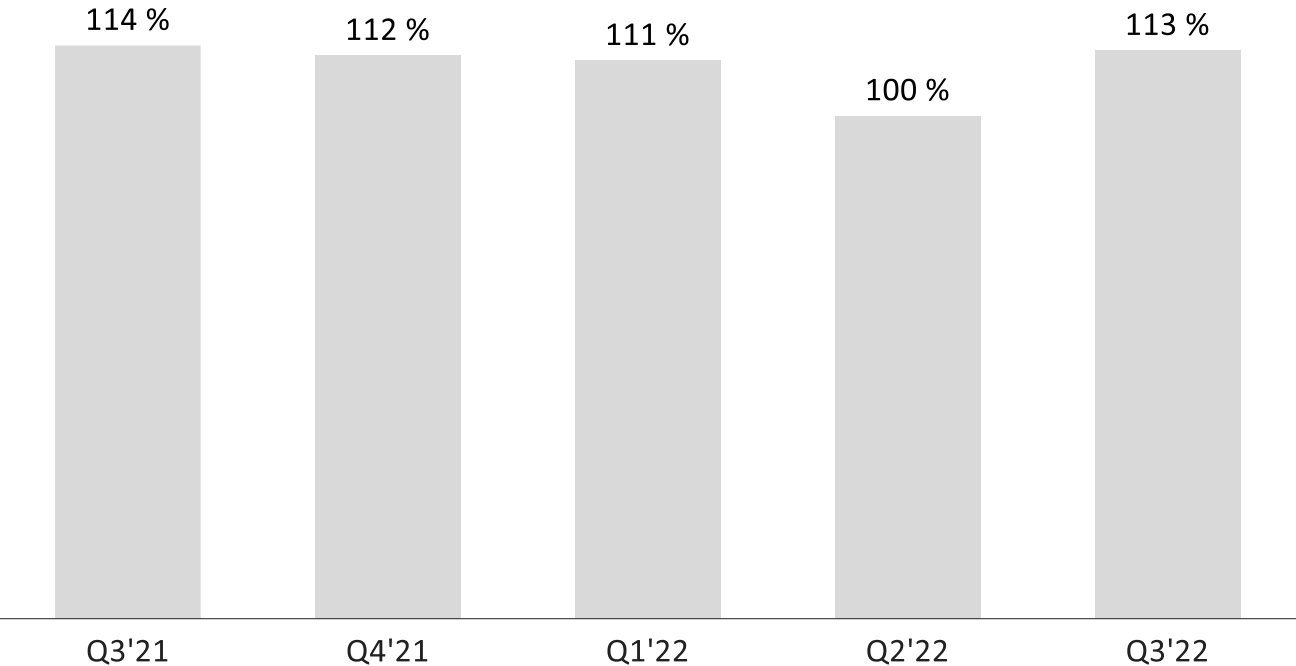


Appendix

Segment information

Net retention rate of 113%

Group pro forma NRR* in fixed currency



Group NRR of 113% in Q3 22 in fixed currency

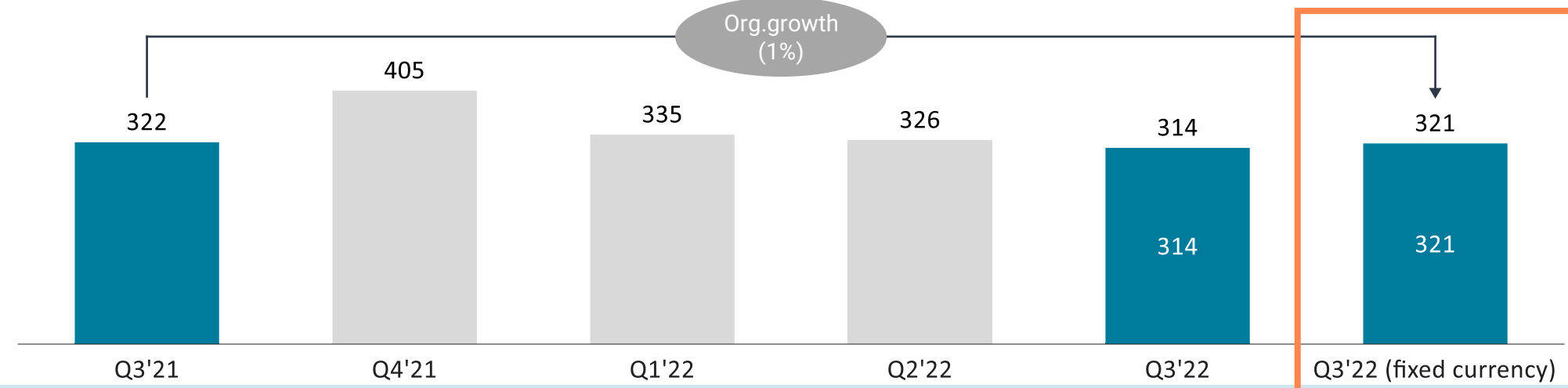
- Enterprise net retention for the quarter of 104%

New customers added 4% to Q3 22 organic revenue growth

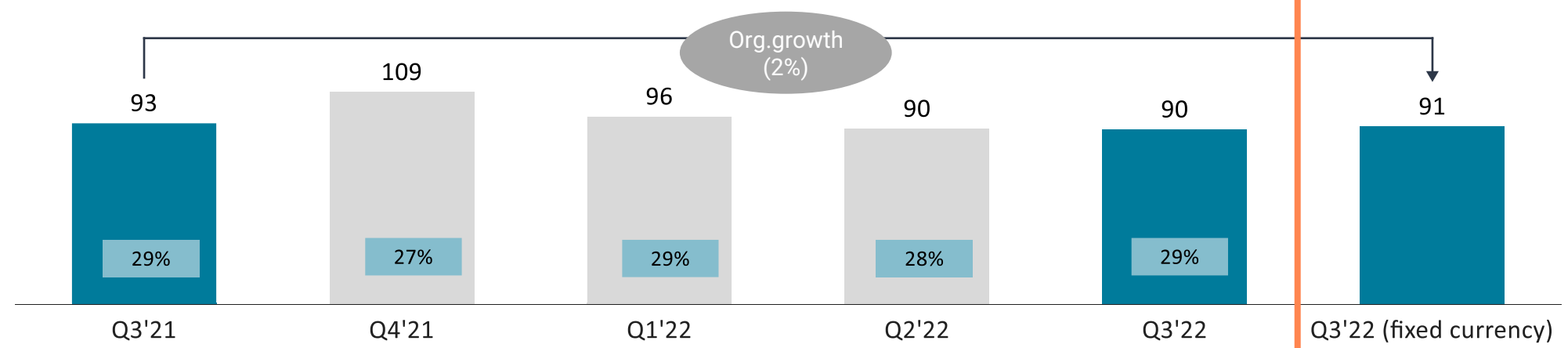
- Contribution from new wins in line with previous quarters

Northern Europe

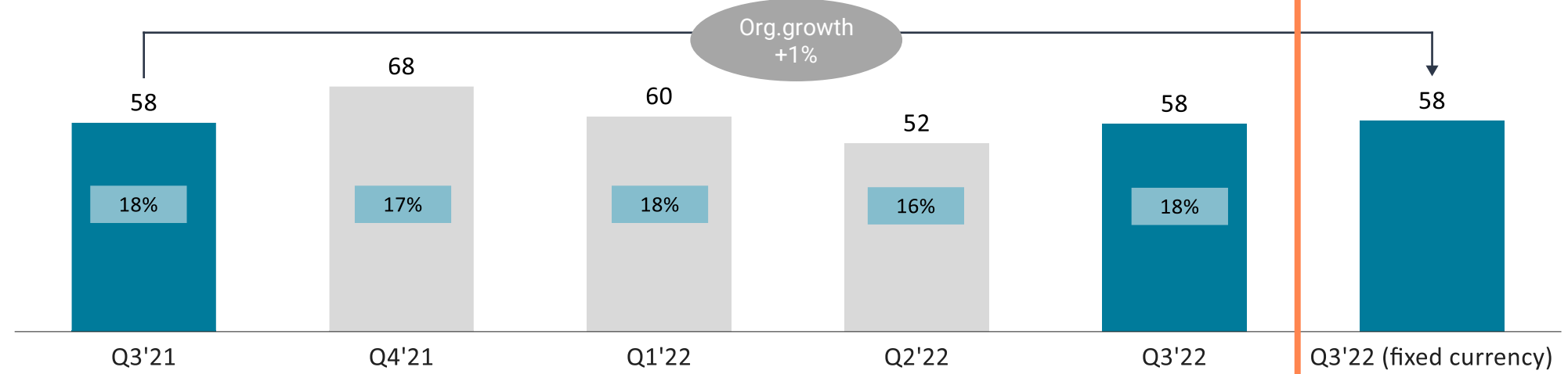
Revenue (NOKm)



Gross Profit (NOKm / %)

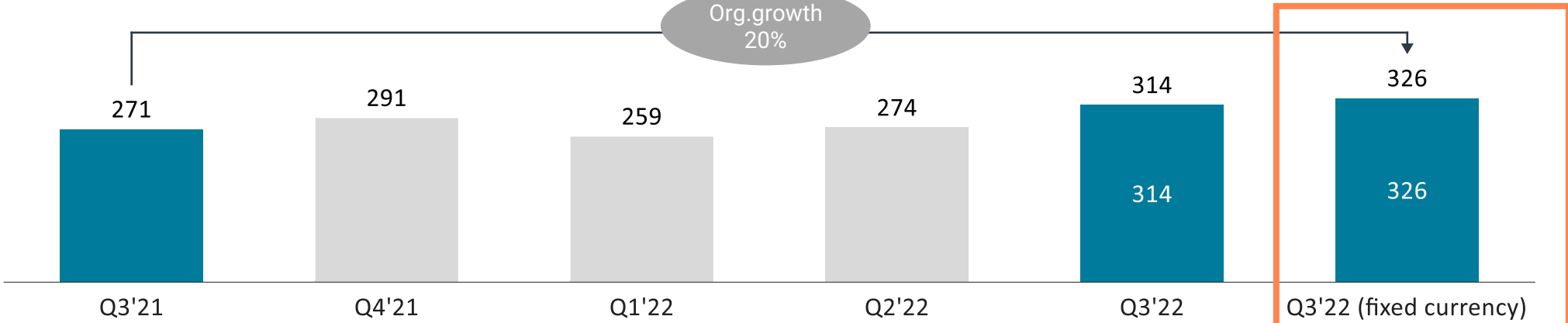


Adj. EBITDA before group cost (NOKm / %)

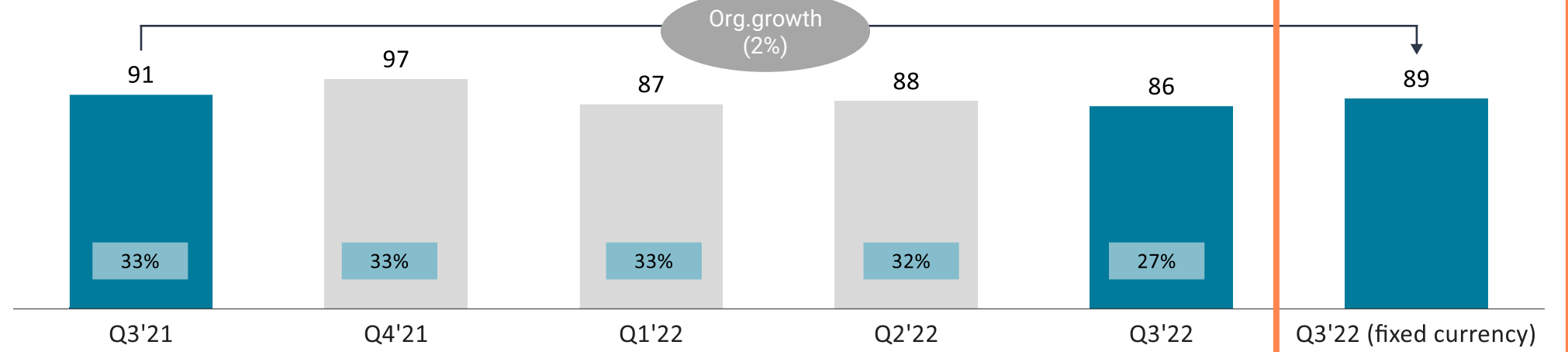


Central Europe

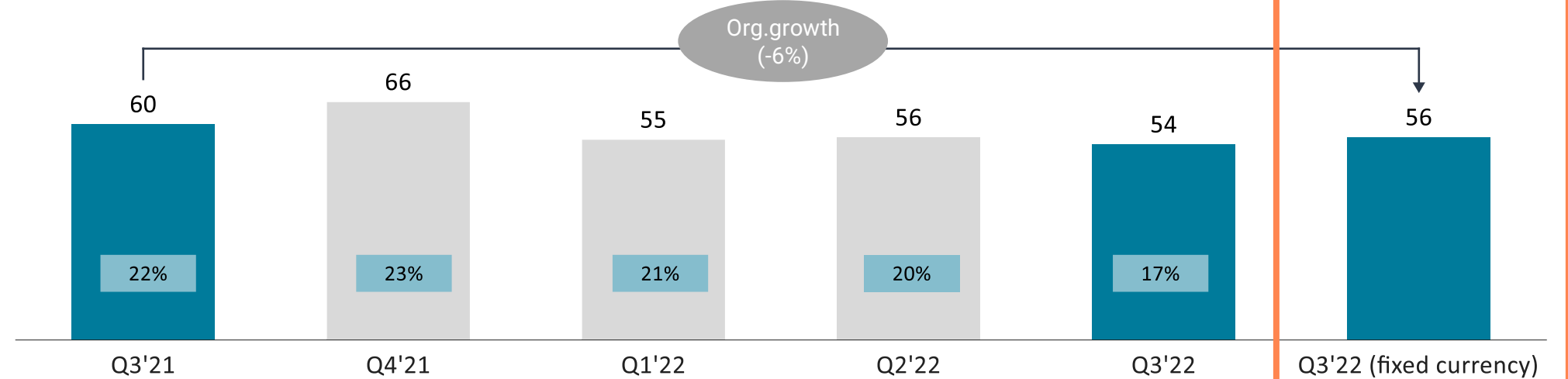
Revenue (NOKm)



Gross Profit (NOKm / %)

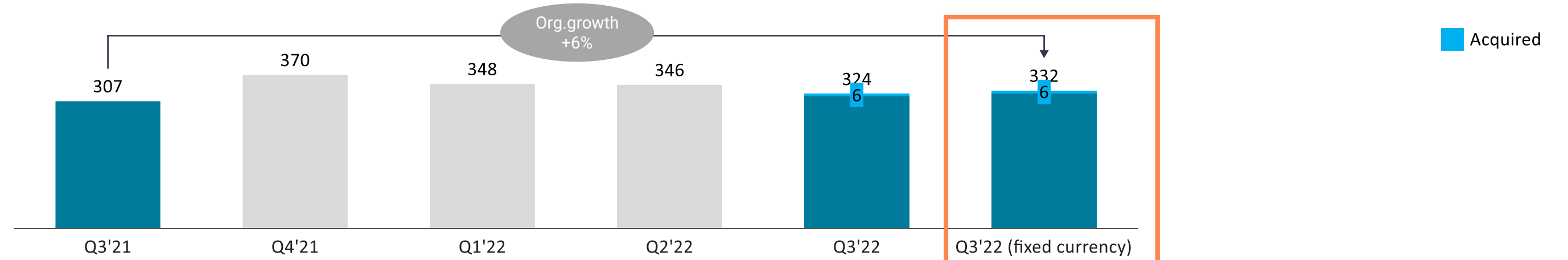


Adj. EBITDA before group cost (NOKm / %)

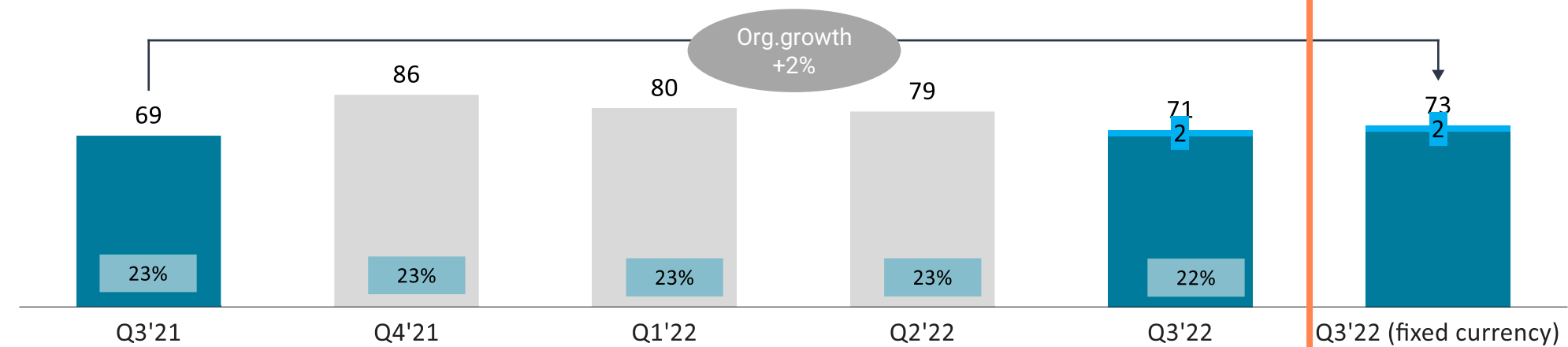


Western Europe

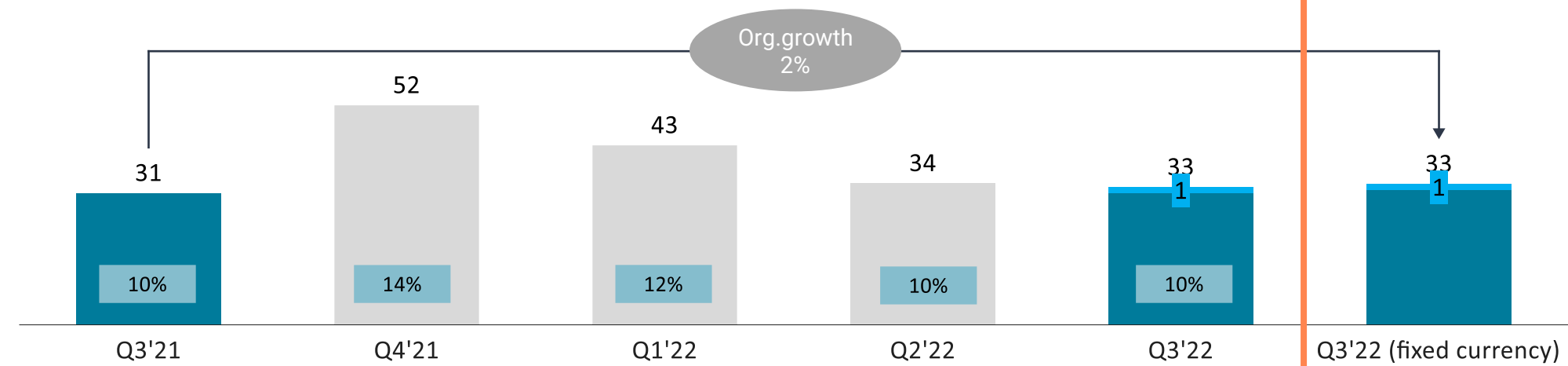
Revenue (NOKm)



Gross Profit (NOKm / %)

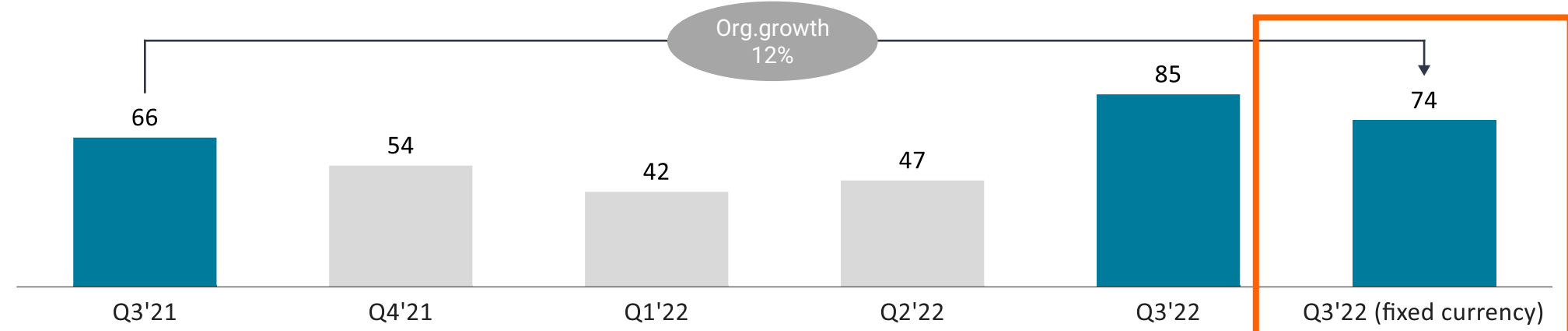


Adj. EBITDA before group cost (NOKm / %)

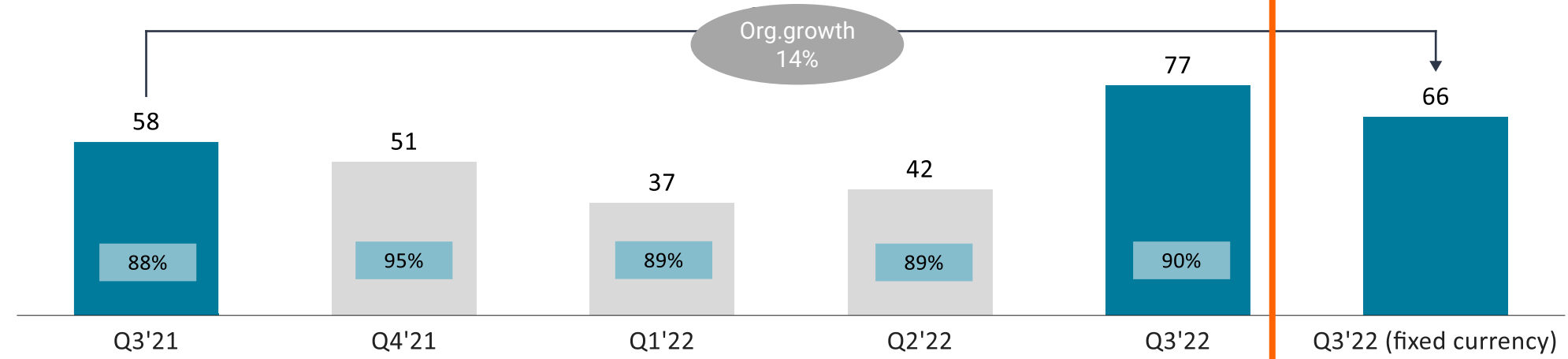


North America

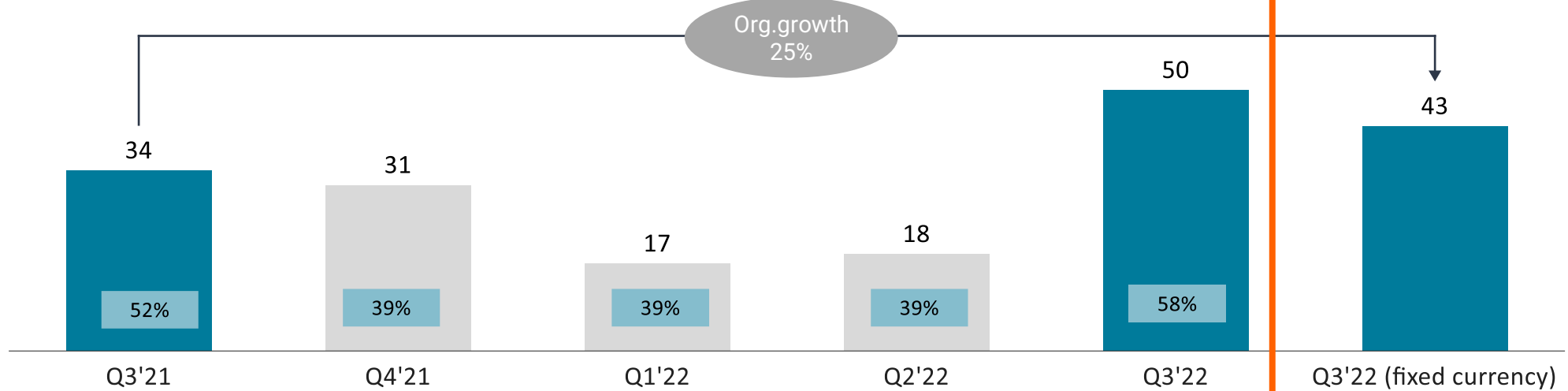
Revenue (NOKm)



Gross Profit (NOKm / %)

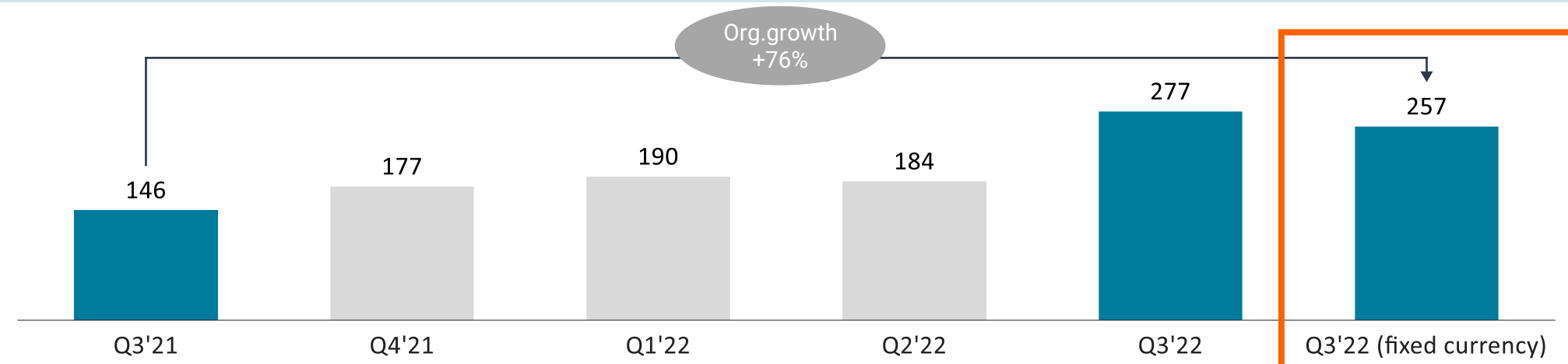


Adj. EBITDA before group cost (NOKm / %)

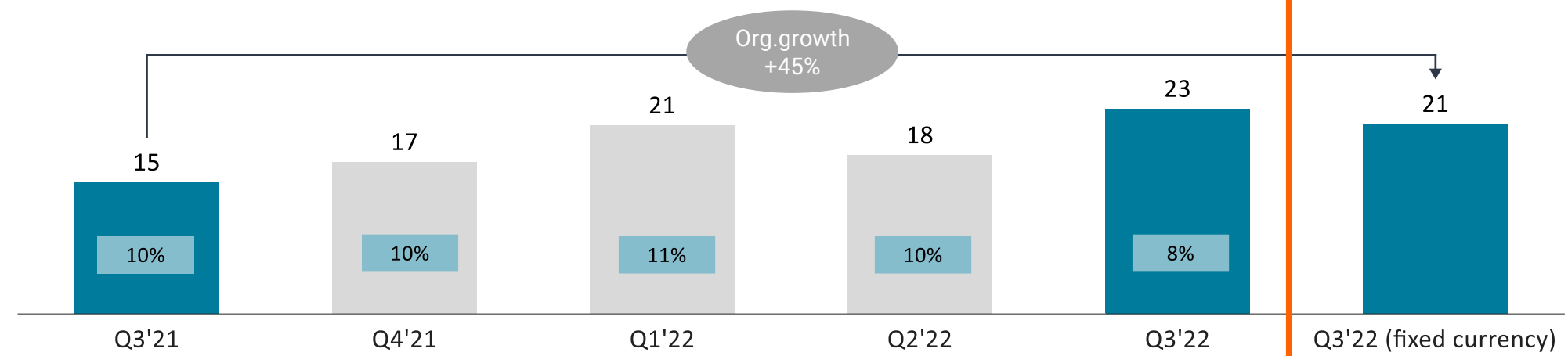


Global Messaging

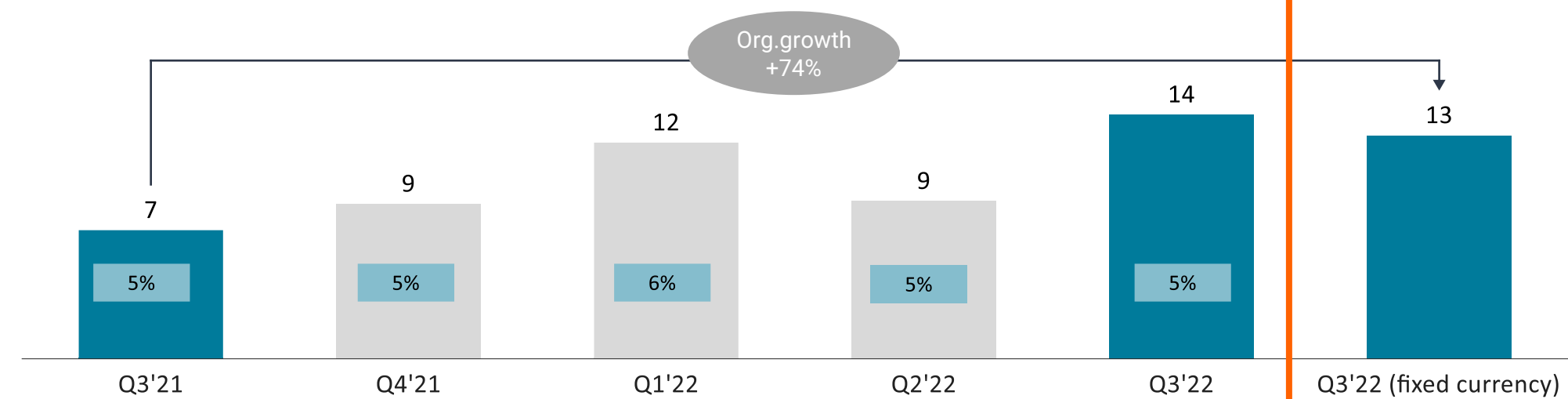
Revenue (NOKm)



Gross Profit (NOKm / %)



Adj. EBITDA before group cost (NOKm / %)





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