LINK Mobility Group Holding ASA

Interim financial report Third quarter 2023

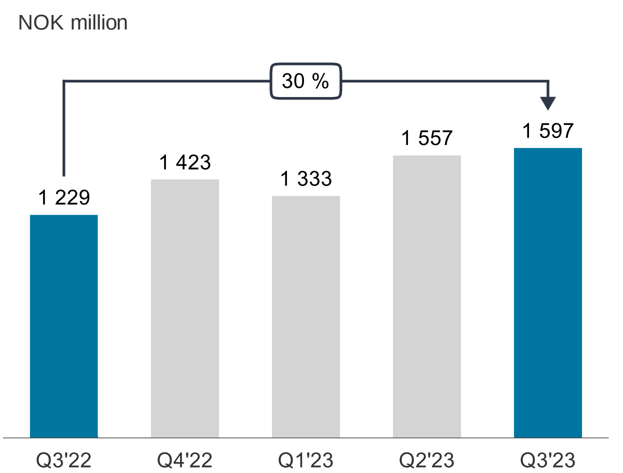
28 November 2023

linkmobility.com

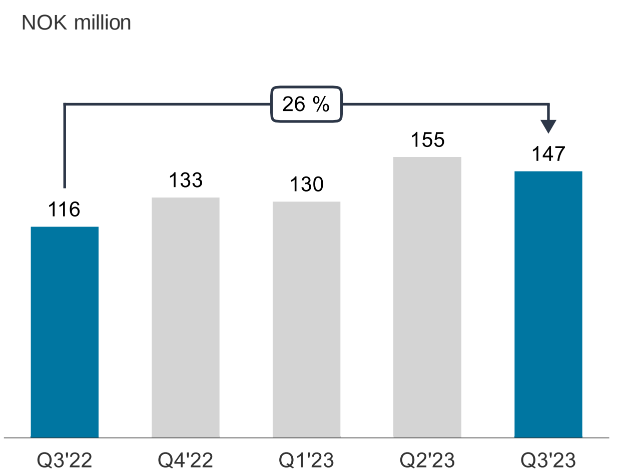
Highlights third quarter

- **Revenue reported at NOK 1 597 million. Organic growth in fixed currency 17%**
- **Gross profit reported at NOK 317 million. Organic growth in fixed currency 6%**
- **Adjusted EBITDA reported at NOK 147 million. Organic growth in fixed currency 16%**
- **LINK signed 507 (+21% YoY) new and expanding agreements in the third quarter**
- **After close of quarter Message Broadcast was divested for USD 260 million**
  - Valuation at highly attractive LTM Q3 23 EV / EBITDA multiple of 14.1x
- **Group leverage to be significantly reduced to 1.0x post transaction**
  - Providing ample financing capacity for inorganic growth through M&A

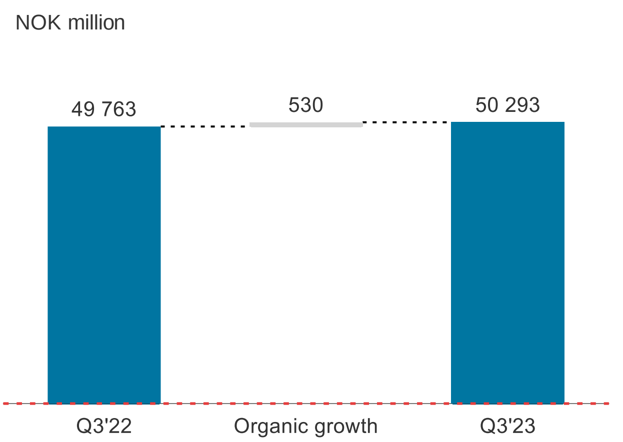
Total operating revenues NOKm



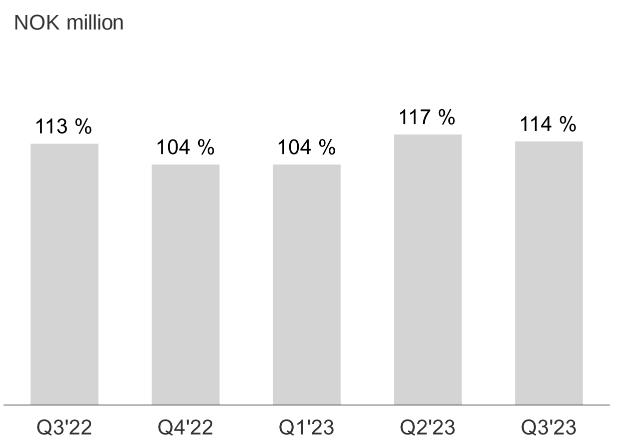
Adjusted EBITDA NOKm



Customer accounts



Net retention rate in fixed currency



Stable gross profit growth for enterprise

LINK Mobility (LINK) reported revenue of NOK 1,597 million, growing 30% in third quarter 2023 with strong FX tailwind and unusually high activity in Global Messaging. Organic revenue growth in fixed currency was 17%. Gross profit and adjusted EBITDA were reported at NOK 317 million and NOK 147 million respectively, with organic growth in fixed currency of 6% and 16%. The European enterprise segments delivered stable growth momentum as expected. YTD Q3 23 organic adjusted EBITDA growth in fixed currency was 12%. The divestment of US subsidiary Message Broadcast will significantly reduce leverage to 1.0x adjusted EBITDA with proceeds from the transaction enabling LINK to fast-track accretive M&A opportunities. LINK's global ambitions remain unchanged and the US market a priority.

Following the US divestment, Message Broadcast is reported as a discontinued business from Q3 23. The headline figures and restated comparables in this report are thus related to LINK's European business only.

The European enterprise segments continued to deliver stable underlying growth supported by a solid contract backlog. Organic gross profit growth in fixed currency was 7% and in line with the previous quarter. Execution on commercial initiatives was further supported by completed cost reductions with profitability as measured by adjusted EBITDA improving by 16% organically in fixed currency.

After close of the third quarter, LINK divested its US subsidiary Message Broadcast for USD 260 million following a bid. The valuation implies a highly attractive LTM Q3 23 EV / EBITDA multiple of 14.1x. Upon closing of the transaction, group leverage will be significantly reduced to 1.0x adjusted EBITDA, providing LINK with ample financing capacity for inorganic growth through M&A. LINK has an established M&A track record for value creation with more than 30 acquisitions completed in Europe during the last decade. The M&A approach will continue to be pragmatic and low risk with leverage to remain substantially below 3.5x adjusted EBITDA.

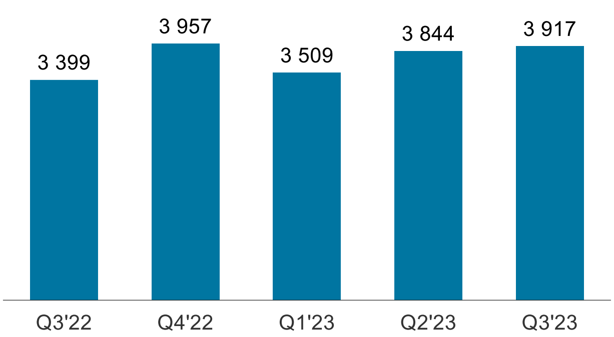
Reported revenue increased 30% YoY to NOK 1,597 million in the third quarter, with organic revenue growth at 17% in fixed currency. Underlying growth was driven by organic revenue growth of 54% for the Global Messaging segment due to unusual traffic mix effects and 6% for the European enterprise segments.

Gross profit grew 17% to NOK 317 million in Q3 23 with an organic gross profit growth in fixed currency of 6%. The gross margin was negatively affected by a one-off lower margin and a higher share of revenue from Global Messaging due to unusual traffic mix effects. The enterprise margin in Europe improved slightly YoY.

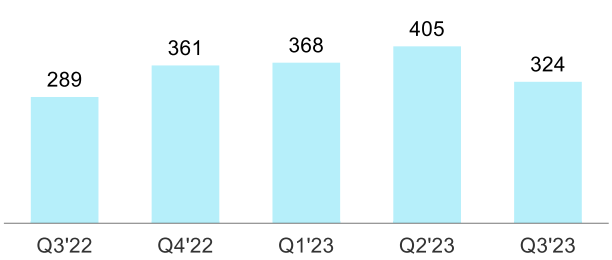
Adjusted EBITDA increased 26% to NOK 147 million in the third quarter, with organic growth at 16% in fixed currency. Executed cost reduction initiatives in the European enterprise segments and in group functions mitigated inflationary pressure and supported adjusted EBITDA growth ahead of gross profit growth.

Reported messaging volumes increased by 15% in the third quarter and less than revenue growth in fixed currency from positive mix effects driving a higher average price per message. Higher priced new OTT (richer content internet distributed) channels, which improve ROI for clients compared to traditional one-way SMS messaging (telco distributed), continued to gain traction in selected markets.

SMS One-way messaging (mill messages)



Other messaging (mill messages)



LINK well positioned for value generation in 2024 and beyond

LINK Europe is a transparent and highly cash generative business with a large and diverse customer base. The business is supported by a very low customer churn and a high and growing contract backlog. Beyond its recurring nature, LINK sees a significant upsell and new sale potential from new multi-channel / two-way messaging solutions in Europe.

The proceeds from the divestment of Message Broadcast will enable LINK to fast-track accretive M&A opportunities, leveraging a proven track record for inorganic growth over the last decade with more than 30 acquisitions completed in Europe. LINK sees a significant scope for inorganic EBITDA growth through multiple arbitrage use of proceeds. The M&A approach is to remain disciplined and low risk with leverage to remain substantially below 3.5x adjusted EBITDA. LINK's outstanding EUR 370 million bond maturing in December 2025 is expected to be partly refinanced.

LINK's global ambitions remain unchanged and the US market a priority.

Disposal of Message Broadcast voids forward-looking statement

The previous forward-looking statement included the US business and is no longer valid. LINK's European business is stable and highly cash generative with a historical gross profit growth in the high single digits. Organic adjusted EBITDA is expected to grow at a higher rate than gross profit.

New agreements signed in third quarter 2023

LINK signed 507 new and expanding agreements in the third quarter, securing significant new revenue and future growth potential. The new agreements consisted of 375 signed direct customer contracts, 27 signed partner framework agreements and 105 new partner customers.

Market trends towards advanced solutions

Market adoption for selected CPaaS products are accelerating as observed by LINK's new contract wins.

In the market for notification use cases, applied for essential information, there is stable demand and underlying growth momentum estimated in the high single-digits. Growth is driven mainly by alerts, reminders, payment and security products while demand for two-factor authentication (2FA) use cases are stable.

Mobile marketing use cases are increasingly adopting new channels. Demand for new channels with a richer feature set, like RCS and WhatsApp, and marketing automation solutions are accelerating and use cases are evolving from one-way mass communication to more conversational solutions. European retail markets however remain negatively affected by macroeconomic uncertainty.

Customer service is posting strong growth from a lower base contributing about 10% of group revenue. Parts of IVR (automated telephone systems) are being replaced by messaging services. Due to large cost saving potentials and enhanced consumer interaction through chatbots, customer service uses cases could be counter cyclical.

Financial Review

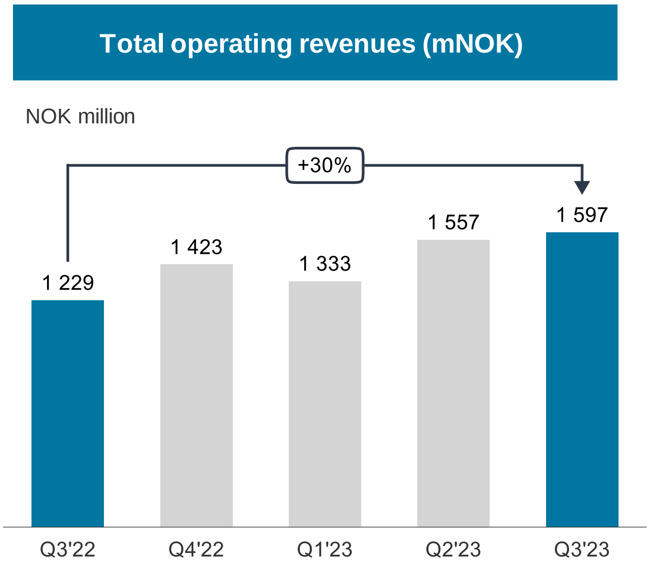
(Figures in brackets refer to the same period last year)

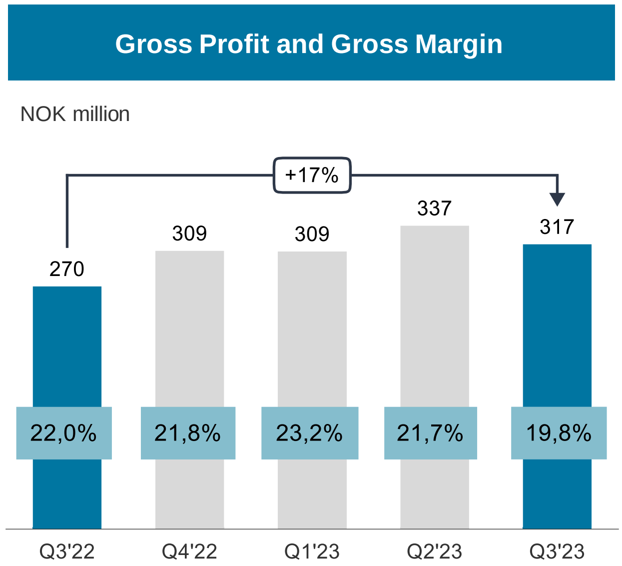
Group income statement

Total operating revenue amounted to NOK 1 597 million (NOK 1 229 million) or a reported growth of 30% versus the same period last year. Organic revenue growth in fixed currency was 17% with currency translation effects in the quarter of NOK 164 million related to depreciation of NOK against most foreign currencies.

Organic growth was supported by high activity and volume growth in the Global messaging segment with revenue growth of NOK 149 million 54% YoY in stable currency.

The growth in European Enterprise regions remained healthy adjusted for the extraordinary high hyperscaler traffic delivered last year and was as expected during the seasonally lower third quarter. The reported growth of 6% for these segments in total increase to high single-digit adjusting for the mentioned traffic last year. In Europe the growth momentum remains positive and contract backlog is solid, meanwhile we observe that the macroeconomic uncertainty is still present and impacting countries, segments and clients in various degree.





Gross profit growth reported at 17% to NOK 317 million in the quarter. In fixed currency the gross profit growth was 6% with the growth momentum in the European enterprise segments remaining stable QoQ at 7% YoY. The gross profit in Global Messaging segment narrowed slightly compared to same period last year impacted negatively by mix effects towards lower margin traffic isolated to the third quarter. The Global messaging business fluctuate more when it comes to volumes and margins than the enterprise business and in periods higher volumes are managed to secure access to routes at favorable rates also benefitting our enterprise traffic. This impacted the third quarter margin and is expected to normalize back to the historical margin level.

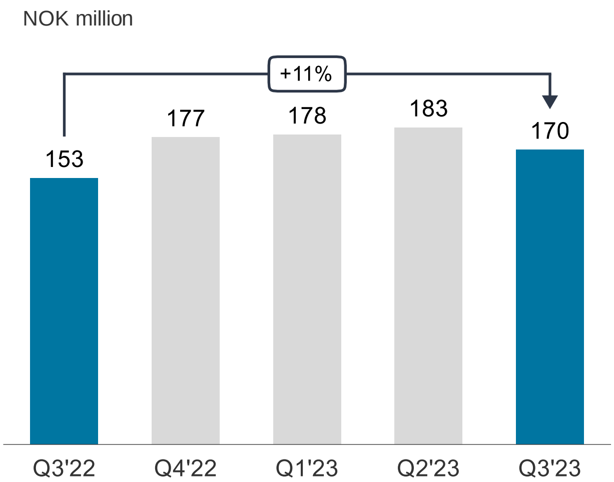
The total Group gross profit margin was reported at 19.8% (22.0%) impacted negatively by region mix effects as share of revenue from the low-margin Global Messaging segment increased significantly YoY. The enterprise gross margin improved by 0.3 percentage points YoY to 26.2% positively impacted by mix effects.

Total operating expenses amounted to NOK 170 million (NOK 153 million) or a reported growth of 11% compared to same quarter last year. In fixed currency total operating expenses declined by 1% as underlying inflation pressure was more than offset by the cost initiatives initiated across the European footprint and in Group functions. The cost reduction initiatives are concluded and yield full effect during the second half of 2023 contributing to improved profitability and cash flow generation. The effect of the initiatives was NOK 20 million on opex during the quarter compared to run-rate as of second quarter of 2022. The impact on reported opex YoY was 14 million in stable currency in the third quarter.

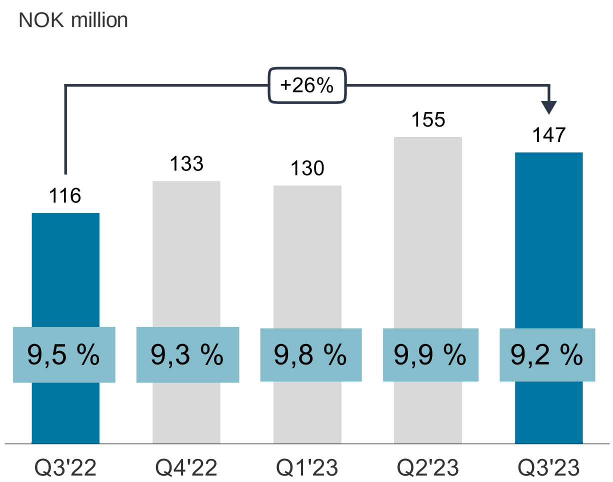
Adjusted EBITDA, before non-recurring cost, was reported at NOK 147 million (NOK 116 million) or 9.2% of total revenues (9.5%). In fixed currency the growth in adjusted EBITDA was 16%. The growth in adjusted EBITDA was driven by the organic growth in gross profit and supported by decreased operating expenses.

Gross profit to adjusted EBITDA conversion was reported at 46% (43%).

Operating expenses



Adjusted EBITDA and margin



EBITDA after non-recurring items was reported at NOK 120 million (NOK 87 million) after deduction of non-recurring cost of NOK 27 million (NOK 29 million) related to acquisitions, share option programs and restructuring costs. The non-recurring costs related to restructuring and M&A costs was NOK 2 million in the quarter (NOK 16 million) and declined mainly related to conclusion of the cost initiatives launched second half 2022 and lower M&A activity. Costs related to share-options was reported at NOK 25 million (NOK 13 million) and the increase was related to new LTIP programs from 7 December 2022, and related social contribution costs while RSU program costs declined as only one tranche remains and was vested in October 2023.

Third quarter depreciation and amortization expense were NOK 113 million (102 million). The increase compared to same quarter last year is mainly attributable to the effect of foreign exchange translation on intangible assets (NOK 7 million). The remaining increase is related to increased depreciation related to completed projects and to additions to IFRS 16 leases (net NOK 4 million).

Net financial expense was NOK 2 million (NOK 73 million). The change YoY was mainly related to a lower net currency gain compared to same period last year by NOK 78 million. Net interest costs of NOK 35 million related to interest on outstanding bond and net interest on cash deposits.

Balance sheet, financing, and liquidity

Non-current assets amounted to NOK 9 249 million (NOK 9 407 million). The two largest components of non-current assets are goodwill and other intangible assets. Goodwill is comparatively higher because of currency revaluation; other intangible assets are also revalued for currency but are also depreciated. Other intangible assets have a declining profile as compared to the prior period.

Trade and other receivables amounted to NOK 1 399 million (NOK 1 118 million). The impact from changes in foreign currency exchange rates is positive NOK 58 million YoY. The underlying increase is driven by organic growth and timing of collections.

Trade and other payables were reported at NOK 1 447 million (NOK 1 141 million). The impact from changes in foreign currency exchange rates is positive NOK 54 million YoY. As for trade and other receivables, the increase is driven by organic growth and timing of payables.

Total equity amounted to NOK 5 578 million (NOK 5 620 million) or 47% (49%) of balance sheet value. The increase was mainly related to foreign exchange effects (NOK 312 million) offset by losses from the net investment hedge (NOK 70 million). Changes in other equity, such as share based payments, quantify the remaining difference.

Long-term liabilities amounted to NOK 4 641 million (NOK 4 517 million). The largest components are external debt through a bond loan and deferred tax liability. External debt is subject to currency adjustment which is the main driver for the increase (NOK 245 million); deferred tax liabilities decreased (NOK 127 million). There is also a slight increase in IFRS 16 lease liabilities as certain new lease contracts were entered into during the period.

Short-term borrowings amounted to NOK 41 million (NOK 113 million); the current period figure is representative of accrued interest on the bond loan. In the prior year comparative, there is a NOK 71 million liability that relates to a seller’s credit.

Net cash flow from operating activities was NOK 84 million (NOK 38 million). Increase compared to same period last year was related to organic growth and less working capital build than same quarter last year.

Net cash from investing activities was negative NOK 42 million (negative NOK 38 million). The decrease compared to the same quarter last year is fully attributable to payments for equipment and fixtures and intangible assets.

Net cash flow from financing activities was negative NOK 6 million (negative NOK 6 million) and mainly consisted of payments related to financial leases.

Cash and cash equivalents were NOK 1 104 million at the end of the quarter (NOK 916 million). The cash balance improved compared to previous quarter and compared to the same quarter last year from improved cash flow from operations.

Condensed consolidated income statement

NOK '000	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Total operating revenues	3	1 596 633	1 229 036	4 486 305	3 491 084	4 913 740
Direct cost of services rendered		-1 279 899	-959 151	-3 523 469	-2 662 250	-3 775 466
Gross profit	3	**316 734**	**269 885**	**962 836**	**828 834**	**1 138 275**
Payroll and related expenses		-105 432	-96 213	-339 842	-295 993	-404 213
Other operating expenses		-64 262	-57 224	-190 860	-179 889	-248 543
Adjusted EBITDA	3	**147 040**	**116 448**	**432 133**	**352 952**	**485 518**
Restructuring cost		-1 558	-14 539	-11 028	-33 274	-71 789
Share based compensation	6	-24 759	-12 721	-72 305	-33 942	-43 631
Expenses related to acquisitions		-791	-1 946	-5 557	-17 677	-31 324
EBITDA		**119 932**	**87 242**	**343 243**	**268 060**	**338 774**
Depreciation and amortization	7	-113 264	-102 088	-336 070	-300 246	-406 322
Impairment cost	7	-	-	-	-	-180 360
Operating profit (loss)		**6 668**	**-14 846**	**7 173**	**-32 186**	**-247 908**
Finance income and finance expenses						
Net currency exchange gains (losses)		34 694	112 291	-1 347	240 450	94 227
Net interest expense		-34 861	-38 606	-112 017	-114 318	-98 173
Net other financial expenses		2 162	-968	7 271	8 879	27 925
Finance income (expense)		**1 996**	**72 717**	**-106 093**	**135 012**	**23 980**
Profit (loss) before income tax		**8 663**	**57 871**	**-98 920**	**102 826**	**-223 928**
Income tax		-7 289	-15 103	21 362	-48 618	4 390
Profit (loss) from continuing operations		**1 375**	**42 768**	**-77 558**	**54 208**	**-219 538**
Profit (loss) from discontinued operations	9	41 258	45 720	107 427	73 310	68 432
Owners of the company		42 632	88 488	29 869	127 518	-151 106
Earnings per share (NOK/share):						
Earnings (loss) per share from continuing operations		0,00	0,15	-0,26	0,18	-0,74
Diluted earnings (loss) per share from continuing operations		0,00	0,14	-0,26	0,18	-0,74
Earnings (loss) per share from discontinued operations		0,14	0,16	0,36	0,25	0,23
Diluted earnings (loss) per share from discontinued operations		0,14	0,15	0,36	0,25	0,23

Condensed consolidated statement of comprehensive income

NOK '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Profit (loss) for the period	**42 632**	**88 488**	**29 869**	**127 518**	**-151 106**
Total effect - foreign exchange	-165 994	172 495	312 471	403 480	271 850
Gains and losses net investment hedge	42 798	-22 354	-70 272	-56 525	-49 875
Tax on OCI that may be reclassified to P&L	-9 415	4 918	15 460	12 435	10 973
OCI that may be reclassified to P&L	**-132 612**	**155 059**	**257 660**	**359 391**	**232 947**
Total Comprehensive Income	**-89 980**	**243 547**	**287 529**	**486 909**	**81 841**

Condensed consolidated statement of financial position

NOK '000	Note	Q3 2023	Q3 2022	Year 2022
Assets				
Non-current assets				
Goodwill		6 145 860	6 131 649	5 788 277
Other intangible assets		2 887 948	3 060 496	2 929 503
Right-of-use-assets		55 297	51 066	47 865
Equipment and fixtures		20 962	23 481	22 143
Deferred tax assets		136 010	137 847	133 145
Other long term assets		2 761	2 906	2 876
Non-current assets		**9 248 837**	**9 407 445**	**8 923 810**
Current assets				
Trade and other receivables		1 398 583	1 117 554	1 243 758
Cash and cash equivalents		1 104 479	916 211	826 851
Current assets		**2 503 062**	**2 033 765**	**2 070 609**
Total assets		**11 751 898**	**11 441 209**	**10 994 419**
Equity & Liabilities				
Shareholders equity		5 577 887	5 619 925	5 225 521
Total equity		**5 577 887**	**5 619 925**	**5 225 521**
Long-term liabilities				
Long-term borrowings	5	4 120 828	3 858 430	3 837 096
IFRS 16 liability, non-current	5	38 864	36 947	34 381
Deferred tax liabilities		474 993	602 116	533 064
Other long term liabilities	5	6 315	19 927	11 006
Total non-current liabilities		**4 641 000**	**4 517 420**	**4 415 547**
Short-term liabilities				
Borrowings, short term	5	40 987	112 888	5 470
IFRS 16 liability, current	5	18 288	14 618	14 217
Trade and other payables		1 447 320	1 140 903	1 331 086
Tax payable		26 415	35 455	2 578
Total current liabilities		**1 533 011**	**1 303 865**	**1 353 351**
Total liabilities		**6 174 011**	**5 821 285**	**5 768 898**
Total liabilities and equity		**11 751 898**	**11 441 209**	**10 994 419**

Condensed consolidated statement of changes in equity

YTD Q3 2023 (NOK '000)	Note	Share capital	Share premium	Other equity	Retained earnings	Other reserves	Total equity
Total Opening Balance		**1 579**	**5 667 588**	**140 779**	**-473 456**	**-111 006**	**5 225 484**
Changes in Net Income		-	-	-	29 869	-	29 869
Total Other Comprehensive Income (OCI)		-	-	22 955	238 784	-4 079	257 660
Total Comprehensive Income		**-**	**-**	**22 955**	**268 653**	**-4 079**	**287 529**
Changes due to issue of stock		1	1 675	-	-	-	1 677
Share based payment		-	-	63 198	-	-	63 198
Closing Balance	**8**	**1 580**	**5 669 264**	**226 932**	**-204 803**	**-115 086**	**5 577 887**

YTD Q3 2022 (NOK '000)	Note	Share capital	Share premium	Other equity	Retained earnings	Other reserves	Total equity
Total Opening Balance		**1 471**	**5 661 307**	**218 342**	**-918 484**	**126 923**	**5 089 559**
Changes in Net Income		-	-	-	127 518	-	127 518
Total Other Comprehensive Income (OCI)		-	-	-	359 391	-	359 391
Total Comprehensive Income		**-**	**-**	**-**	**486 909**	**-**	**486 909**
Changes due to issue of stock		3	5 394	-	-	-	5 397
Share based payment		-	-	38 059	-	-	38 059
Closing Balance	**8**	**1 474**	**5 666 701**	**256 401**	**-431 575**	**126 923**	**5 619 925**

Condensed consolidated statement of cash flows

NOK '000	Note	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Profit before income tax from total operations[1]		**50 048**	**103 242**	**8 669**	**176 203**	**-155 429**
Adjustments for:						
Taxes paid		-19 803	-9 833	-33 564	-28 204	-58 213
Finance income (expense)		255	-71 317	113 524	-130 619	37 109
Depreciation and amortization		116 178	104 824	353 976	306 895	595 952
Employee benefit - share based payments		20 621	14 209	63 198	38 059	47 833
Net losses (gains) from disposals		-74	-	-248	32	32
Change in other provisions		-2 679	5 840	-11 421	9 398	24 585
Change in trade and other receivables		-135 711	-147 240	-79 741	-149 757	-290 208
Change in trade and other payables		55 610	38 234	59 386	28 243	219 084
Net cash flows from operating activities		**84 444**	**37 957**	**473 779**	**250 249**	**420 745**
Net cash flows from investing activities						
Payment for equipment and fixtures		-2 591	-953	-3 738	-7 120	-8 084
Payment for intangible assets		-39 566	-37 138	-122 060	-126 053	-172 217
Payment for acquisition of subsidiary, net of cash	8	-	-	-7 227	-	-61 477
Net cash flows from investing activities		**-42 157**	**-38 091**	**-133 026**	**-133 173**	**-241 778**
Net cash flows from financing activities						
Proceeds on issue of shares		-	25	1 677	5 397	6 289
Proceeds from borrowings	5	-	-	-	-	-
Repayment of borrowings		-	-	-	-10 927	-81 429
Interest paid		-899	-1 001	-74 493	-72 490	-141 967
Dividend paid (received)		-	-	-	-	-
Principal elements of lease payments		-4 775	-4 812	-13 744	-11 992	-15 931
Net cash flows from financing activities		**-5 674**	**-5 788**	**-86 560**	**-90 012**	**-233 037**
Net change in cash and cash equivalents		**36 613**	**-5 922**	**254 193**	**27 064**	**-54 070**
Cash and equivalents at beginning of period		**1 088 897**	**901 759**	**826 851**	**843 618**	**843 618**
Effect of foreign exchange rate changes		-21 031	20 374	23 435	45 530	37 304
Cash and equivalents at end of the period		**1 104 479**	**916 211**	**1 104 479**	**916 211**	**826 851**

Profit before taxes from total operations cosists of:	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Profit before taxes from continuing operations	8 663	57 871	-98 920	102 826	-223 928
Profit before taxes from discontinued operations*	41 384	45 371	107 590	73 377	68 499
Profit before taxes from total operations	**50 048**	**103 242**	**8 669**	**176 203**	**-155 429**

Cash flow from discontinued operations*

NOK '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Net cash flows from operating activities	39 255	10 077	185 822	53 606	113 301
Net cash flows from investing activities	-14 465	-12 840	-47 419	-32 995	-109 437
Net cash flows from financing activities	-32 122	-31	-160 406	-23 445	-2 952
Total cash flows from discontinued operations	**-7 332**	**-2 795**	**-22 003**	**-2 834**	**911**
Effect of foreign exchange rate changes	-1 079	4 513	6 099	10 111	7 148
Net cash flows from discontinued operations	**-8 412**	**1 718**	**-15 904**	**7 278**	**8 060**

*Discontinued operations includes Message Broadcast LLC

Selected notes to the accounts

Note 1 – General information

The Board of Directors approved the condensed interim financial statements for the three months ended 30 September 2023 for publication on 28 November 2023. The Group financial statements for second quarter have not been subject to audit or review by auditors; figures for FY2022 are audited.

LINK Mobility Group Holding ASA (LINK) is a public limited company registered in Norway. The Company is one of Europe's leading CPaaS providers within mobile communication, specializing in messaging and digital services. Headquartered in Oslo, Norway, the Group has 590 employees and operates in 17 countries.

Note 2 – Basis for preparation and significant accounting policies

The consolidated condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), IAS 34 "Interim Financial Reporting." The condensed interim financial statements do not include all information and disclosures required in the annual financial statement and should be read in accordance with the Group's annual report for 2022, which has been prepared according to IFRS as adopted by the EU.

The preparation of interim financial statements requires the Group to make certain estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. Estimates and judgements are continually evaluated by the Group based on historical experience and other factors, including expectations of future events that are deemed to be reasonable under the circumstances. Actual results may differ from these estimates. The most significant judgements used in preparing these interim financial statements and the key areas of estimation uncertainty are the same as those applied in the consolidated annual report for 2022.

Goodwill and other intangible assets with an indefinite useful economic life are not amortized but are tested annually for impairment. The company performs an impairment test for goodwill on an annual basis or when there are circumstances which would indicate that the carrying value of goodwill may be impaired. When assessing impairment, assets are grouped into cash generating units (CGU's).

The presentation currency of the consolidated financial statement is Norwegian kroner (NOK), which is also the functional currency of the parent company. Unless otherwise stated, amounts presented are in thousands of NOK.

The accounting policies applied in the preparation of the consolidated interim financial statements are consistent with those applied in the preparation of the annual IFRS financial statements for the year ended December 31, 2022, except for the adoption of new and amended standards as set out below.

Hedging

The Group applies hedge accounting for hedges that meet the criteria for hedge accounting. The Group has a hedge of net investments in foreign operations.

At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, risk management objective, and strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged, and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in the hedged item's fair value of cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they were designated.

Hedge relationships that meet the requirements for hedge accounting are accounted for in the Group's consolidated financial statements as follows:

Hedge of a net investment

A hedge of a net investment in a foreign operation is accounted for in a similar way to a cash flow hedge. Foreign exchange gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized directly in comprehensive income while any foreign exchange gains or losses relating to the ineffective portion are recognized in the income statement. On disposal of the foreign entity, the cumulative foreign exchange gains or losses recognized in other comprehensive income is reclassified to the income statement.

Exchange rate risk

Net investment hedge accounting is applied when possible.

For information related to amendments to standards, new standards, and interpretations effective from 01 January 2023, please refer to the Group Annual Report for 2022. None of the amendments, standards, or interpretations effective from 01 January 2023 have had a significant impact on the Group's consolidated interim financial information.

Note 3 – Segment reporting

The Group reports revenue, gross profit (revenue less direct costs), gross margin (gross profit divided by revenue) and adjusted EBITDA in functional operating segments to the Board of Directors (the Group's chief operating decision makers). While LINK uses all four measures to analyze performance, the Group's strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance (refer to alternate performance measures).

An examination of operating units based on market maturity and product development as well as geography identifies four natural reporting segments. These are Northern Europe, Western Europe, Central Europe and Global Messaging; these represent market clusters. Generally, regions are segregated into similar geographic locations as these follow similar market trends. Global Messaging includes all regions with aggregator traffic; the other four have enterprise traffic.

The regions are:

Northern Europe

The Nordics is composed of Norway, Sweden, Denmark, Finland and Baltics (discontinued during 2022).

Central Europe

Central Europe is composed of Bulgaria, Romania, North Macedonia, Poland, Hungary, Germany, Austria, and the Netherlands.

Western Europe

Western Europe is composed of Spain, France, the United Kingdom, and Italy.

Global Messaging

Global messaging is comprised of non-enterprise traffic and is representative of either stand-alone business or as a component of revenues in countries included above. If a business is comprised of both enterprise and wholesale/aggregator transactions, the latter is segregated here. The Swiss operation Horisen Messaging is included here.

Wholesale/aggregator business is defined as an operating unit within LINK's industry, and that use LINK connections in markets where they do not have such connections themselves. This business can generally be referred to, at least partly, as a direct competitor that use LINK connections. Smaller local aggregators cannot be expected to be covered efficiently by Global Messaging and as such they are still subject to local handling (not a focus area though because they are generally low margin and switch easily).

Revenue per segment	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	346 875	313 578	1 069 139	974 220	1 364 335
Central Europe	363 133	314 381	1 044 623	847 130	1 183 616
Western Europe	398 043	324 221	1 238 747	1 018 398	1 423 472
Global Messaging	488 582	276 855	1 133 796	651 335	942 317
Total revenues	**1 596 633**	**1 229 036**	**4 486 305**	**3 491 084**	**4 913 740**

Gross profit by segment	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	95 144	89 736	297 376	276 144	375 816
Central Europe	102 807	85 663	296 506	260 025	361 792
Western Europe	92 718	71 386	286 406	230 517	317 179
Global Messaging	26 064	23 099	82 547	62 149	83 487
Total gross profit	**316 734**	**269 885**	**962 836**	**828 834**	**1 138 275**

Adj. EBITDA by segment	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	62 042	57 511	185 622	169 301	226 653
Central Europe	68 091	54 140	195 463	165 647	232 052
Western Europe	42 966	32 691	135 848	108 968	153 469
Global Messaging	15 312	13 899	52 107	35 188	47 998
Group Costs	-41 371	-41 793	-136 907	-126 152	-174 653
Total adjusted EBITDA	**147 040**	**116 448**	**432 133**	**352 952**	**485 518**

Reconciliation of adjusted EBITDA to Group profit (loss) before income tax	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Adjusted EBITDA	147 040	116 448	432 133	352 952	485 518
Non-recurring items	-27 108	-29 206	-88 891	-84 893	146 744
Depreciation and amortization	-113 264	-102 088	-336 070	-300 246	586 682
Operating profit	**6 668**	**-14 846**	**7 173**	**-32 186**	**-247 908**
Finance income (expense)	1 996	72 717	-106 093	135 012	23 980
Profit (loss) before income tax	**8 663**	**57 871**	**-98 920**	**102 826**	**-223 928**

* Non-recurring items are expenses related to significant one-time, non-recurring events such as acquisitions and restructuring activities and share-based compensation

Note 4 – Related party transactions

Balances and transactions between LINK Mobility Group Holding ASA and its subsidiaries, have been eliminated on consolidation and are not disclosed in this note. As of 30 September 2023, the Group has not entered any transactions with related parties.

Note 5 – Debt

On 23rd June 2021 LINK issued EUR 170 million new bonds in LINK's outstanding 5-year senior unsecured 3.375% fixed rate bond issue, raising the total outstanding amount to EUR 370 million. The bonds were issued at par.

NOK '000

Non-current financial liabilities	YTD 2023	Year 2022
Bond loan	4 120 828	3 837 096
Lease liability	38 864	34 381
Other long-term liabilities	6 315	11 006
Total	**4 166 007**	**3 882 483**

NOK '000

Current liabilities	YTD 2023	Year 2022
Lease liability	18 288	14 217
Debt to financial institutions/bond loan*	40 987	5 470
Total	**59 276**	**19 688**

* Instalments falling due within a 12-month period, including non-capitalized interest, are classified as current.

Note 6 – Options

In Q3 2023, an expense of NOK 25 million was recognized in relation to the RSU, LTI, and employee option programs.

The annual general meeting held in May 2023 approved the roll-over of the LTIP programs from 2020 and 2021 into a new three-year program with issue date 7th December 2022.

The increase in this expense as compared to prior periods is directly attributable to the roll-over of the LTIP programs from 2020 and 2021. Previous programs are replaced, and the expense recognized is the difference between the current fair value of the old programs and the new fair value of the new grant. The expense recognized in Q2 2023 includes the effect of the roll-over for the period December 7th, 2022, and first half of 2023.

Please refer to the annual report for 2022 and to Company press releases regarding details for the respective option programs.

Note 7 – Depreciation, amortization and impairment

Depreciation and amortization are comprised of the following amounts:

NOK '000

Depreciation and amortization	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Equipment and fixtures	2 426	1 800	6 612	5 385	7 456
Right-of-use-assets	4 413	3 913	12 875	11 631	15 322
Intangible assets acquisitions*	85 138	78 760	254 543	230 776	311 413
Intangible assets - subsidiaries**	21 287	17 614	62 040	52 453	72 130
Depreciation and amortization from continuing operations	**113 264**	**102 088**	**336 070**	**300 246**	**406 322**
Depreciation and amortization from discontinued operations	2 913	2 736	17 906	6 650	9 270
Total depreciation and amortization	**116 178**	**104 824**	**353 975**	**306 895**	**415 592**

* Acquisitions: depreciation of allocated surplus values from purchase price allocations on acquisitions (Group level)

** Subsidiaries: depreciation of amounts booked in subsidiary balances. Includes book values from acquisitions

Impairment of intangible assets and goodwill is comprised of the following amount:

NOK '000

Impairment	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Impairment from continuing operations	-	-	-	-	**180 360**
Impairment from from discontinued operations	-	-	-	-	-
Total impairment of intangible assets and goodwill	-	-	-	-	**180 360**

Note 8 – Earnings per share

The Group's earnings per share is calculated as below:

NOK '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Net income (loss) from continuing operations	1 375	42 768	-77 558	54 208	-219 538
Net (loss) income from continuing operations	41 258	45 720	107 427	73 310	68 432
Owners of LINK Mobility Group Holding ASA	42 632	88 488	29 869	127 518	-151 106

Weighted average number of ordinary shares (basic)	**Q3 2023**	**Q3 2022**	**YTD 2023**	**YTD 2022**	**Year 2022**
Issued ordinary shares at 01 January	295 890	294 252	295 890	294 252	294 252
Effect of shares issued (07 July 2022)		588		588	588
Effect of shares issued (14 November 2022)					929
Effect of shares issued (24 November 2022)					120
Effect of shares issued (05 June 2023)			175		
Weighted average number of ordinary shares	**295 890**	**294 840**	**296 065**	**294 840**	**295 890**
Basic earnings (loss) per share from continuing operations (NOK)	0,00	0,15	(0,26)	0,18	(0,74)
Basic earnings (loss) per share from discontinued operations (NOK)	0,14	0,16	0,36	0,25	0,23

Weighted average number of ordinary shares (diluted)	**Q3 2023**	**Q3 2022**	**YTD 2023**	**YTD 2022**	**Year 2022**
Weighted average number of ordinary shares (basic)	295 890	294 840	296 065	294 840	295 890
Effect of share options on issue	4 546	3 046	4 546	3 046	2 076
Weighted average number of ordinary shares (diluted)	**300 436**	**297 886**	**300 611**	**297 886**	**297 966**
Diluted (loss) earnings per share from continuing operations (NOK)	0,00	0,14	(0,26)	0,18	(0,74)
Diluted (loss) earnings per share from discontinued operations (NOK)	0,14	0,15	0,36	0,25	0,23
Number of outstanding ordinary shares per 01.01	295 890	294 252	295 890	294 252	294 252
Number of outstanding ordinary shares per period end	295 890	294 840	296 065	294 840	295 890

Note 9 – Discontinued Operation

Operations presented as discontinued operations include Message Broadcast LLC (US subsidiary), which was effectively sold upon the signing of a sales and purchase agreement (SPA) on 07 November 2023.

Discontinued operations represent a separate major line of business that has been disposed. Discontinued operations are excluded from the results of continuing operations and are presented on a single line after tax in the income statement. Discontinued operations are also excluded from the segment reporting (note 3).

The profit (loss) of the disposed US subsidiary presented as discontinued operations until disposal, and subsequent adjustments are shown in the table below:

NOK '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Gross profit	78 970	76 580	240 986	156 018	246 594
Adjusted EBITDA	46 646	49 507	133 605	84 419	139 703
Operating profit (loss)	41 152	45 486	107 282	73 811	119 367
Finance income (expense)	232	-115	307	-434	-50 869
Profit (loss) before income tax	41 384	45 371	107 590	73 377	68 499
Income tax	127	-349	162	67	67
Profit (loss) from discontinued operations	**41 258**	**45 720**	**107 427**	**73 310**	**68 432**

The accumulated amounts for discontinued operations recognized in other comprehensive income (OCI) within equity are as follows:

NOK '000	Q3 2023	Q3 2022	Year 2022
Total effect - foreign exchange	20 352	- 121 883	- 148 546
Comprehensive income for discontinued operations	**20 352**	**- 121 883**	**- 148 546**

ALTERNATIVE PERFORMANCE MEASURES (“APM'S”)

The financial information in this report is prepared under International Financial Reporting Standards (IFRS), as adopted by the EU. To enhance the understanding of LINK’s performance, the Group presents several alternative performance measures (“APM’s”). An APM is defined by the European Securities and Markets Authority (ESMA) guidelines as a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework (IFRS).

Below, LINK presents certain APMs, including gross margin, EBITDA, adjusted EBITDA, and adjusted EBITDA margin. APMs such as EBITDA are commonly reported by companies in the markets in which LINK competes and are widely used by investors when comparing performance on a consistent basis without regard to factors such as depreciation and amortization, which can vary significantly, depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors.

LINK uses the following APMs:

Gross Profit
Gross Profit means revenues less direct costs of services rendered.

Gross margin
Gross margin means gross profit as a percentage of total operating revenues.

Adjusted EBITDA
Adjusted EBITDA means EBITDA adjusted by expenses related to significant one-time, non-recurring events such as acquisitions and restructuring activities, and share-based compensation. LINK has presented adjusted EBITDA in the consolidated statement of profit and loss because management believes the measure provides useful information regarding operating performance.

Adjusted EBITDA margin
Adjusted EBITDA margin is presented as adjusted EBITDA as a percentage of total operating revenues in the respective periods.

EBITDA

EBITDA means earnings before interest, taxes, amortization, depreciation, and impairments. LINK has presented EBITDA in the consolidated statement of profit and loss because management believes that the measure provides useful information regarding the Group’s ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

See below for a reconciliation of EBITDA to Adjusted EBITDA, and adjusted EBITDA margin.

NOK '000	Q3 2023	Q3 2022	YTD 2023	YTD 2022	Year 2022
Operating profit (loss, ("EBIT")	**6 668**	**-14 846**	**7 173**	**-32 186**	**-247 908**
Depreciation and amortization	113 264	102 088	336 070	300 246	586 682
EBITDA	**119 932**	**87 242**	**343 243**	**268 060**	**338 774**
Add: Restructuring cost	1 558	14 539	11 028	33 274	71 789
Add: Share based compensation	24 759	12 721	72 305	33 942	43 631
Add: Expenses related to acquisitions	791	1 946	5 557	17 677	31 324
Adjusted EBITDA	**147 040**	**116 448**	**432 133**	**352 952**	**485 518**
Operating revenues	1 596 633	1 229 036	4 486 305	3 491 084	4 913 740
Adjusted EBITDA	**147 040**	**116 448**	**432 133**	**352 952**	**485 518**
Adjusted EBITDA margin	**9,2 %**	**9,5 %**	**9,6 %**	**10,1 %**	**12,0 %**

Net debt*

The Group monitors Net debt according to Bond loan terms which includes interest-bearing debt and debt like arrangements. Net debt is derived from the balance sheet and consists of both current and non-current liabilities such as bond loan, other debt from financial institutions and current and non-current lease liabilities less cash and cash equivalents. Sellers credits, holdback and earn-outs are included to the extent they are interest-bearing.

Net debt/LTM Adjusted EBITDA*

LINK measures leverage ratio as Net debt/Last Twelve Months Adjusted EBITDA. The measure provides useful information about the financial position. Due to M&A activity LINK use Last Twelve Months Proforma Adjusted EBITDA to calculate net debt to present a comparable measure over time.

Below is a reconciliation of Net debt and Net debt/Adjusted EBITDA ratio:

NOK '000	Q3 2023	Year 2022
Bond loan - Principal	4 110 330	3 737 777
IFRS 16 liabilities	57 153	48 599
Less cash	-1 104 479	-826 851
Net debt	**3 063 003**	**2 959 524**
LTM adjusted EBITDA (proforma)	759 028	638 488
Net debt/LTM adjusted EBITDA	**4,0**	**4,6**

* Calculated according to Bond agreement

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