Interim Report

Fourth quarter 2022

Q4

Thomas Berge, Interim CEO
Morten Edvardsen, Interim CFO

LINK facts and figures

2000
FOUNDING YEAR

#1
MESSAGING PLAYER IN EUROPE

~ 16.8 bn
MESSAGES SENT per year

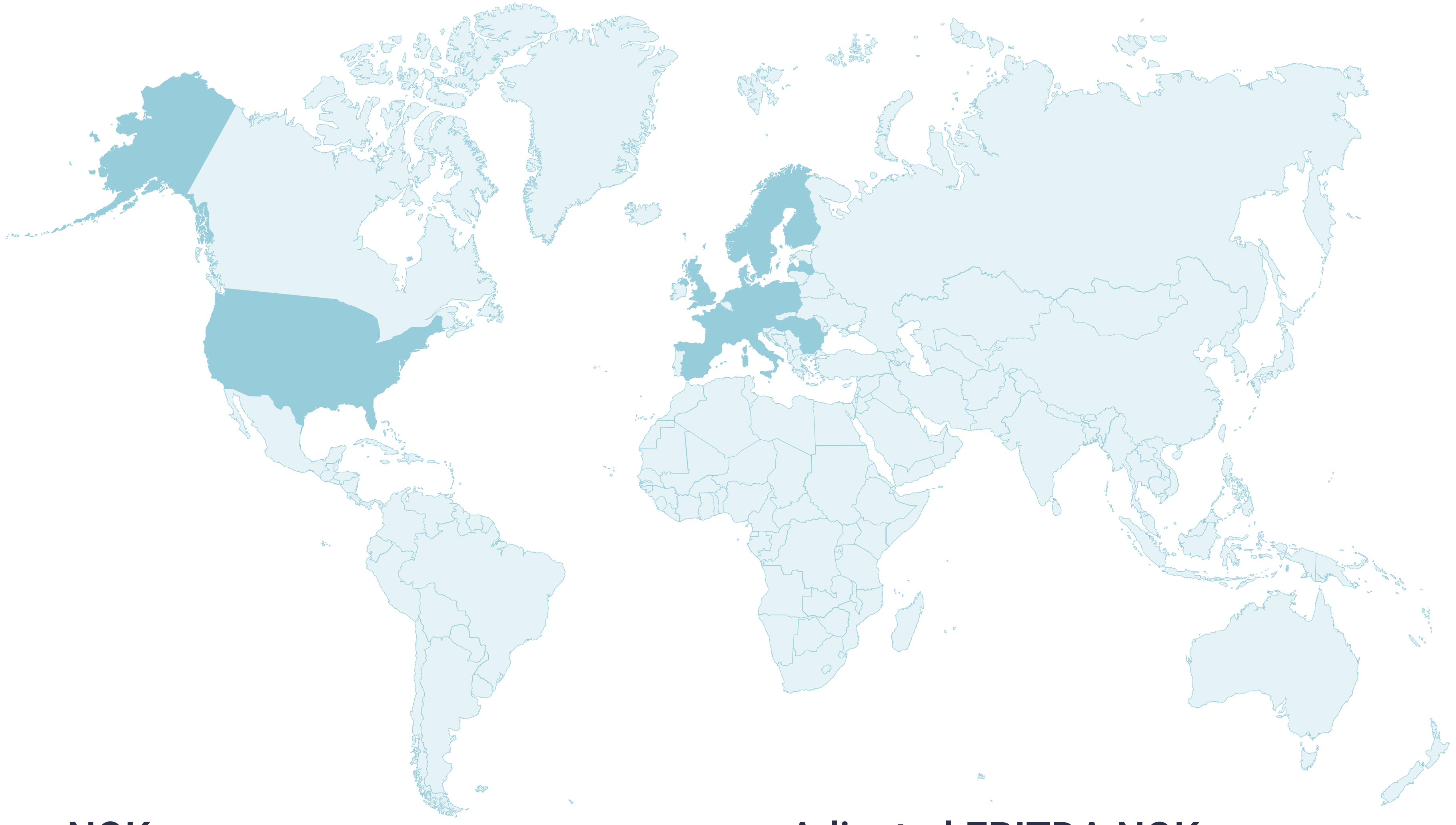
30
OFFICES GLOBALLY

19
COUNTRIES IN OUR GROUP

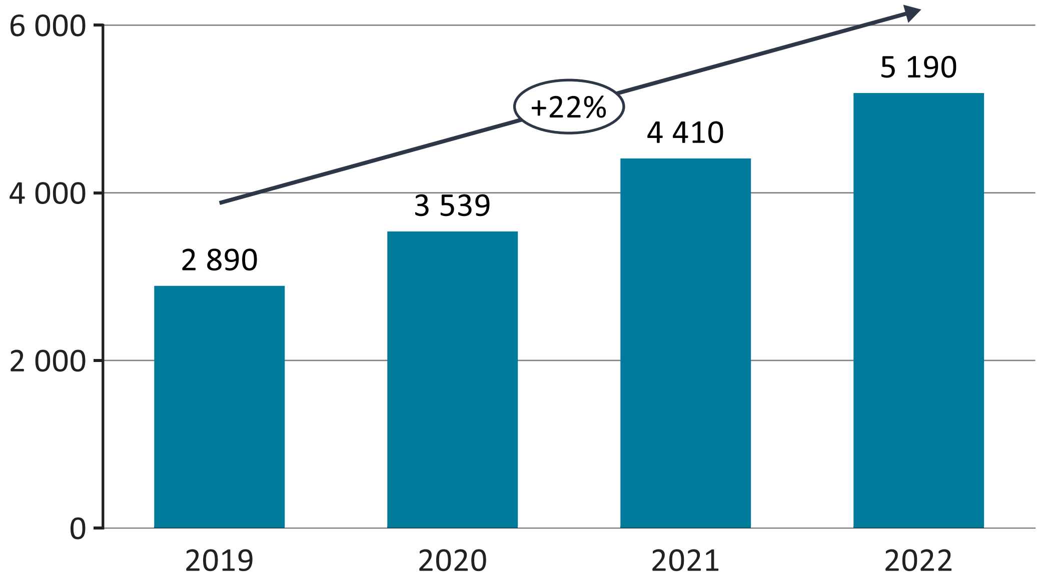
~ 50 k
HAPPY CLIENTS WORLDWIDE

NOK 5.2 bn
Revenue 2022

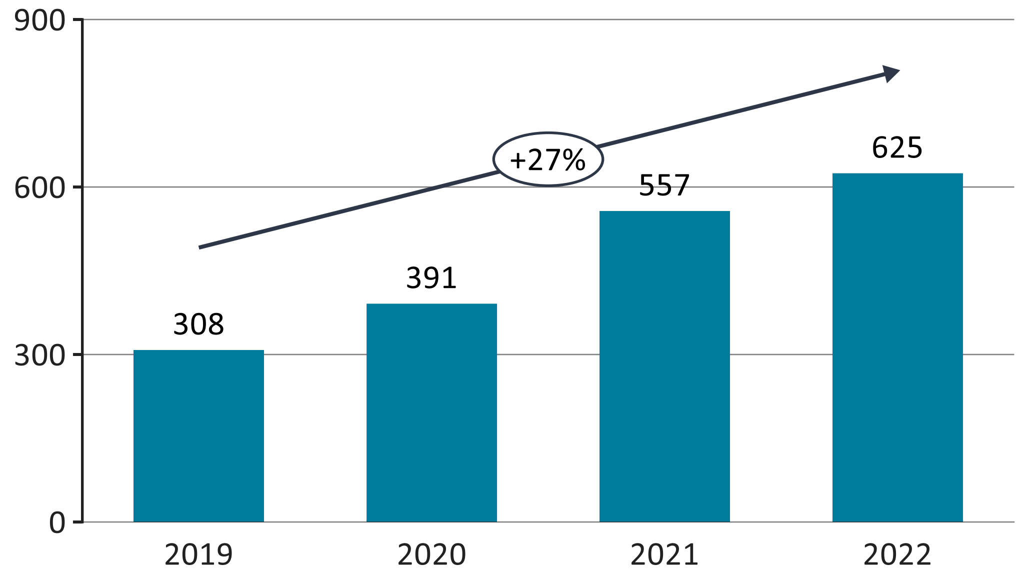
NOK 625 m
Adjusted EBITDA 2022



Revenue NOKm



Adjusted EBITDA NOKm



Fourth quarter report 2022 highlights

All-time high revenue of NOK 1,525 million or a growth of 18%

- Organic revenue growth in fixed currency of 12% supported by
  - US growth with normalized critical event volumes compared to Q4 21 with unusually low activity
  - High growth momentum for Global Messaging aggregator volumes
  - Improved retail activity in Europe after soft volumes in Q2 22 and Q3 22

All-time high gross profit of NOK 400 million or an increase of 11%

- Organic gross profit growth in fixed currency of 5% and below revenue growth due to margin mix effects
  - Increase in low margin aggregator volumes and loss of high margin covid traffic YoY

All-time high adjusted EBITDA of NOK 188 million or a growth of 7%

- Previously announced opex reductions contributed NOK 9 million in the quarter

LINK signed 644 new and expanding agreements in the fourth quarter

- New agreements signed stable at high level YoY

Improved execution providing the foundation for increased profitability

2022 challenges with negative impact on profitability

- Low growth momentum from new contract wins and too high run rate costs on entering the year
- Soft retail mobile marketing volumes in Q2 22 and Q3 22
- Gross profit growth in 2022 reduced by high comparables in 2021 related to non-recurring covid traffic

Impact from actions to improve profitability

- Higher contract backlog in H2 2022 as refocused commercial activities increased inflow of new business
- High gross profit growth from global clients in absolute amounts and percentage
- Opex reduction initiatives ahead of and larger than previous forecast

Revenue increased by 18% in the year to NOK 5,190 million

- Organic revenue growth was 12% in 2022 in fixed currency

Gross profit grew by 15% to NOK 1,385 million

- Organic gross profit growth of 4% in fixed currency negatively impacted by high margin non-recurring covid traffic in the previous year

Reported adjusted EBITDA growth of 12% to NOK 625 million

- Opex cuts initiated late 2022 at NOK 9 million in the last quarter of the year

Steps taken delivering positive profit trend into 2023

Expected development for gross profit and profitability in 2023

- Significantly improved commercial momentum to positively impact gross profit growth
- Opex savings progressing ahead of target to further support profitability
    - NOK 60 million improvement to 2022, partly offsetting underlying cost increases
- Covid growth dilution of 3 percentage points in 2022 to disappear after Q1 23
- Macroeconomic uncertainty remains, churn however expected to remain at a low level

Forward-looking statement 2023

- Gross profit growth expected to be higher than in 2022
- Organic adjusted EBITDA growth expected to be 12-15% in fixed currency
    - Supported by execution on opex savings

Commercial refocus - Strong growth in forecasted contribution from new wins

Large upswing in forecasted gross profit contribution from new contract wins

- Not including strong growth momentum also in the US which comes on top

Higher contract wins clearly supportive to gross profit growth

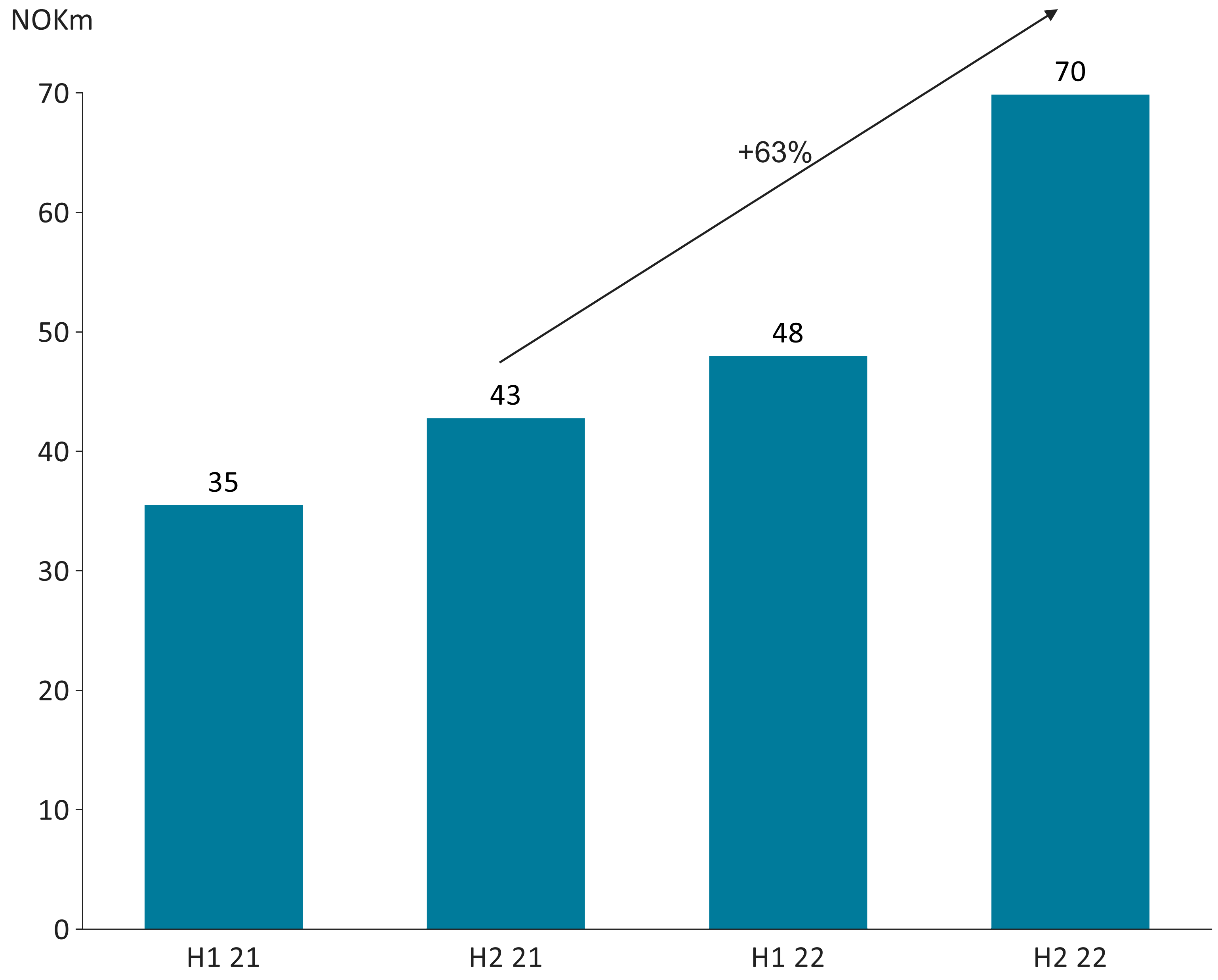
- Historical data indicates 75% of gross profit will be recorded in the P&L within 12 months

Several measures implemented in 2022 to execute on higher gross profit growth

- Stronger focus on products with proven market demand and less resources spent on building market adoption
  - Sell more SMS and switch customers to Rich SMS and OTT* channels with higher profitability
  - Upsell Xenioo and WhatsApp to customers

*) OTT channels include new communication methods like RCS, WhatsApp, Messenger etc.

Annualized gross profit contribution* from new contract wins



* Forecasted annual gross profit contribution based on best estimate from CRM system data, US contracts not included

Cost initiatives ahead - Supporting adjusted EBITDA and free cash flow in 2023

Higher cost reductions and execution <u>ahead</u> of plan

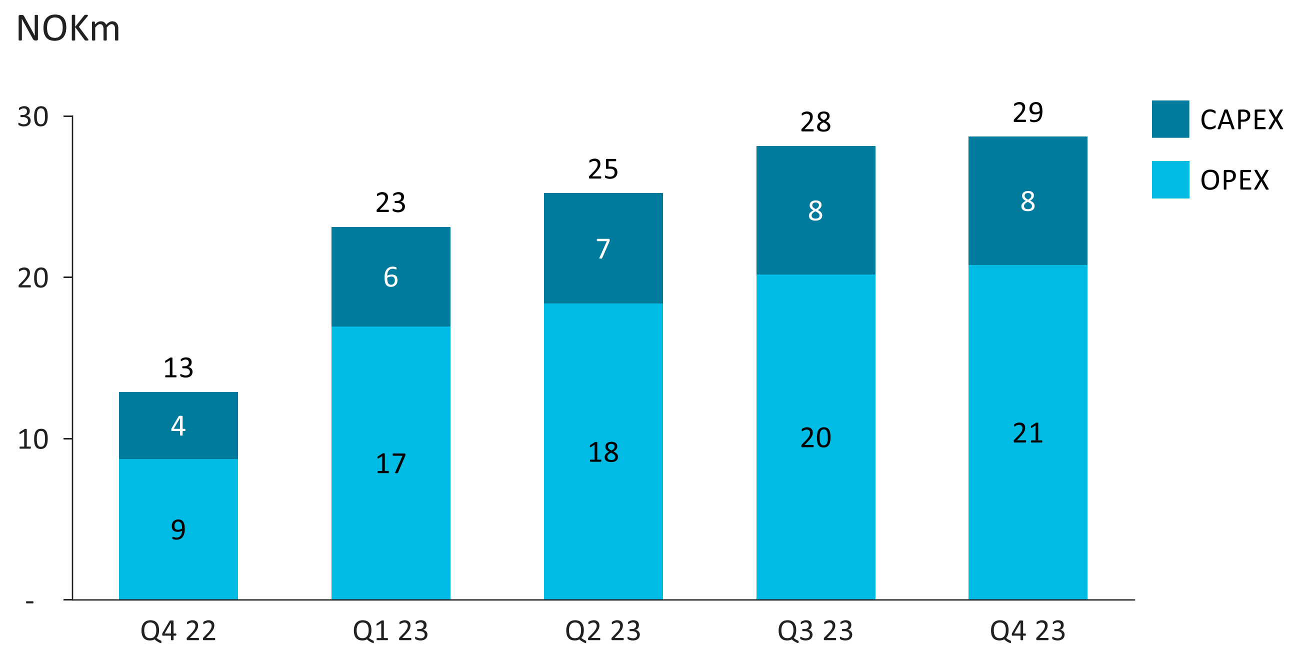
- Q4 22 actuals NOK 13 million, up from previous estimate of NOK 9 million
- Updated total cost savings for 2023 to NOK 105 million, an increase of NOK 27 million from previous estimate

Opex reduction for 2023 re-forecasted at NOK 76 million

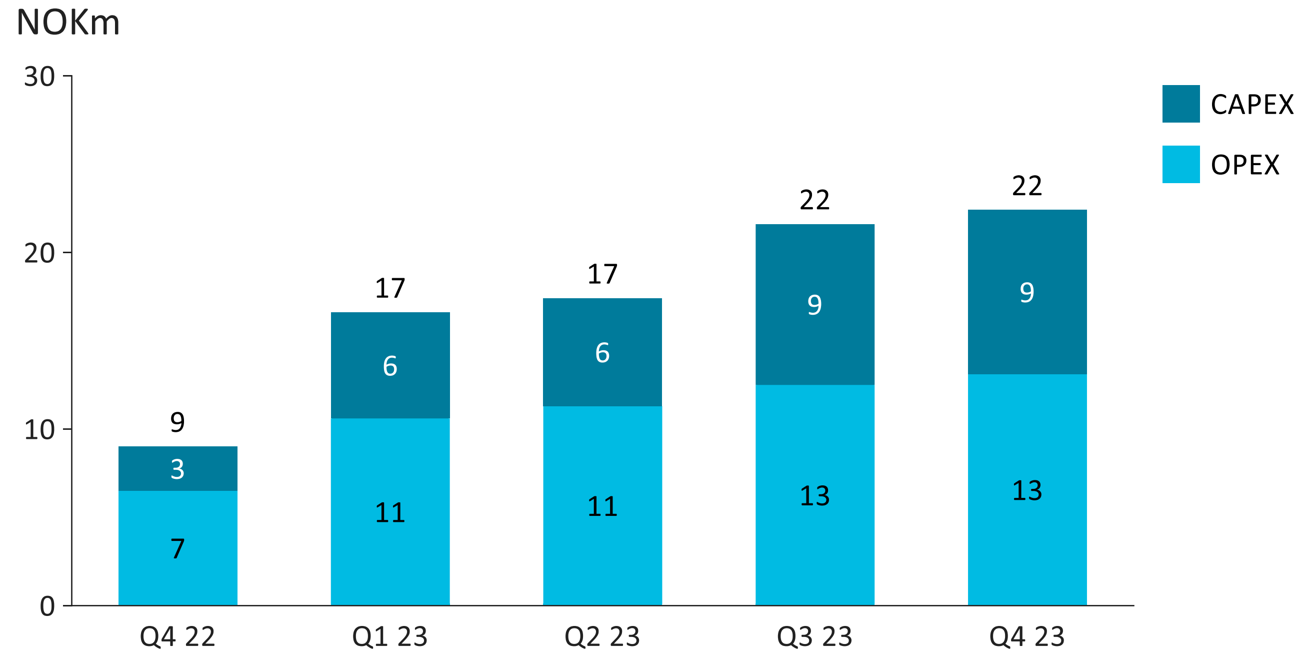
- New forecast is NOK 28 million higher than previous estimate for 2023
- Opex initiatives expected to increase profitability in 2023 by NOK 60 million compared to 2022

Capex reduction for 2023 inline with previous forecast at NOK 29 million

Updated cost saving estimates from Q2 22 cost level



Initial cost saving initiatives from Q2 22 cost level



Organic gross profit growth visibility from 2023

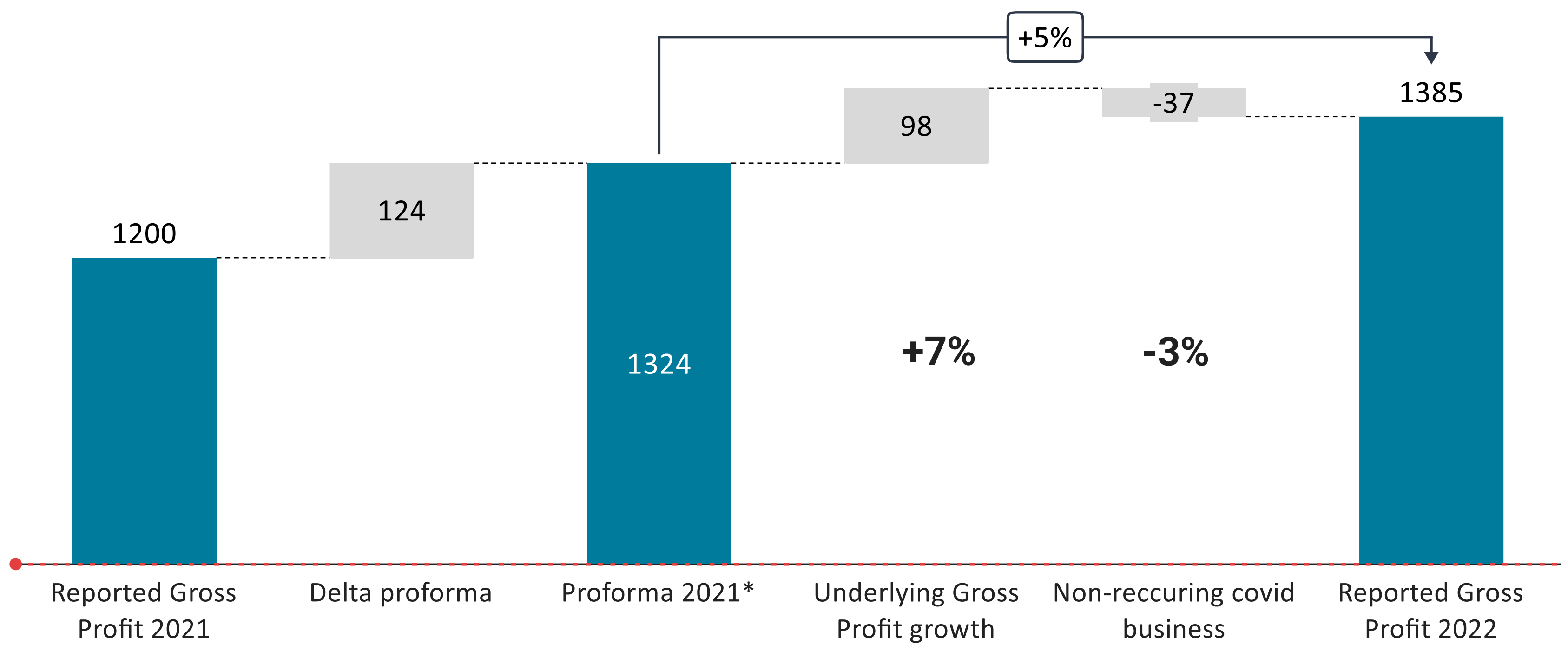
Lower gross profit growth in 2022 due to non-recurring covid traffic

- High covid related traffic in Austria, Poland and Norway, connected to vaccination and testing, in the same period the previous year
- Effect reduced gross profit growth in 2022 by 3 percentage points

Effect to disappear after Q1 23 as no material covid traffic after Q1 22

- Reported organic gross profit growth equal to underlying performance

Gross profit (NOKm) and growth (%)



* pro forma excluding acquired US customer base.

LINK grows and retains customers

49,907 active customer accounts growing 6% YoY

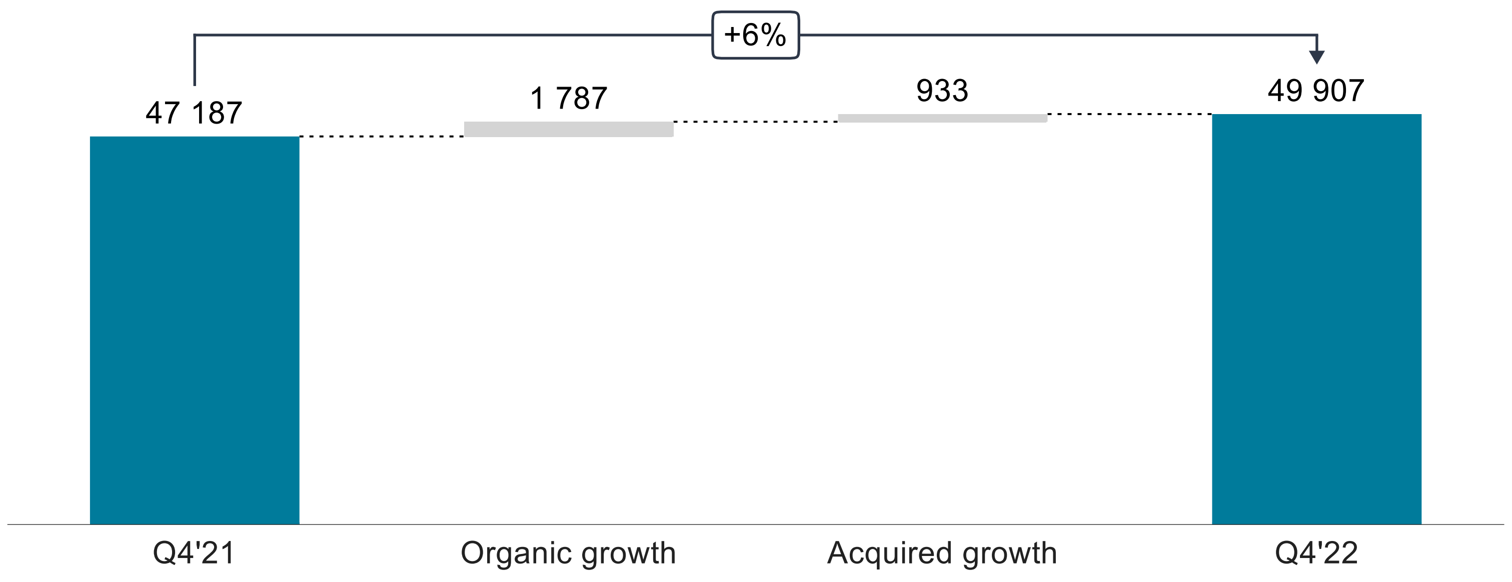
- Organic growth 1,787 new customer accounts
- 933 new customer accounts acquired

New agreements signed was stable at high level YoY

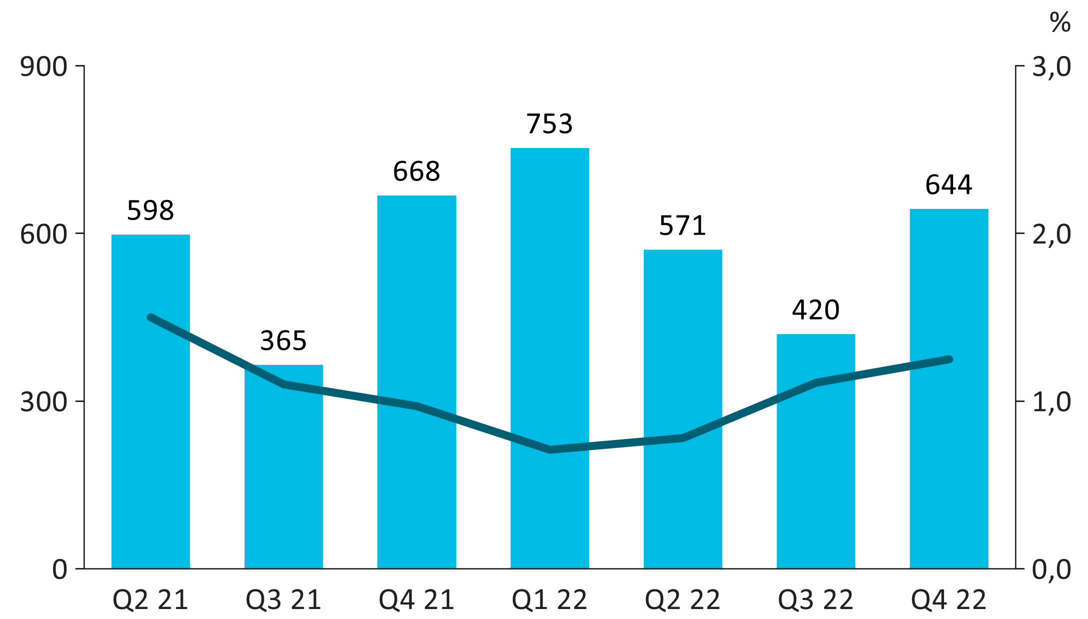
Customer churn remained very low at 1.25% in 4Q 22

- Been stable well below 2% in the last two years

Customer accounts



New agreements signed in quarter / Customer churn (%)



LINK gaining traction in the US

Gross profit momentum with 54% growth to USD 9 million in Q4 22

- High order backlog for messaging solutions
- Broader exposure to critical events messaging with utilities
  - New agreements signed across the US with large potential to scale revenue

LINK signed two new large utility contracts with committed revenue of USD 7.6 million

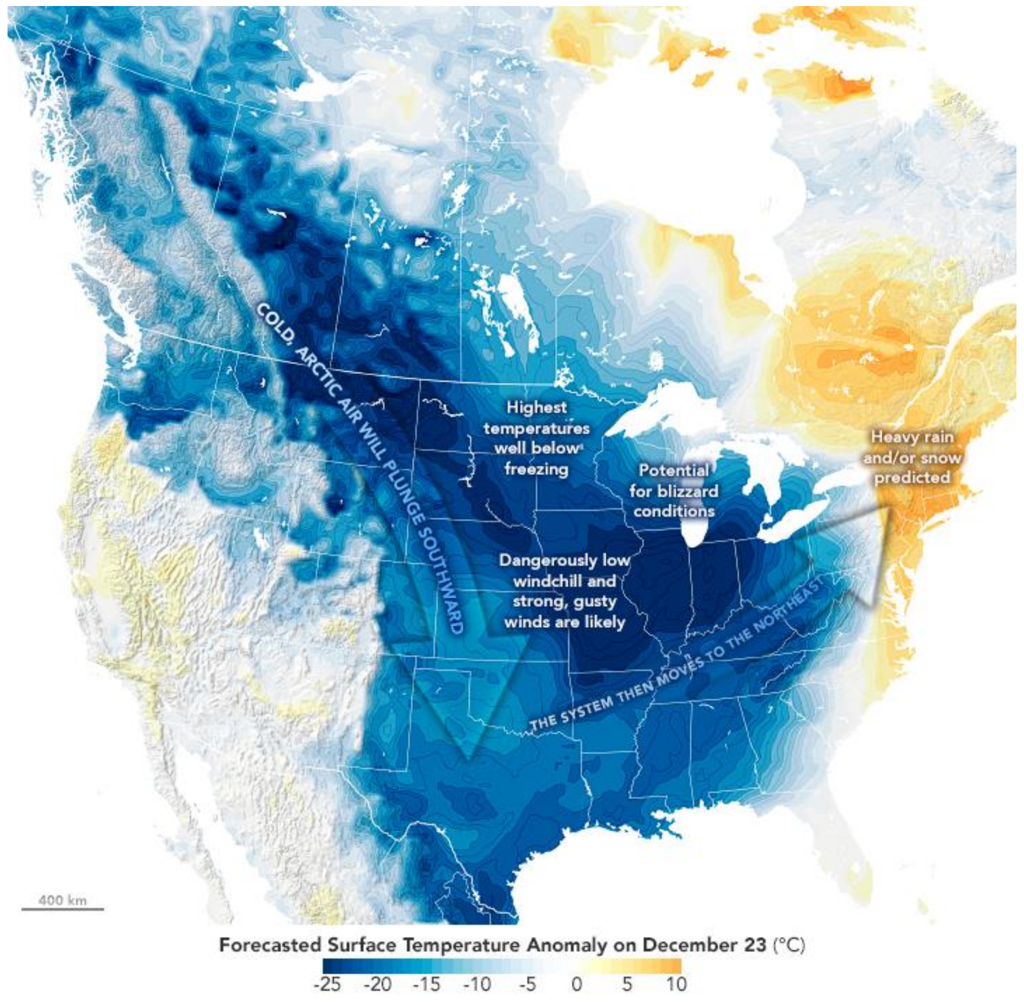
- Three-year contracts generating license fees and professional service revenue
  - Unquantifiable critical events messaging an addition
- Fortune 500 companies with more than 10,000 employees and several million customers

LINK has in addition agreed to take over a customer base in the US in November

- Carved-out from larger undisclosed company with no material impact on LINK financials
- Merged with Message Broadcast to provide further diversification and growth opportunities
- Customer base cash settled at multiple equal to financial policy ceiling of 3.5x leverage

Business expanded across US since acquisition

Exposure to US winter storms in December 2022



NASA Earth Observatory

CPaaS solutions increasingly contributing to overall growth

Group growth in new contract wins amplified by strong CPaaS development

- Forecasted gross profit contribution from CPaaS solutions grew 140% in Q4 22 YoY
  - However longer P&L lead times as clients need to adapt their value chains

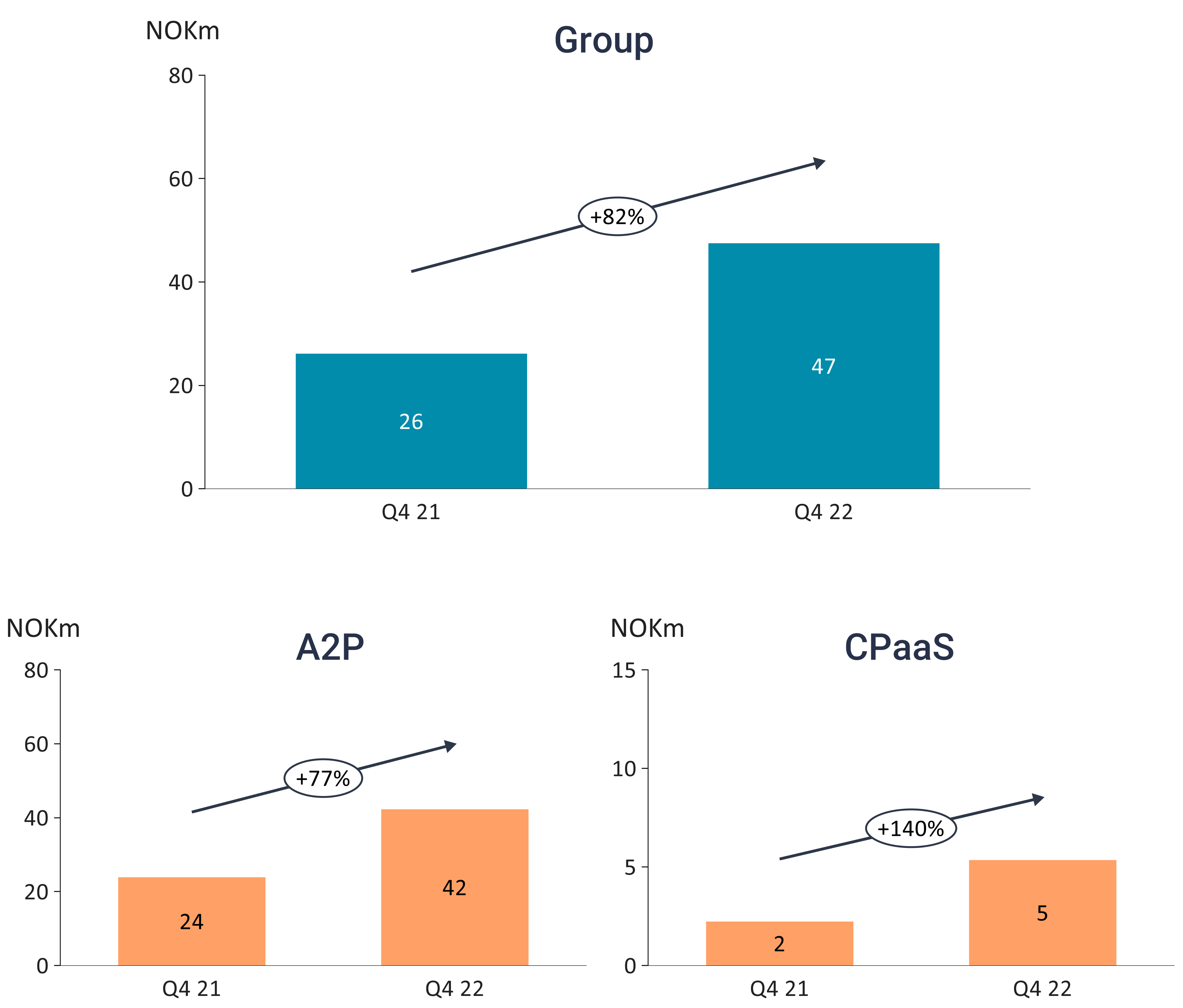
CPaaS lifted group growth in contract wins above 77% recorded for A2P services

- CPaaS share of group total increased to above 10% in Q4 22

Global Sales strong contributor to upswing in CPaaS contribution

- Sales team gained traction with several leading global clients

Gross profit contribution* from new contract wins



* Forecasted annual gross profit contribution based on best estimate from CRM system data

Market trends confirm shift towards conversational solutions

Market adoption for selected CPaaS products accelerating

- Confirmed by LINK's growth in new CPaaS contract wins

Notification use cases for essential communication

- Stable market demand and growth momentum estimated in the high single-digits
- Market growth mainly on alerts, reminders, payment and security products while 2FA is stable

Mobile marketing use cases increasingly adopting new channels

- Accelerated demand for new channels with a richer feature set
    - Use cases evolving from one-way mass communication to more conversational solutions
- Improved retail volumes in Q4 compared to below normal volumes in Q2 22 and Q3 2022
    - Recent market demand exhibiting increased volatility

Customer service growing from lower base of around 10% of group revenue

- Parts of IVR (automated telephone systems) replaced by messaging services which enhance consumer interaction and reduce supplier costs
- Chatbots and new channels in demand, however more time-consuming to implement and scale

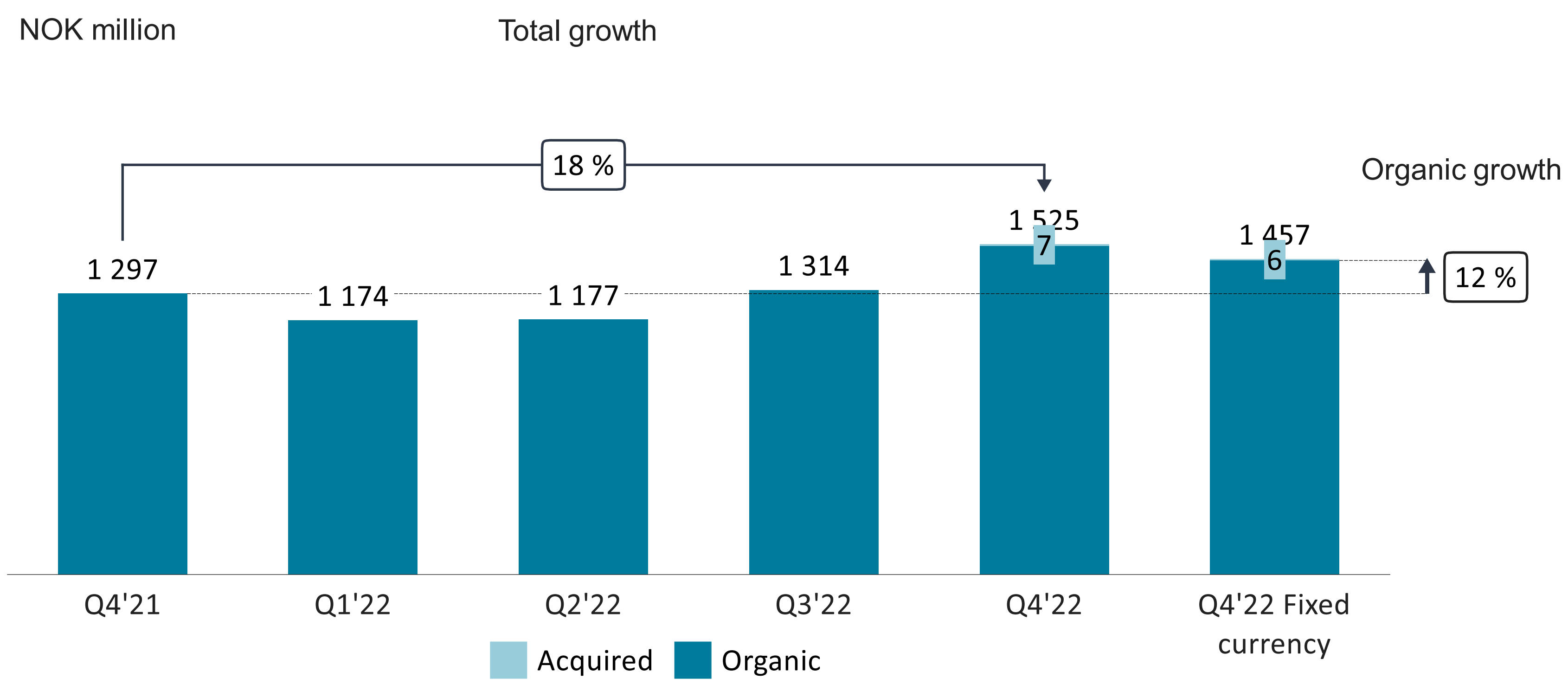
LINK's Xenioo chatbot has been well received in the market

Financial Review

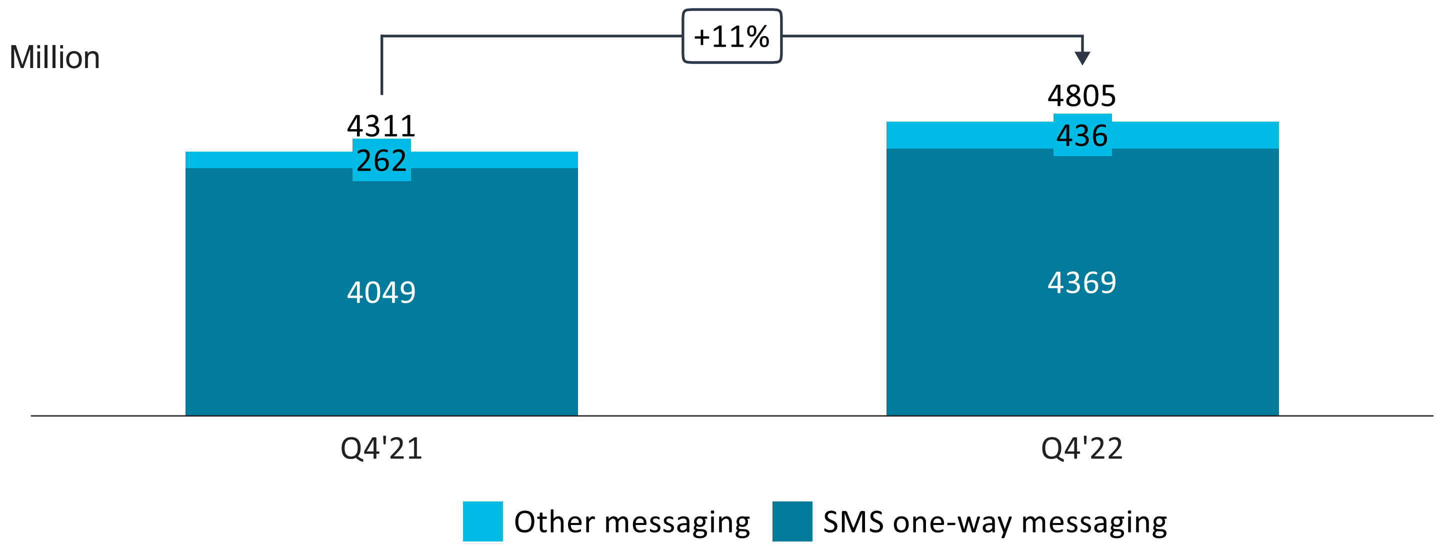
Fourth quarter 2022

Reported revenue growth of 18% to all-time high NOK 1,525 million

Total reported revenue



Reported volume growth YoY (%)



Organic revenue growth of 12% in fixed currency

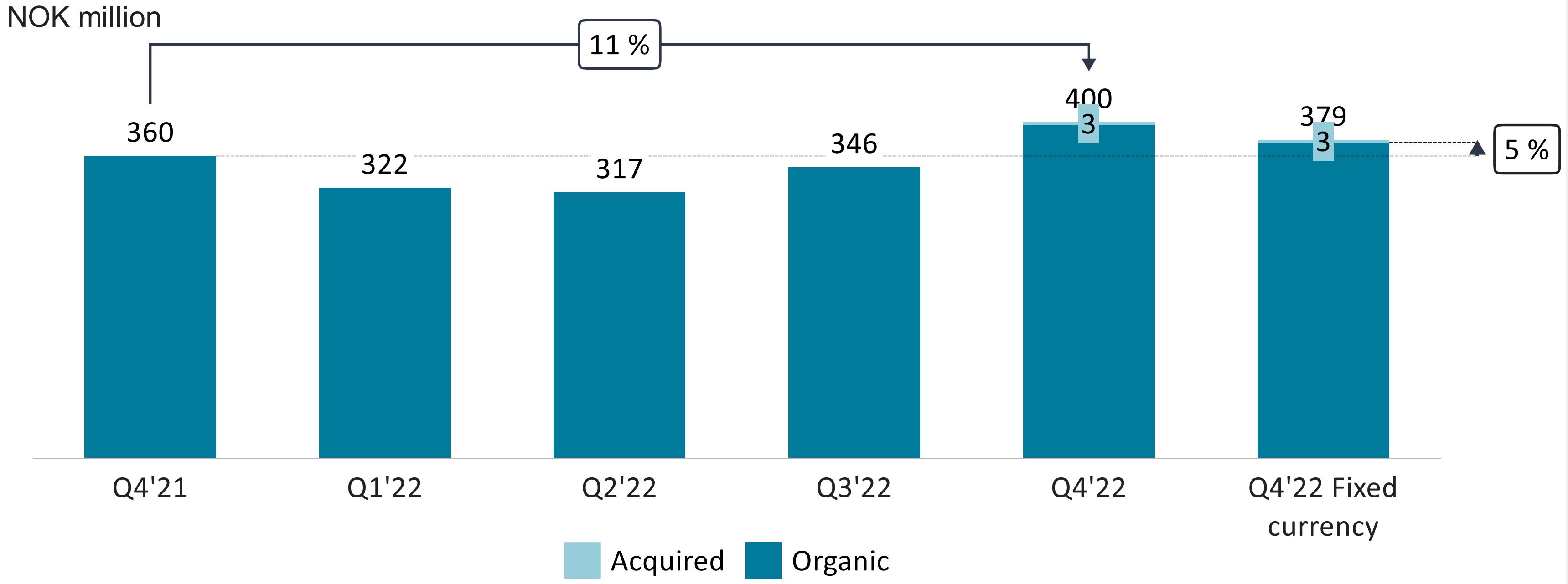
- Improved contribution from the US with 91% revenue growth
  - Critical events messaging of NOK 20 million from winter storms in December
  - Messaging solutions growth of 59% from signed contracts during H2 2022
- Global Messaging revenue growth of 64%
- Retail activity improved from low level previous two quarters

Reported volume growth for Q4 22 at 11% and lower than revenue growth

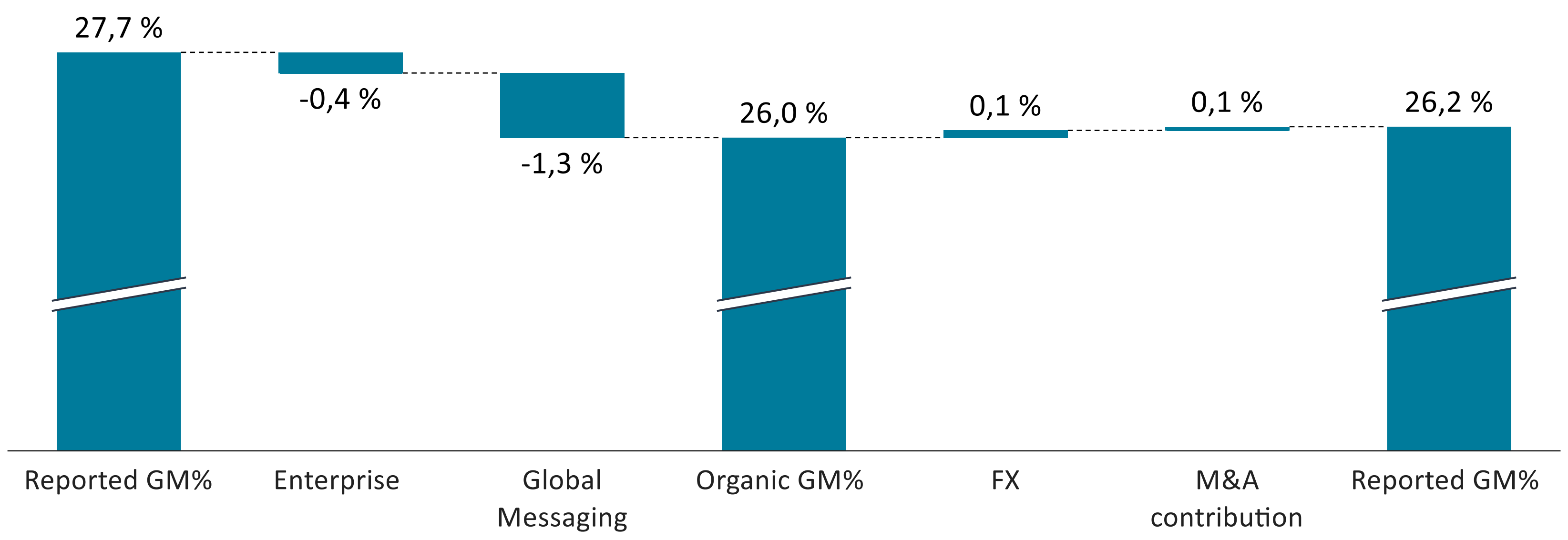
- Higher share of non-messaging revenue like licences and professional services
- Global Messaging volume mix towards destinations with higher price per message

Reported gross profit increased 11% to all-time high

Reported gross profit



Gross margin (%)



All-time high gross profit at NOK 400 million

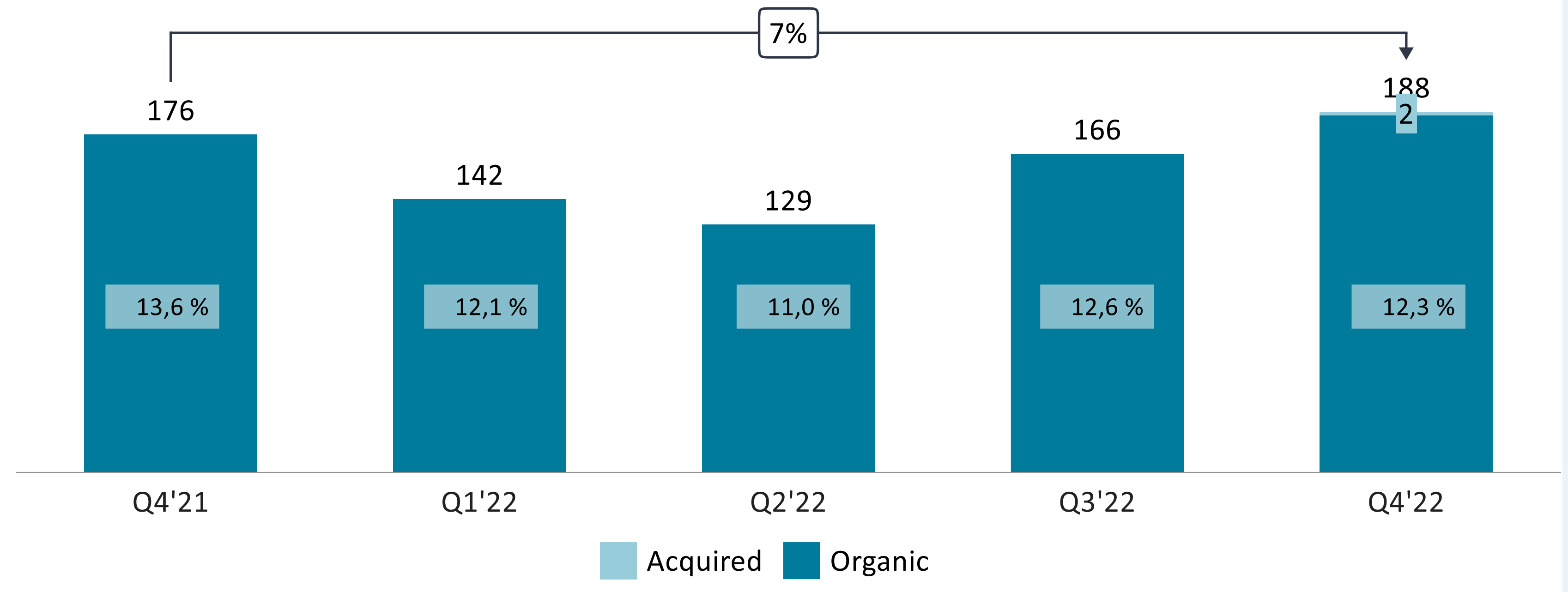
- Organic gross profit growth in fixed currency was 5%
- Gross profit growth slower than revenue growth due to mix effects

Gross margin dilution of 1.5 percentage points YoY in Q4 22

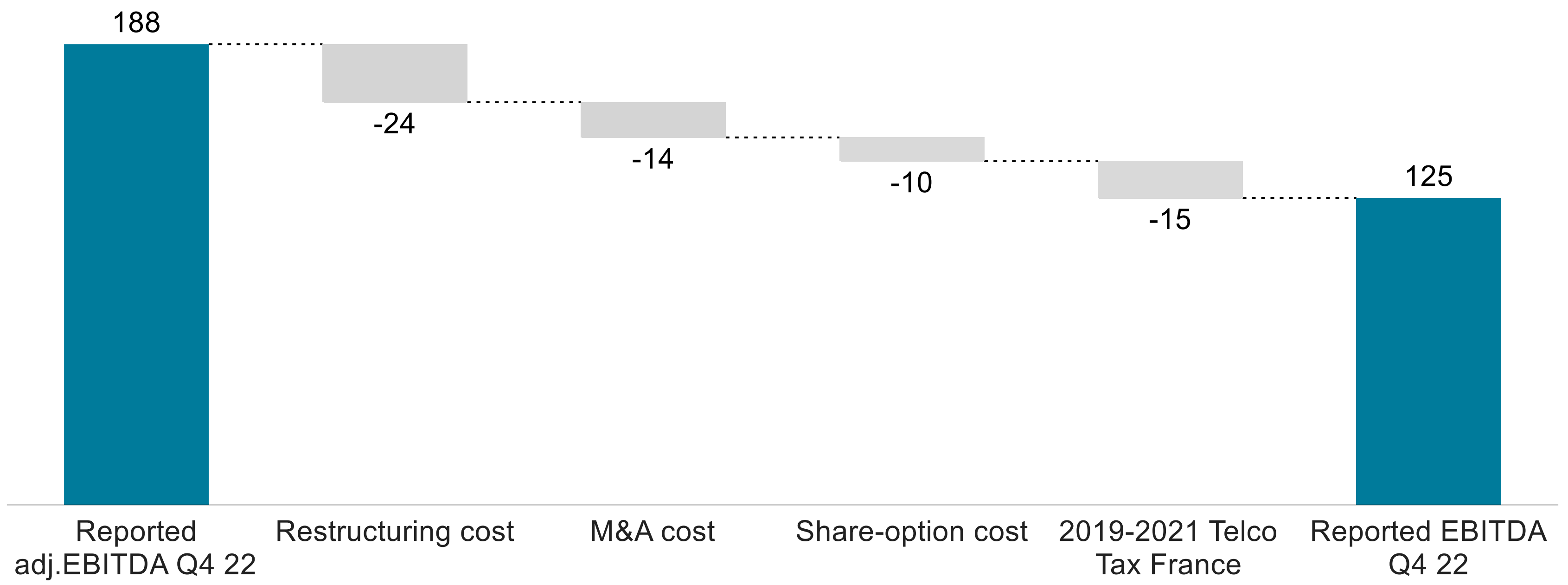
- Margin decline in Northern Europe related to price increases
- Central Europe margin decline related to traffic mix away from covid traffic and higher revenue from global clients with lower gross margin levels
- Positive mix effect from higher share of US revenue in the quarter mitigating other small movements

Reported adjusted EBITDA increased 7% to all-time high NOK 188 million

Reported adjusted EBITDA (NOKm) and margin (%)



Reported adjusted EBITDA to EBITDA (NOKm)



All-time high adjusted EBITDA at NOK 188 million

- Ongoing opex initiatives supportive to growth in the quarter
- Telecom tax in France fully expensed from 2022 at annual level of NOK 4.5 million

Non-recurring costs of NOK 63 million in Q4

- Restructuring costs NOK 24 million mainly related to ongoing cost initiatives.
  - Annualized run-rate cash effect of initiatives realized as of December NOK 68 million
- M&A costs NOK 14 million
  - NOK 5 million related to acquisition of customer base in the US
  - NOK 5 million run-off completed projects and NOK 4 million ongoing projects
- Share option costs NOK 10 million
- Historic tax liability in France related to 2019 - 2021 of NOK 15 million

Profit and Loss statement

NOK in millions	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Total operating revenues	1 525	1 297	5 190	4 410
Direct cost of services rendered	(1 125)	(937)	(3 805)	(3 210)
Gross profit	**400**	**360**	**1385**	**1200**
Operating expenses	(212)	(184)	(760)	(644)
Adjusted EBITDA	**188**	**176**	**625**	**557**
Non-recurring costs	(63)	(55)	(148)	(252)
EBITDA	**125**	**121**	**478**	**305**
Depreciation and amortization	(109)	(100)	(416)	(338)
Impairment of intangible assets and goodwill	(180)	-	(180)	-
Operating profit (loss)	**-164**	**21**	**-118**	**-33**
Net financials	**-168**	**96**	**-37**	**-14**
Profit (loss) before income tax	**-332**	**117**	**-155**	**-48**
Income tax	53	(14)	4	(30)
Profit (loss) for the period	**-279**	**103**	**-151**	**-78**

Depreciation and amortization of NOK 109 million

- Depreciation of intangible assets of NOK 22 million from internal R&D
- Depreciation of acquired excess values of NOK 81 million deriving from PPA’s
- Remaining related to depreciation of leasing arrangements and fixed assets

NOK 180 million write-down of goodwill in Spain

- Related to acquisitions in 2017 (GMS and Didimo)

Net financial items negative NOK 168 million

- Negative currency effect of NOK 146 million with limited cash impact
- Interest NOK 34 million reflecting outstanding EUR 370 million bond
- Positive NOK 13 million correction made to outstanding earn-out liability

Strong balance sheet

NOK in millions	Q4 2022	Q4 2021
Non-current assets	8 924	8 792
Trade and other receivables	1 244	905
Cash and cash equivalents	827	844
Total assets	**10 994**	**10 540**
Equity	**5 226**	**5 090**
Deferred tax liabilities	533	557
Long-term borrowings	3 837	3 696
Other long term liabilities	45	64
Total non-current liabilities	**4 416**	**4 317**
Trade and other payables	1 331	1 063
Other short term liabilities	22	71
Total current liabilities	**1 353**	**1 134**
Total Liabilities	**5 769**	**5 451**
Total liabilities and equity	**10 994**	**10 540**

Non current assets increased mainly due to currency effects

- Marginal additions related to purchase price allocations (PPA)

Cash on balance sheet NOK 827 million

- Sellers credit including interest for Tismi acquisition of NOK 74 million paid
- Acquisition of customer base in the US NOK 62 million

Equity NOK 5,226 million and equity percentage of 48%

Receivables and payables increased with organic growth

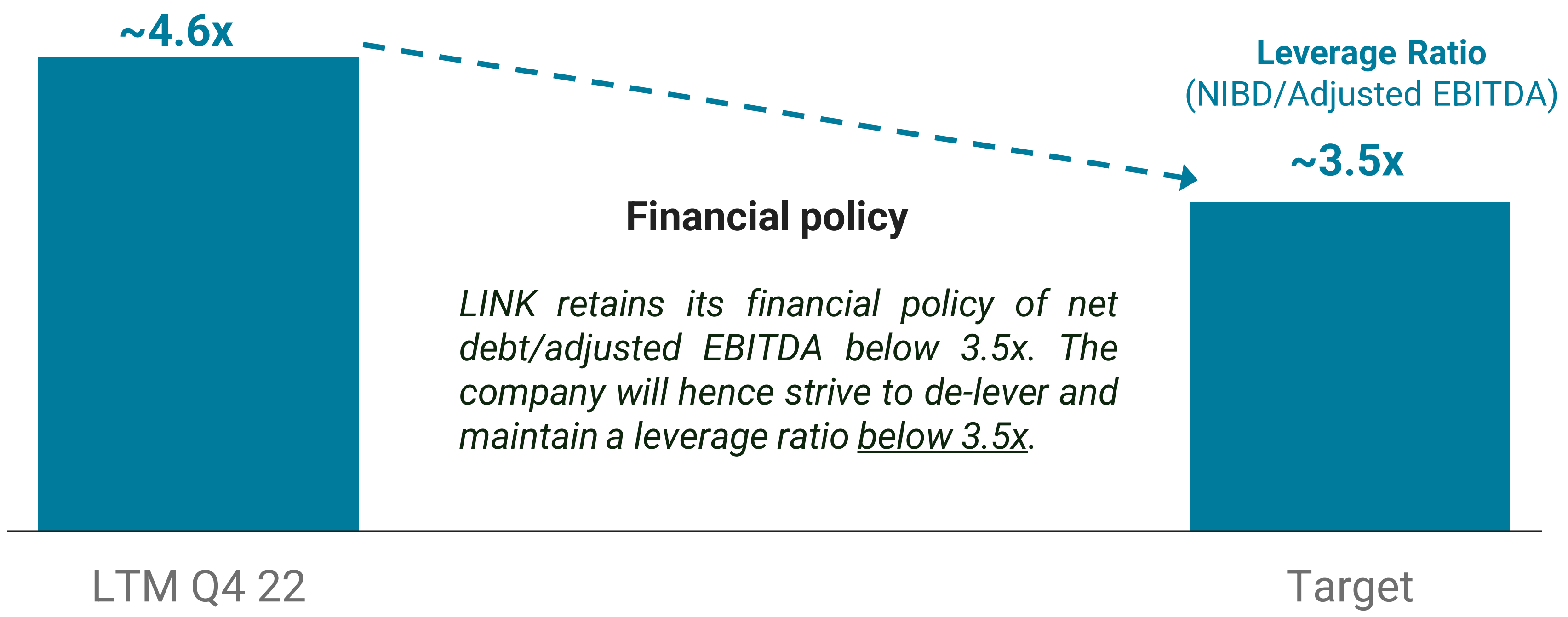
- Relative growth reflected higher US revenue with low cost of goods sold
- Fluctuations in receivables impacted by timing of collection from large solid global enterprise clients

Net interest bearing debt NOK 2,960 million

Free cash flow to support deleveraging in 2023

Reported free cash flow

NOK '000	Q1 2022	Q2 2022	Q3 2022	Q4 2022	LTM Q4 2022
Adj.EBITDA	**142**	**129**	**166**	**188**	**625**
Change working capital	(98)	89	(103)	66	(46)
Taxes paid	(13)	(6)	(10)	(30)	(58)
Non-reccuring costs	(14)	(18)	(15)	(53)	(104)
Net cash flow from operating activities	**19**	**194**	**38**	**170**	**417**
Add back non-recurring costs	14	18	15	53	104
Adj. cash flow from operations	**32**	**212**	**53**	**223**	**521**
Capex	(50)	(45)	(38)	(47)	(180)
Interest	(3)	(69)	(1)	(69)	(142)
Cash flow after capex and interest	**(21)**	**98**	**14**	**107**	**198**



Adjusted LTM cash flow from operations NOK 521 million
- Reported cash flow from operations include M&A related expenses
- FCF generated after capex and interest of NOK 198 million

Working capital varies significantly between quarters
- LTM build mainly reflects periodization and not higher underlying WC
- WC remains net negative and a funding source for organic growth

High cash conversion LTM
- Adjusted cash flow from operations 83% to adjusted EBITDA
- Free cash flow after interest and capex 32% to adjusted EBITDA

Cost reduction initiatives supporting FCF and adjusted EBITDA in 2023

Reported LTM Q4 22 leverage at 4.6x
- FCF and growth in adjusted EBITDA 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 33 months

Q&A

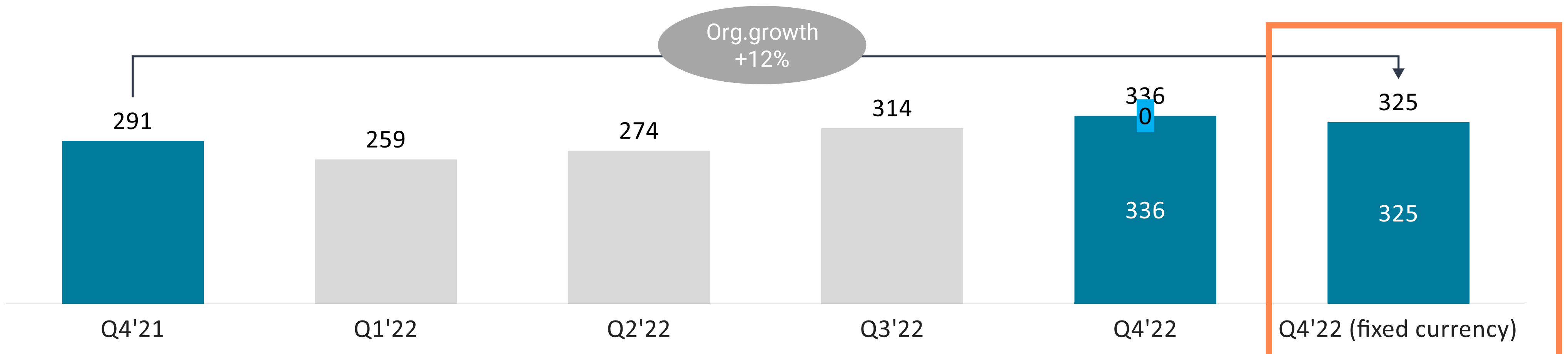
Appendix

Segment information

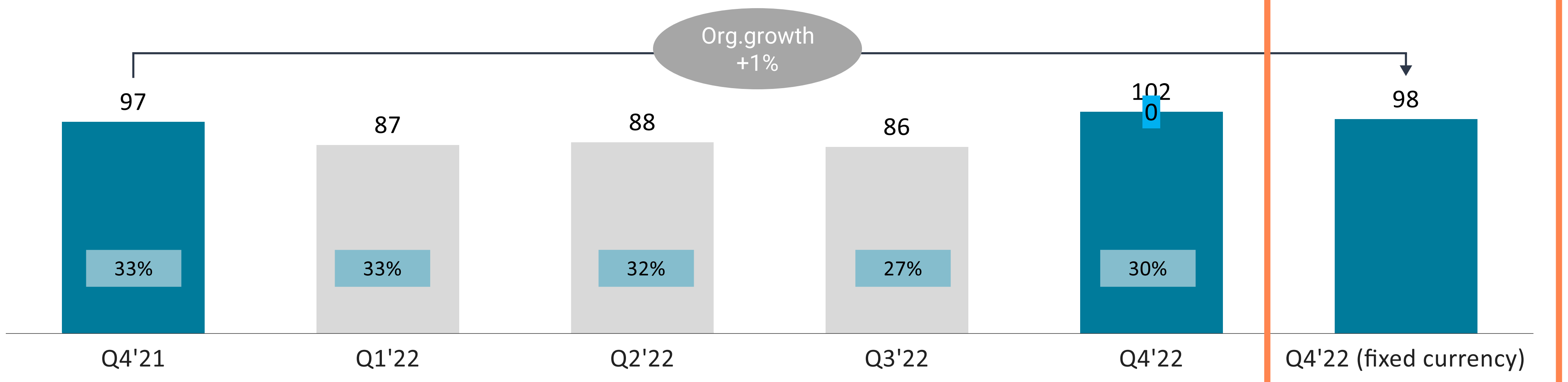
Northern Europe

Central Europe

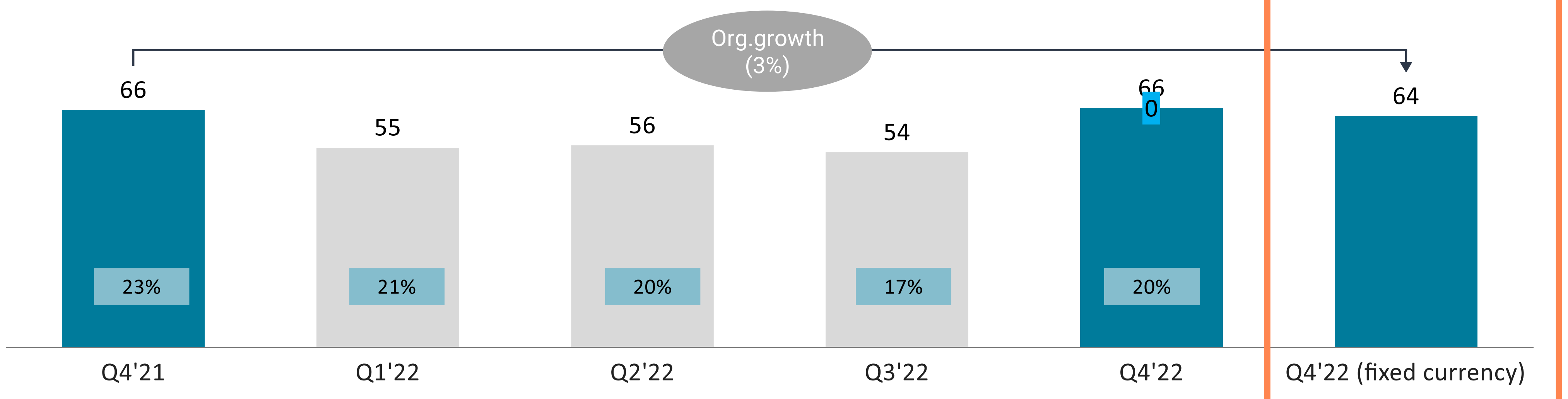
Revenue (NOKm)



Gross Profit (NOKm / %)

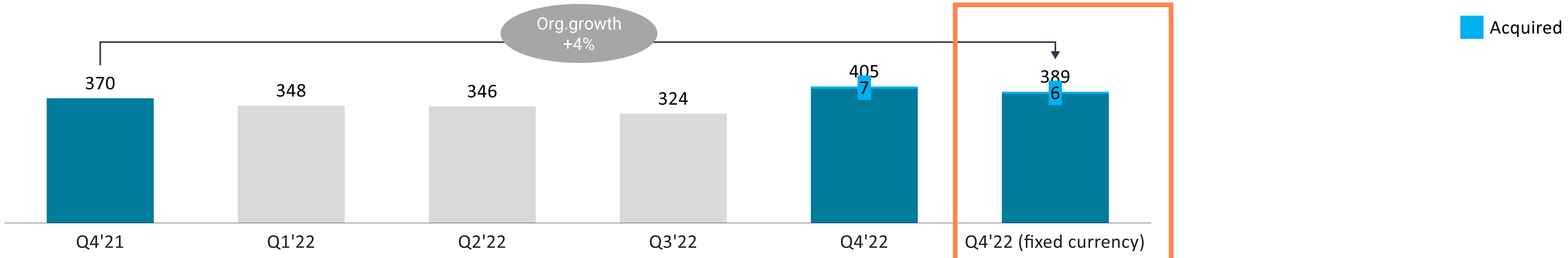


Adjusted EBITDA before group cost (NOKm / %)



Western Europe

Revenue (NOKm)



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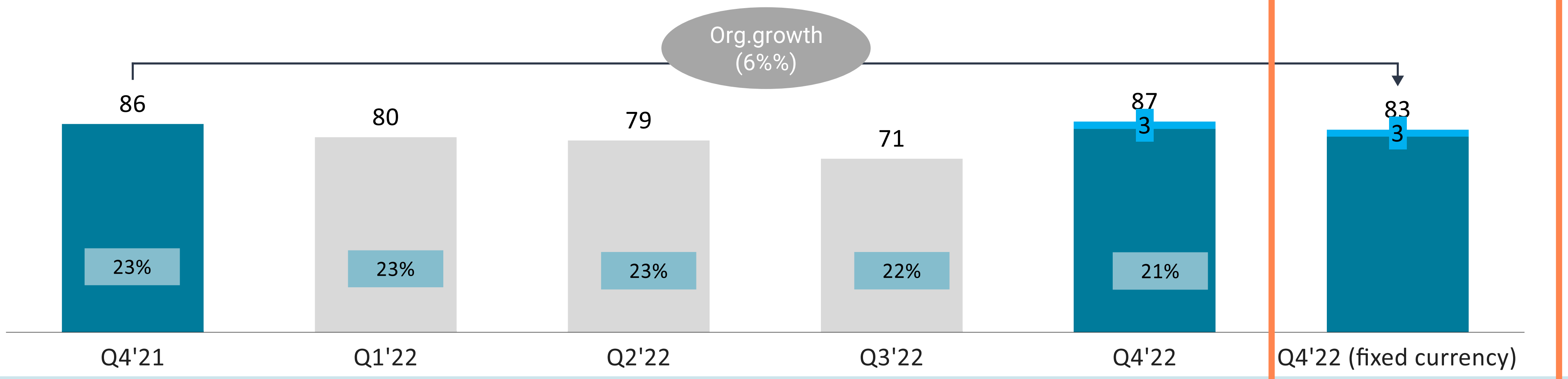
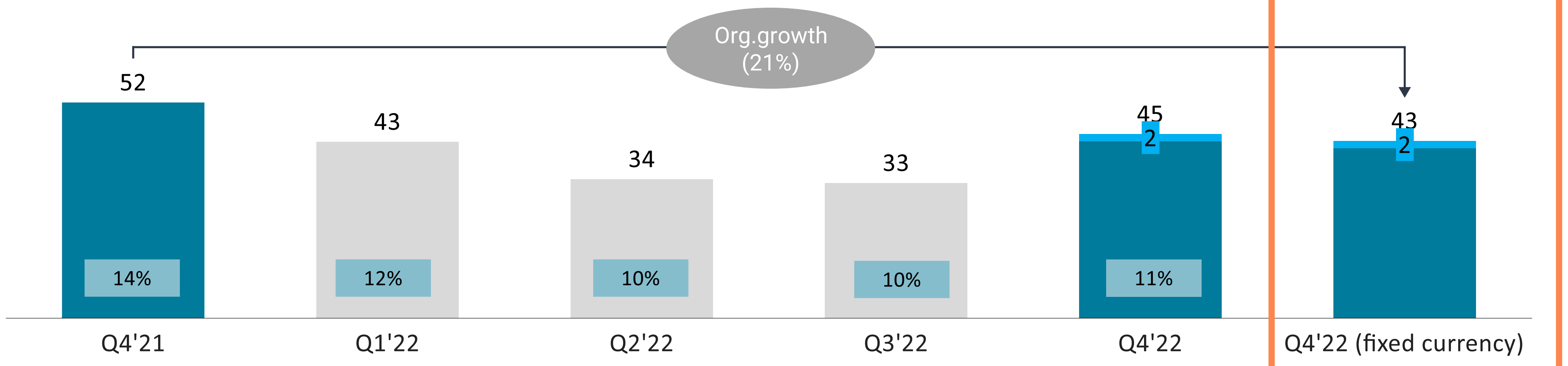


Adjusted EBITDA before group cost (NOKm / %)



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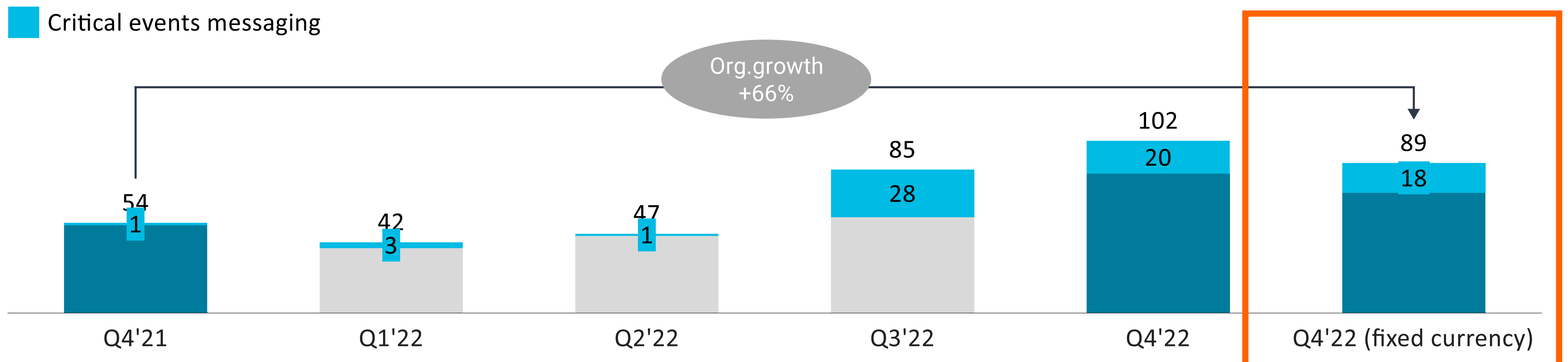
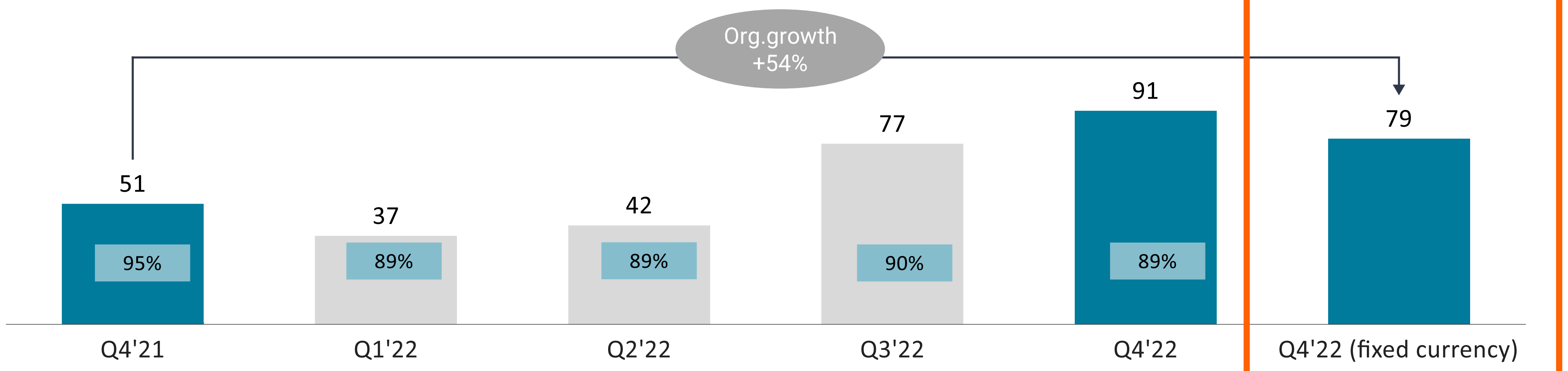
North America

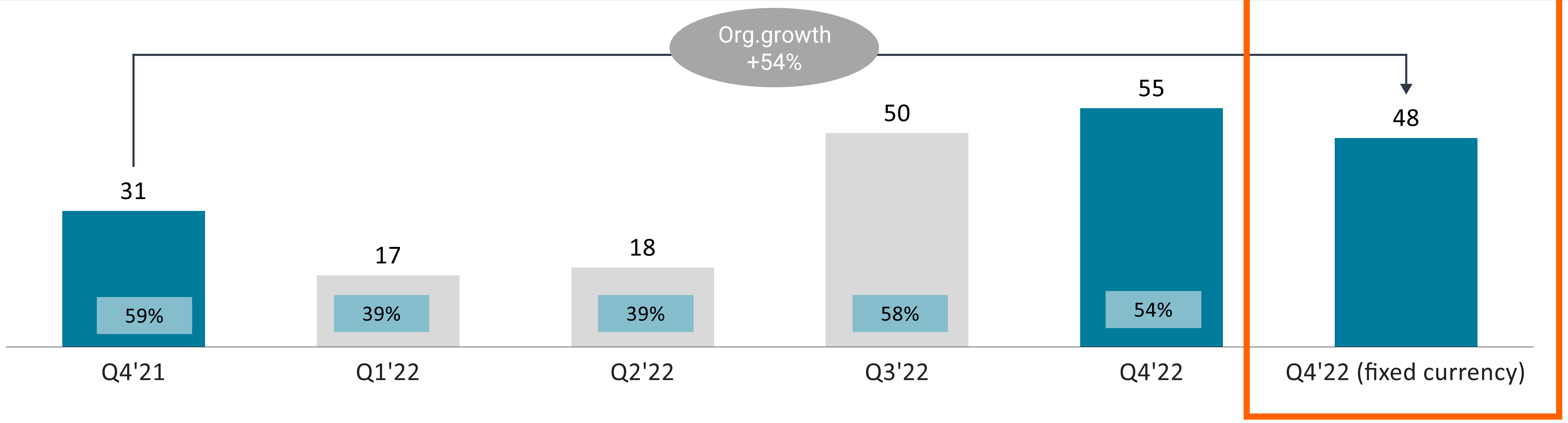
Revenue (NOKm)



Gross Profit (NOKm / %)



Adjusted EBITDA before group cost (NOKm / %)



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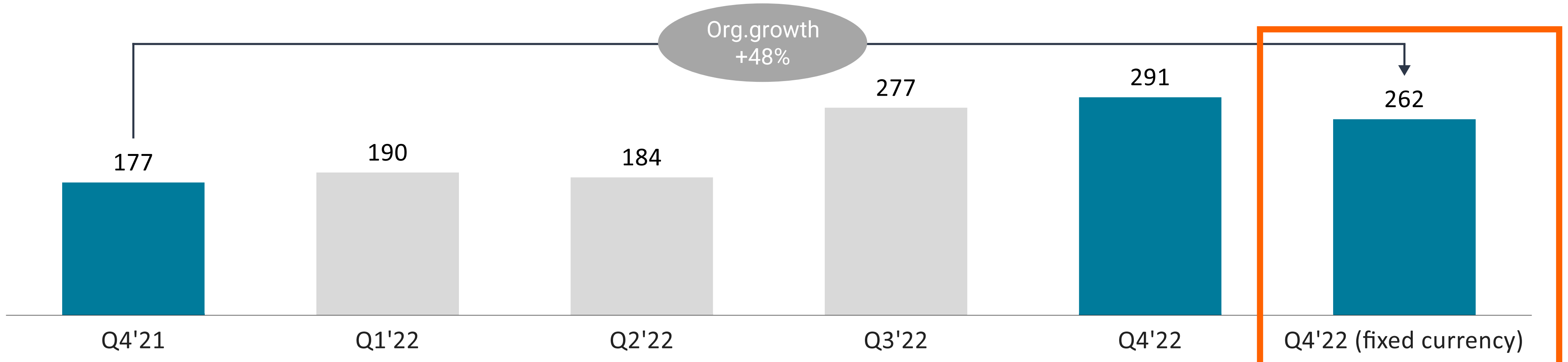
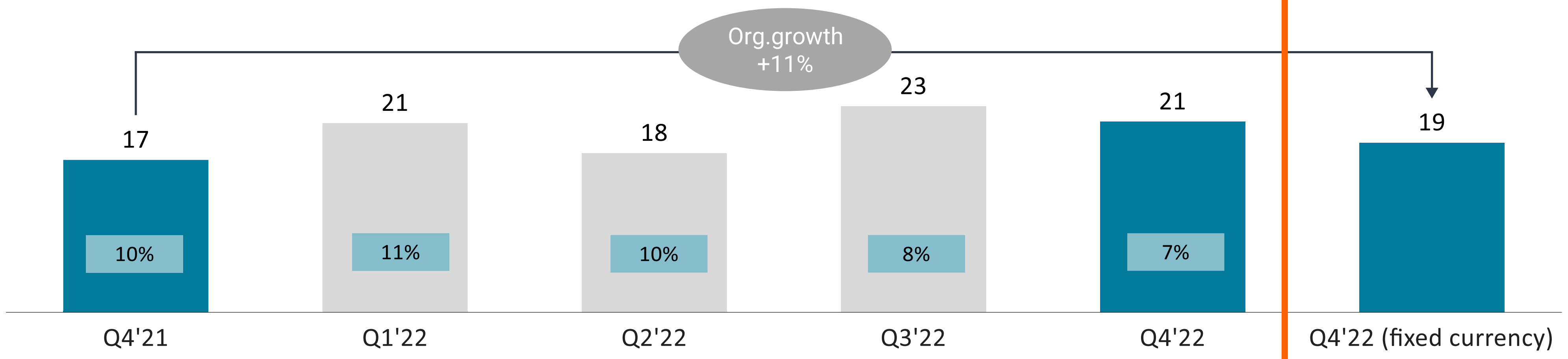
Global Messaging

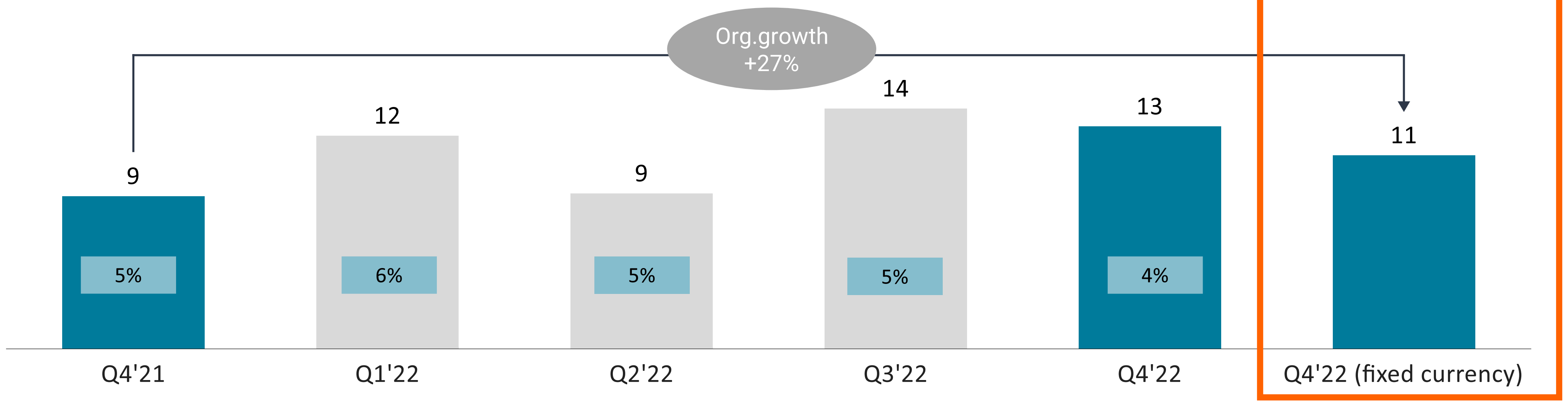
Revenue (NOKm)



Gross Profit (NOKm / %)



Adjusted EBITDA before group cost (NOKm / %)



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