LINK Mobility Group Holding ASA
Interim financial report
Fourth Quarter 2020

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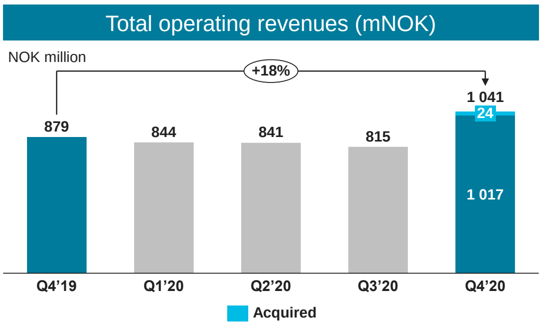
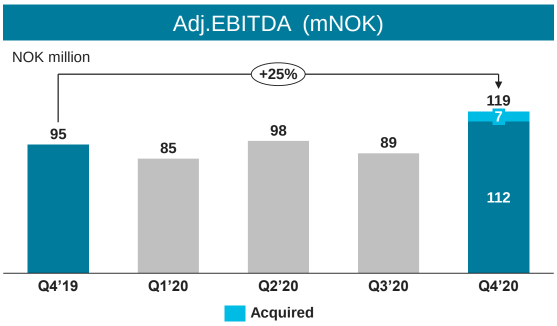
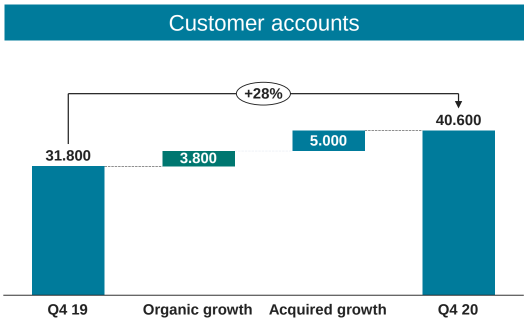
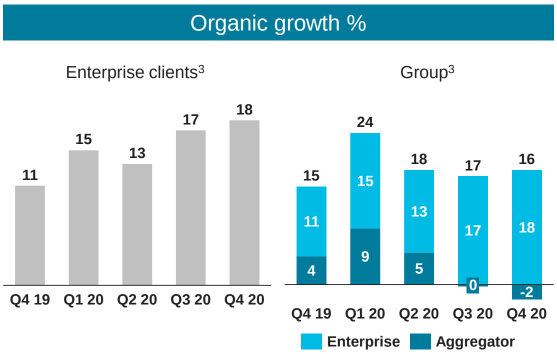
Highlights Fourth Quarter 2020

- LINK exceeded full year 2020 outlook.
- Successful placement of EUR 200 million bond refinancing existing debt.
- Acquired WebSMS, the market leader in Austria, with EUR 5.1 million in yearly adjusted EBITDA and synergies of EUR 0.6 million.
- February 12th 2021, LINK acquired Tismi, a rapidly growing CpaaS enabler in the Netherlands for an enterprise value of EUR 20 million.
- Revenue of NOK 1 041 million with 18% organic growth in the Enterprise segment offset by a modest decline in aggregator volumes resulting in total organic growth of 16%.
- Enterprise growth increasing and on track to achieve the mid to long-term target of 20 percent.
- All-time high adjusted EBITDA[1] of NOK 119 million with 11 percent margin.
- All-time high gross profit to EBITDA ratio of 45 percent.
- Diversified base of 40.600 customer accounts[2]
- Observing rapid traction in several markets for LINK's CPaaS solutions with OTT channels like RCS and WhatsApp experiencing high growth.









1.) *Please refer to note 3 for segment information and reconciliation of Alternative Performance Metrics*
2.) *Customer accounts invoiced*
3.) *Organic revenue growth in comparable footprint same quarter previous year*

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Enterprise segment drives growth and profitability

LINK Mobility Group (LINK) reports strong revenue growth driven by the Enterprise segment, which continued the upward trend seen over several quarters. LINK is on track to generate mid to long-term organic growth of 20% with its focus on Enterprise customers and successful go-to-market (GTM) strategy. All-time high adjusted EBITDA to gross profit ratio of 45 percent demonstrate the scalability of the company. Government restrictions have had a short-term negative effect on revenue growth; however, the pandemic has also resulted in a ramp up of digitalization which will accelerate the transition to more engaging CPaaS solutions. LINK exceeded its full year outlook for 2020 and now targets NOK 10 billion in pro forma revenue by 2024.

LINK achieved an operating revenue of NOK 1 041 million in the fourth quarter or 18 percent growth compared with the corresponding period last year. The Enterprise segment generated 18 percent organic growth and is on track to drive LINK's mid to long-term organic revenue growth ambition to 20% with an increasing growth rate over the last 5 quarters. The low margin aggregator business had a more muted contribution to total organic revenue growth with a comparative lower growth rate of -2 percentage points. Importantly, this business generates lower margins than the Enterprise segment and as such the faster Enterprise growth is contributing to the strong gross profit to EBITDA conversion ratio.

The fourth quarter seasonality has a higher share of revenue from the retail sector in connection with sale promotions and campaigns related to Christmas shopping. Lockdowns had a negative impact on volumes in the fourth quarter in mainly France and Spain, resulting in a net decline on revenue growth of 3 percentage for LINK compared to the corresponding period last year.

Revenue recognition principle related to the non-strategic direct carrier billing product in Bulgaria, Romania and Macedonia changed from gross to net in the fourth quarter. All comparable historical figures have been presented net of this change. Please refer to note 8.

LINK Mobility Group	Q4 2020	FY 2020
Gross revenue	1 031	3 576
Net revenue recognition impact	-14	-61
Organic revenue	1 017	3 516
Acquired revenue	24	24
Reported revenue	**1 041**	**3 539**

LINK exceeded its outlook for full year 2020 as communicated in connection with the IPO in October 2020. Comparable reported revenue was NOK 3.576 million with gross revenue recognition for the mentioned direct carrier billing products, at the high-end of the indicated range of NOK 3.500-3.600 million. Adjusted EBITDA of NOK 384 million was above the guidance given of NOK 360 - 370 million (all numbers excluding the acquisition of WebSMS).

During the fourth quarter LINK managed a messaging volume of 3 096 million, which led to an organic revenue growth in the Mobile Messaging segment of 17 percent compared to the same period last year.

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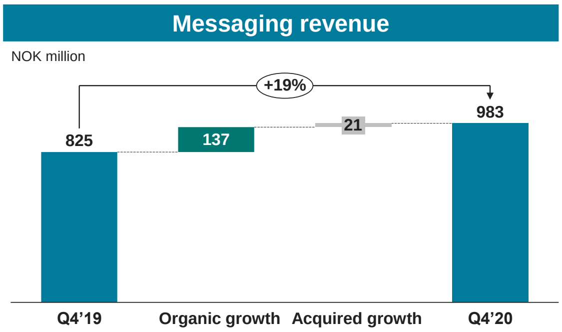

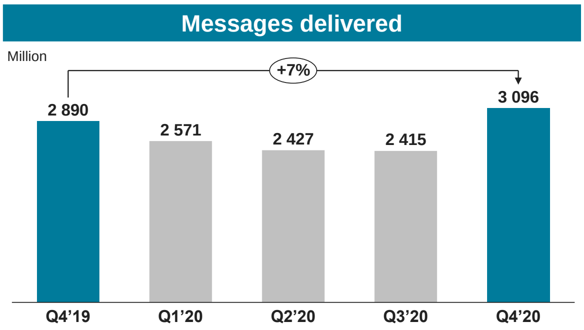

The reported growth in adjusted EBITDA was 25 percent or NOK 24 million, whereof NOK 7 million was related to the acquisition of WebSMS, compared to the corresponding period last year. The adjusted EBITDA margin at 11 percent increased somewhat to the same quarter last year. 45 percent of the Gross Profit flowed through to adjusted EBITDA, driven by LINK's scalable business model where large amounts of volumes and revenues can be produced with a small expansion in operating expenses fueling growth in profitability.

Acquisitions and pro forma financials

The closing of the WebSMS acquisition during the fourth quarter of 2020 impacted the full year 2020 pro forma financials of the Group. The acquisition of the rapid growing CPaaS enabler Tismi in the Netherlands, announced on 12th February 2021, has not closed yet, and is hence not included in proforma financials. The table below shows updated pro forma (full-year effect of closed acquisitions) key financial numbers for 2020.

(Amounts in NOK million) – Including Websms	**2020 Reported**	**2020 Pro forma **)**
Operating revenues	3.539	3.682
Adjusted EBITDA*	391	435
Adjusted EBITDA margin*	11.0%	11.8%
Number of messages (million)	10 510	10 748

**) EBITDA adjusted for expenses related to significant one-time, non-recurring events such as acquisitions and restructuring activities.*

***) Pro forma: FY 2020 includes the acquisition of WebSMS consolidated in the Group financials from mid November 2020.*

Forwarding looking statement

LINK is benefitting from strong market trends with an accelerated demand for advanced CpaaS solutions and products. As LINK invest more in additional go-to-market (GTM) initiatives and launch new products in the current footprint, LINK expect demand for our products to grow even further. LINK also has strong momentum on M&A processes and observes increased M&A activity in a highly fragmented industry. The strength in these underlying trends enable LINK to communicate a more precise forward-looking statement:

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Forward looking statement *Amounts are in million NOK*	**2024**
Pro forma revenue	10.000
Pro forma adjusted EBITDA* margin	13-15%

The main assumptions behind the guidance are a gradual increase in organic growth to 20% in the mid to long-term with the effects from the GTM initiatives and margin expansion driven by the operating leverage inherent in LINK's scalable business model. The tailwinds from strong market trends and uplift in new products and channels will increase organic revenue growth and LINK expects a gradual increase in number of messages and revenues growth through 2021 from current levels. While quarterly variations due to lockdowns and government restrictions make forecasting with LINK's typical level of precision somewhat more difficult, LINK expect an increased level of underlying growth during 2021 as compared to 2020, which is likely to be the year most significantly impacted by the pandemic.

New contracts

LINK generally sees great demand for multi-channel mobile communication and our enterprise grade solutions. The following material new contracts were signed:

- Skipton Building Society, headquartered in North Yorkshire and UK's fourth largest building society, has chosen LINK Mobile Identity Protection (Voice and OTP) for customer authentication and fraud protection
- Alquiler Seguro SA, a property rental company offering owner protection in Spain, has chosen LINK Mobile Identity Protection (KYC) to verify the online identity of the rental contract holder as well as their potential guarantors
- Debt Collection Agency EAD, a debt collector in Bulgaria, will use LINK MultiChannel Gateway for omnichannel information and communication
- Danish Agro A.M.B.A, a cooperative farm supply company owned by 12,000 Danish farmers, has chosen LINK Message Plug-in with Microsoft to communicate with their retail customers as well as their farmer members
- Bisnode AS, a Norwegian subsidiary of the Stockholm headquartered information services group, has chosen LINK Messaging Gateway to communicate credit check information as a part of the approval process in 18 countries
- Camara de Cascais, a local government entity in Portugal, has chosen LINK Messaging Gateway to communicate with its citizens
- News UK & Ireland Ltd, a British newspaper publisher and subsidiary of US listed News Corp, has chosen LINK Messaging Plug-in with Adobe to send subscription reminders and marketing to increase App downloads
- Converneo GmbH, a German information technology & services company, has chosen LINK Integration Partner and will promote SMS Gateway as added value towards their clients to support and strengthen communication
- Smarter Technologies Group Ltd, a UK based telecommunications group, has chosen LINK Messaging Gateway for customers to communicate with their users
- Pixizoo ApS, a retail business in Denmark focusing on baby and children's equipment, will use LINK SMS Gateway as an integrated part of Magento to improve their delivery process

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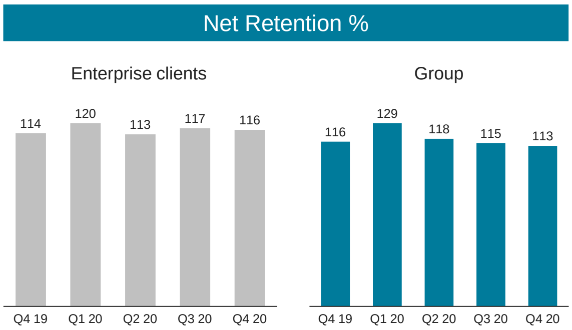
Financial Review *(Figures in brackets refer to the same period last year)*

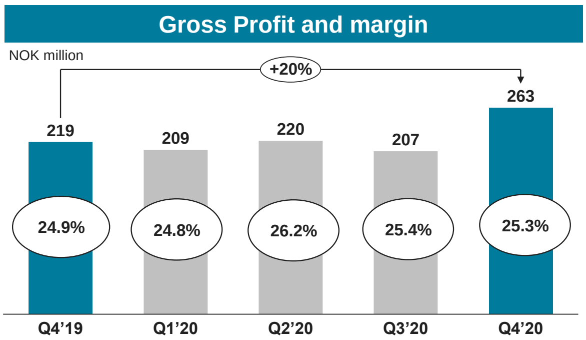
Group Income Statement

Operating revenues amounted to NOK 1041 million (NOK 879 million) or a growth of 18 percent versus same period last year driven by a strong growth momentum on existing clients with a net retention rate of 116 percent for the enterprise segment together with an increase in the price per message and positive contribution from the depreciation of NOK compared to foreign currencies.



In the fourth quarter, LINK observed strong organic volume growth across especially Northern and Central Europe regions while growth in messaging volumes in Western Europe was negatively impacted by the government-imposed lockdown measures last quarter. Despite some regional volume drops due to government restrictions, the group's diverse footprint and use cases have shown resilience with revenue and gross profit growing healthy compared to the same period last year.

For the fourth quarter, LINK reports an organic revenue growth in Mobile messaging of 17 percent compared to the same period last year. Total organic revenue growth was 16 percent.



Reported Gross profit of NOK 263 million or a growth of 20 percent. Organic Gross profit increased by 14 percent. LINK's strategy is to maintain and increase margins by rolling out new mobile solution products, introducing highly profitable license models in new markets and targeting the SME clients in LINK's footprint.

Gross margin is mainly influenced by the following factors:

- Acquired entities normally have lower gross margin than the existing LINK footprint and dilutes reported Gross margins.
- Customer mix. High-volume clients have lower margins than SME customers due to their bargaining power, but also drives scalability. Over time, Gross margin fluctuates depending on client mix.
- Product mix. More advanced mobile solution products and use cases enables higher pricing both on licenses and messages as these products enables a higher value for clients and increases Gross margin over time.
- Cogs synergies due to increased size and bargaining power towards the operators increase Gross margin over time.

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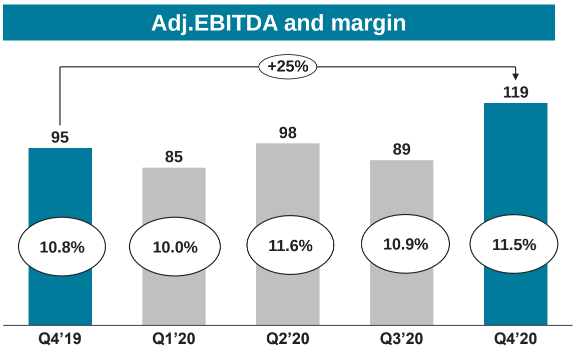
The acquisition of WebSMS during the fourth quarter positively impact the gross margin by 0.7 percentage points.

Total operating expenses amounted to NOK 143 million. Organic growth in total operating expenses was 12% mainly driven by sales-related costs and expansion of personnel and license costs related to the centralization of production and product platforms.



Adjusted EBITDA, before non-recurring cost, is reported at NOK 119 million (NOK 95 million) or 11 percent of total revenues. Organic growth in adjusted EBITDA was 18%.

EBITDA after non-recurring items is reported at NOK 49 million (NOK 66 million) after deduction of non-recurring cost of NOK 71 million (NOK 29 million) related to acquisitions, share option program and restructuring costs. The increase in non-recurring costs was related to management share-option program launched in October 2020 in connection with the IPO, management IPO bonus and the acquisition of WebSMS in November 2020.

Fourth quarter depreciation and amortization expenses are higher compared to same quarter last year with NOK 111 million (92 million). The increase is attributable to the completion of development projects during 2020 and WebSMS acquisition.

In the fourth quarter, net financial expenses were NOK 37 million (NOK 44 million). The change was related to a decrease in net interest expense by NOK 10 million due to decreased borrowings, positive net currency gains of NOK 114 million, early recognition of amortized SFA transaction costs related to refinancing of NOK 74 million and adjustment of earn-out amount related to Netsize acquisition of NOK 38 million.

Please refer to note 5 for information regarding interest-bearing debt.

Balance sheet, financing, and liquidity

Non-current assets amounted to NOK 5 929 million (NOK 5 254 million), the increase is attributable to the acquisition of WebSMS and currency effects.

Trade receivables and other receivables amounted to NOK 749 million (NOK 669 million), the increase is attributable to the acquisition of WebSMS (NOK 27 million), organic growth and to timing of collection. Cash and cash equivalents are NOK 952 million (NOK 147 million). Increase driven by proceeds from operations, IPO and debt restructuring during the fourth quarter.
Trade and accounts payable increased and were NOK 958 million (NOK 819 million). The acquisition of WebSMS contributes NOK 26 million to the increase, which is otherwise attributable to timing effects.

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Total equity amounted to NOK 4 202 million (NOK 2 340 million) or 55 percent (39 percent) of balance sheet value. The increase is due to the initial public offering and the issuance of shares.

Long-term liabilities amounted to NOK 2 425 million (NOK 2 847 million). The change is attributable to refinancing of external debt (note 5).

In the fourth quarter net cash from operating activities was NOK 125 million (NOK 116 million from organic growth. Cash from investing activities is negative NOK 592 million (negative NOK 47 million); the increase was related to the acquisition of WebSMS and the settlement payment of earn-out related to the Netsize acquisition in January 2019 of NOK 145 million. Cash flow from financing activities is NOK 798 million (negative NOK 91 million). The change is heavily influenced by the initial public offering (proceeds from the issue of shares) and by the refinancing of external debt.

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Condensed consolidated income statement

Condensed consolidated income statement (NOKk)	Note	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019**
Total operating revenue	3	1 040 530	878 741	3 539 231	2 890 025
Direct cost of services rendered		(777 703)	(659 676)	(2 640 012	(2 137 125)
Gross profit	3	262 827	219 065	899 220	752 901
Payroll and related expenses		(92 962)	(85 462)	(346 450)	(307 513)
Other operating expenses		(50 427)	(38 330)	(161 928)	(137 839)
Adjusted EBITDA	3	119 438	95 273	390 842	307 548
Restructuring costs		(26 422)	(25 172)	(47 400)	(69 967)
Share based compensation		(34 711)	21	(34 711)	-
Expenses related to acquisitions		(9 742)	(4 015)	(15 123)	(27 168)
EBITDA	3	48 563	66 106	293 607	210 414
Depreciation and amortization		(110 947)	(92 409)	(271 389)	(247 369)
Operating profit (loss)		**(62 383)**	**(26 303)**	**22 218**	**(36 955)**
Finance income and finance expenses					
Net currency exchange gains (losses)		120 253	5 962	(101 218)	3 785
Net interest expense		(40 894)	(50 438)	(207 093)	(192 369)
Net other financial expenses		(116 311)	168	(118 735)	(5 317)
Finance income (expense)		**(36 952)**	**(44 308)**	**(427 047)**	**(193 901)**
Profit (loss) before income tax	**3**	**(99 336)**	**(70 611)**	**(404 829)**	**(230 856)**
Income tax		14 013	867	6 290	(2 178)
Profit (loss) for the period		**(85 323)**	**(69 744)**	**(398 539)**	**(233 034)**
Profit attributable to:					
Owners of the company		(85 323)	(69 744)	(398 539)	(233 034)
Earnings per share (NOK/share)					
Earnings per share		(0,32)	(0,32)	(1,73)	(1,09)
Diluted earnings per share		(0,32)	(0,32)	(1,73)	(1,09)

**unaudited*

***Revenue for direct carrier billing products in Bulgaria and Romania was previously recognized on a gross basis. After a review of the relationships and in accordance with IFRS 15 (principal vs. agent), this revenue is recognized on a net basis. Refer to note 8.*

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Condensed consolidated statement of comprehensive income

Condensed consolidated Statement of comprehensive income (NOKk)	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019
Profit (loss) for the period	(85 323)	(69 744)	(398 539)	(233 034)
Other comprehensive income				
Items that may be reclassified to profit or loss				
Translation differences of foreign operations	(238 199)	10 442	134 373	(12 603)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**(238 199)**	**10 442**	**134 373**	**(12 603)**
Items that will not be reclassified to profit or loss in subsequent periods	-	-	-	-
Other comprehensive income for the period	(238 199)	10 442	134 373	(12 603)
Total comprehensive income for the period	**(323 522)**	**(59 301)**	**(264 166)**	**(245 637)**

**unaudited*

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Condensed consolidated statement of financial position

Condensed consolidated statement of financial position (NOKk)	*Note*	31.12.2020*	31.12.2019
Assets			
Non-current assets			
Goodwill	7	3 982 843	3 389 875
Other intangible assets		1 823 494	1 761 704
Deferred tax asset		69 263	56 858
Equipment and fixtures		25 083	21 493
Right-of-use assets		26 513	24 283
Other non-current assets		1 313	-
Total non-current assets		**5 928 508**	**5 254 213**
Current assets			
Trade and other receivables		748 547	669 360
Cash and cash equivalents		952 144	147 198
Total current assets		**1 700 691**	**816 558**
Total assets		**7 629 199**	**6 070 771**
Equity and liabilities			
Share capital		1 355	1 081
Share premium and other reserves		4 851 387	2 725 406
Accumulated translation differences		259 748	125 374
Retained earnings (accumulated losses)		(910 252)	(511 713)
Total equity		**4 202 237**	**2 340 149**
Long-term liabilities			
Long-term borrowings	5	2 078 515	2 487 304
Lease liabilities		30 624	12 020
Deferred tax liabilities		313 090	309 101
Other long-term liabilities		2 398	38 758
Total long-term liabilities		**2 424 628**	**2 847 182**
Short-term liabilities			
Short-term borrowings		27 244	48 218
Lease liabilities		8 619	13 090
Trade and other payables		958 297	819 180
Income tax payable		8 174	2 953
Total short-term liabilities		**1 002 334**	**883 440**
Total liabilities		**3 426 962**	**3 730 622**
Total equity and liabilities		**7 629 199**	**6 070 771**

**unaudited*

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Condensed consolidated statement of changes in equity

Condensed consolidated statement of changes in equity (NOKk)

	Share capital	Share premium and other reserves	Accumulated translation differences	Retained earnings (accumulated losses)	Total equity
Balance at 01 January 2020	**1 081**	**2 725 406**	**125 374**	**(511 713)**	**2 340 149**
Comprehensive income for the year					
Profit (loss) for the period	-	-	-	(398 539)	**(398 539)**
Other comprehensive income (loss) for the period, net of income tax	-	-	134 373	-	**134 373**
Total comprehensive income for the year	**-**	**-**	**134 373**	**(398 539)**	**(264 166)**
Issue of ordinary shares	286	2 507 020	-	-	**2 507 306**
Redemption of preference shares	(13)	(411 744)	-	-	**(411 757)**
Share-based payment	-	30 704	-	-	**30,704**
Total contributions by and distributions to the owners	**273**	**2 125 980**	**-**	**-**	**2 126 254**
Balance at 30 December 2020 *	**1 355**	**4 851 387**	**259 748**	**(910 252)**	**4 202 237**

	Share capital	Share premium and other reserves	Accumulated translation differences	Retained earnings (accumulated losses)	Total equity
Balance at 01 January 2019	**1 068**	**2 694 969**	**137 977**	**(278 678)**	**2 555 336**
Comprehensive income for the year					
Profit (loss) for the period	-	-	-	(233 034)	(233 034)
Other comprehensive income (loss) for the period, net of income tax	**-**	**-**	(12 603)	-	(12 603)
Total comprehensive income for the year	**-**	**-**	**(12 603)**	**(233 034)**	**(245 637)**
Issue of ordinary shares	14	30 437	-	-	**30 451**
Total contributions by and distributions to the owners	**14**	**30 437**	**-**	**-**	**30 451**
Balance at 31 December 2019	**1 081**	**2 725 406**	**125 374**	**(511 713)**	**2 340 149**

**unaudited*

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Condensed consolidated statement of cash flows

Condensed consolidated statement of cash flows (NOKk)	*Note*	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019
Cash flow from operating activities					
Profit (loss) before tax		(99 336)	(70 611)	(404 829)	(230 856)
Adjustments for:					
Taxes paid		(11 670)	(8 558)	(41 431)	(36 430)
Finance income (expense)		36 952	44 308	427 047	193 901
Depreciation and amortization		110 947	92 409	271 389	247 369)
Non-cash employee benefit (share-based payments)	6	34 711	-	34 711	-
Change in trade and other receivables		(94 058)	(64 178)	(8 383)	(31 255)
Change in trade and other payables		152 661	123 126	104 513	1 757
Change in other provisions		(5 074)	(225)	(19 185)	53 843
Net cash flow from operating activities		**125 133**	**116 272**	**363 832**	**198 328**
Cash flow from investing activities					
Payment for equipment and fixtures		(6 969)	(3 339)	(9 255)	(9 972)
Payment for intangible assets		(43 672)	(43 904)	(105 817)	(120 861)
Payment for acquisition of subsidiary, net of cash acquired		(393 443)	573	(397 234)	(303 285)
Purchase price adjustment (acquisition of subsidiary)		(147 902)	-	(147 902)	-
Net cash flow from investing activities		**(591 986)**	**(46 671)**	**(660 209)**	**(434 117)**
Cash flow from financial activities					
Proceeds on issue of shares		2 367 366	-	2 373 513	-
Repayment of equity		(411 757)	-	(411 757)	
Proceeds from borrowings	5	2 101 572	(40 049)	2 687 634	502 891
Repayment of borrowings	5	(3 118 527)	(6)	(3 259 081)	(97 927)
Interest paid		(137 831)	(47 680)	(243 386)	(168 659)
Principal elements of lease payments		(2 535)	(3 539)	(11 615)	(13 111)
Other financial items		-	-	-	(8 130)
Net cash flow from financial activities		**798 288**	**(91 275)**	**1 135 309**	**215 063**
Effect of changes in foreign exchange rates		(5 637)	1 240	(33 987)	(686)
Net change in cash and cash equivalents		325 798	(20 433)	804 946	(21 412)
Cash and cash equivalents at the beginning for the period		626 346	167 631	147 198	168 610
Cash and cash equivalents at the end of the period		**952 144**	**147 198**	**952 144**	**147 198**

**unaudited*

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Selected notes to the accounts

Note 1 – General information

The Board of Directors approved the condensed interim financial statements for the three months ended 31 December 2020 for publication on 16 February 2021. These Group financial statements have not been subject to audit or review.

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 approximately 649 employees and operates in 17 countries.

Note 2 – Basis for preparation and significant accounting policies

The consolidated condensed interim financial report for the three-month reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting*.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with Group's annual report for 2019, 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 2019.

The annual report for 2019 provides a description of the uncertainties and potential business impact from the COVID-19 pandemic. This extraordinary situation creates risk and affects estimates and judgements used in preparing these interim financial statements as its effects are unforeseeable and not possible to quantify accurately. The Group has experienced varied effects of COVID-19.

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.

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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, 2019, except for the estimation of income tax and the adoption of new and amended standards as set out below.

IAS 33 *Earnings per share* and IFRS 8 *Operating Segments* have been applied in these interim financial statements. These standards are not mandatory for entities that do not have shares traded in a public market or that file or are in the process of filing financial statements with a regulatory organization and have thus not been applied in prior periods. Prior period information has been amended to reflect the requirements set out in IAS 33 and IFRS 8.

Operating segments are reported in the same manner as internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources to and assessing performance of operating segments, is defined as the Board of Directors. Group costs consist of any operational expenditures incurred in LINK Mobility Group AS, LINK Mobility Pecunia AS, or LINK Mobility Group Holding ASA.

For information related to amendments to standards, new standards, and interpretations effective from 01 January 2020, please refer to the Group Annual Report for 2019. None of the amendments, standards, or interpretations effective from 01 January 2020 have had a significant impact on the Group's consolidated interim financial information.

Note 3 – Segment reporting

The Group reports revenue, gross margin (revenue less direct costs) and adjusted EBITDA in functional operating segments to the Board of Directors (the Group's chief operating decision makers). While LINK uses all three 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 three have mainly enterprise traffic.

The regions are:

Northern Europe

The Nordics is composed of Norway, Sweden, Denmark, Finland, and Baltics.

Central Europe

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

Western Europe

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

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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 management.

Revenues by segment	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019**
Northern Europe	351 668	285 521	1 169 382	980 105
Central Europe	251 685	180 675	765 980	596 805
Western Europe	325 386	299 662	1 125 316	956 616
Global Messaging	111 792	112 883	478 553	356 499
Total Revenues	**1 040 530**	**878 741**	**3 539 231**	**2 890 025**

Gross profit by segment	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019*
Northern Europe	95 728	82 861	350 957	312 713
Central Europe	75 885	53 136	218 603	167 235
Western Europe	74 236	71 706	276 462	232 853
Global Messaging	16 978	11 362	53 198	40 100
Total Gross profit	**262 827**	**219 065**	**899 220**	**752 901**

Adjusted EBITDA by segment	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019*
Northern Europe	64 464	50 828	240 485	194 266
Central Europe	43 549	32 528	129 283	101 021
Western Europe	45 396	34 410	127 826	83 834
Global Messaging	9 308	7 008	27 150	26 603
Group Costs	(43 280)	(29 500)	(133 902)	(98 176)
Total Adjusted EBITDA	**119 438**	**95 273**	**390 842**	**307 548**

Reconciliation of Adjusted EBITDA to Group profit (loss) before income tax	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019*
Adjusted EBITDA	119 438	95 273	390 842	307 548
Non-recurring items[1]	(70 875)	(29 167)	(97 235)	(97 134)
Depreciation and amortization	(110 947)	(92 409)	(271 389)	(247 369)
Operating profit	**(62 383)**	**(26 303)**	**22 218**	**(36 955)**
Finance income (expense)	(36 952)	(44 308)	(427 047)	(193 901)
Profit (loss) before income tax	**(99 336)**	**(70 611)**	**(404 829)**	**(230 856)**

*unaudited
** refer to note 8

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[1] Non-recurring items is comprised of amounts that relate entirely to the company. Costs related to mergers and acquisitions, personnel cost deemed to be non-recurring, restructuring expenses, advisors, licenses, and sales and marketing are included in this reconciliation line item (this list is not exhaustive).

Note 4 – Related party transactions

Related party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated. For the three months period ended 31 December 2020, the Group has not entered any transactions with related parties.

Note 5 - Interest-bearing debt

The successful listing of shares on the Oslo Stock Exchange on 21 October 2020 has an impact on interest-bearing debt. Part of the net proceeds were utilised for the mandatory repayment of debt facilities related to the Senior Facilities Agreement (SFA). Debt to financial institutions as of 23rd October was approximately NOK 1.788 million.

On 15 December 2020, LINK Mobility Group Holding ASA (LINK) successfully completed the issuance of EUR 200 million senior unsecured bonds, with a EUR 350 million borrowing limit. An application will be made for the bonds to be listed on the Oslo Stock Exchange.

The bonds have a 5-year tenor and a fixed coupon of 3.375% p.a. Part of the net proceeds from the bond issue were applied to refinance the remaining SFA.

(Amounts in 1000 NOK)

Collateral and guarantees	31.12.2020	31.12.2019
Bond loan	2 094 345	-
Transaction costs*	(21 228)	-
Debts secured by collateral	**2 073 117**	**-**

*The bond loan is initially measured at fair value net of transaction costs and it is subsequently measured at amortized cost using the effective interest rate method. Consequently, the transaction cost will be amortized over the life of the bond loan. The carrying value of the bond loan will be equal to the principal amount of EUR 200 million at maturity in FY2025.

Note 6 – Options

As part of the stock listing, a management incentive program has been implemented; it consists of restricted stock units (RSU) and a long-term incentive plan (LTI) and replaces the previous cash-based management incentive program.

RSU

The RSU's will be exercisable into ordinary shares as follows; (i) 40% upon the first anniversary of the listing, (ii) 30% upon the second anniversary of the listing, and (iii) 30% upon the third anniversary of the listing.

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LTI

The LTI program is capped at 10,000,000 share options that can be granted by the Board of Directors with 20% of the program annually over a five-year period. The first possible grant can take place in connection with the listing and the Board of Directors granted 2,000,000 share options on 21 October 2020.

Both the RSU and LTI have a dilutive effect on earnings per share (EPS).

The fair value of the options is calculated when they are allotted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that considers the strike price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk-free interest.

An expense of NOK 35 million (including accrued social security tax) related to share options has been recorded in the fourth quarter. The expenses related to the RSU and LTI are NOK 27 million and NOK 8 million, respectively.

Note 7 – Business combinations, acquisition of WebSMS in Austria

Current entity name/Former entity name	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Bamberger Invest Alpha GmbH	Mobile messaging services	16 November 2020	100%	LINK Mobility Group AS
BK Invest GmbH	Mobile messaging services	16 November 2020	100%	LINK Mobility Group AS
ATMS Telefon- und Marketing GmbH	Mobile messaging services	16 November 2020	100%	LINK Mobility Group AS
«SMS.AT» Mobile Internet Services GmbH	Mobile messaging services	16 November 2020	100%	LINK Mobility Group AS

On 16 November 2020, LINK Mobility Group AS acquired 100% of the voting equity instruments of Bamberger Invest Alpha GmbH and BK Invest GmbH and through these two holding companies, indirectly 100% of the shares of ATMS Telefon- und Marketing Services GmbH (ATMS) and "SMS.AT" Mobile Internet Services GmbH (SMS.AT). These entities are headquartered in Graz, Austria and are collectively referred to as WebSMS.

The purchase price is settled as follows:
60% of the purchase price in cash upon closing
30% of the purchase price in shares upon closing
10% of the purchase price in escrow until 01 March 2022

ATMS and SMS.AT are the operational companies in the WebSMS group of companies. The core products relate to mobile messaging through SMS and WhatsApp channels. Customers are mainly in the financial services and IT sectors.

The acquisition was completed based on an agreed enterprise value of EUR 53.8 million and an agreed purchase price of EUR 41.5 million considering the repayment of existing debt. The enterprise value is based on a multiple of 10.5 times LTM June 2020 adjusted EBITDA.

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Additional profitability increase of EUR 650.000 is expected in 2021 from synergies bringing the multiple down to 9.4.

Details of the purchase consideration, the net assets acquired, and goodwill based on the provisionary purchase price allocation are as follows:

Figures in 1000 NOK

Purchase consideration	
Cash paid	226 452
Ordinary shares issued	163 872
Escrow	54 624
Total consideration	**444 948**

Figures in 1000 NOK

Fair value of assets identified	
Customer relationships	110 529
Technology	31 185
Equipment and fixtures	1 522
Trade and other receivables	26 825
Cash and cash equivalents	10 276
Other long-term liabilities	(106 975)
Trade and other payables	(12 831)
Short term debt to financial institutions	(21 243)
Corporation tax liability	(9 569)
Other short-term liabilities	(11 645)
Net identifiable assets acquired	**18 074**
Add: Goodwill	426 873
Net assets acquired	**444 948**

Acquisition related expenses recognized as other operating expenses related webs acquisition in the period amount to NOK 8.395 million.

Note 8 – From gross to net revenue recognition for direct carrier billing services in Bulgaria, Romania, and Northern Macedonia

Revenue for direct carrier billing services in Bulgaria and Romania was previously recognized on a gross basis where revenue invoiced clients was recorded as revenue and cost connected to the service was recorded as direct costs. After a review of the relationships in accordance with IFRS 15 (principal vs. agent), this revenue is recognized on a net basis from fourth quarter 2020 which lowers revenue and direct cost similarly but no effect on gross margin.

Net presentation of premium services improves the financial statements. Financial statements going forward reflect the revenue and margin directly attributable to the service provided by LINK. No further changes in revenue recognition principles are expected in 2021 as of now.

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To maintain comparability, all comparative historical figures are presented net of this change. Below is an overview of the impact of the change on fourth quarter and full year revenue for the year 2019 and 2020.

LINK Mobility Group	Q4 2020	Q4 2019	FY 2020	FY 2019
Gross revenue	1 031	900	3 576	2 933
Net revenue recognition impact	-14	-21	-61	-43
Organic revenue	1 017	879	3 516	2 890
Acquired revenue	24		24	
Reported revenue	**1 041**	**879**	**3 539**	**2 890**

Note 9 – Events after the reporting period

Acquisition of Tismi in the Netherlands

On 12th February 2021, LINK announced the acquisition of Dutch CPaaS enabler Tismi. Tismi was established in 2008 in the Netherlands and is today headquartered in Bunnik, Netherlands. Tismi is a provider of telecommunication services and products and holds licensed operator status in 8 European countries. The company's main business comprises of providing virtual mobile phone numbers, smart traffic routing and signaling services to Enterprise customers and CPaaS providers.

The transaction values Tismi at an enterprise value of EUR 20 million. The purchase price will be settled partly with cash, sellers' credit and shares in LINK. Closing is planned during Q1 2021.

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:

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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, legal advisors, 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.

	Q4 2020*	Q4 2019*	YTD 2020*	YTD 2019*
Operating profit (loss), ("EBIT")	(62 383)	(26 303)	22 218	(36 955)
Add: Depreciation intangible assets	110 947	92 409	271 389	247 369
EBITDA	**48 563**	**66 106**	**293 607**	**210 414**
Add: Restructuring costs	26 422	25 172	47 400	69 967
Add: Share-based compensation	34 711	(21)	34 711	-
Add: Expenses related to acquisitions	9 742	4 015	15 123	27 168
Adjusted EBITDA	**119 438**	**95 273**	**390 842**	**307 548**
Operating revenues	1 040 530	878 741	3 539 231	2 890 025
Adjusted EBITDA	119 438	95 273	390 842	307 548
Adjusted EBITDA margin	**11.5%**	**10.8%**	**11.0%**	**10.6%**

* unaudited

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