



# Acquisition Update

May 2021

A large, solid blue circle with a thin orange border, containing the text "M&A" in white.

# M&A

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# LINK signs exclusive term sheet to acquire a leading global CPaaS player



LINK Mobility Group signs non-binding term sheet to acquire 100% of Soprano Design Ltd.

Purchase Price: 3,590 NOKm  
Deal structure: 5% cash | 95% shares  
SPA signing: Expected mid July 2021



## Key facts

- Signed a non-binding term sheet to acquire Soprano Design Ltd (“Soprano”) for a total consideration of NOK 3,590m and at an estimated enterprise value of below 3,500 at an accretive purchase multiple, of 19,7x based on cash EBITDA
- Soprano is a leading global CPaaS player with over 4,000 customers, NOK ~717m in revenue (18% growth) and NOK ~174m in cash EBITDA (24% margin) FY21E<sup>1</sup>
- The founder and majority shareholder is highly committed to become a long-term investor and will continue to run the Soprano footprint

## Financing and timeline

- The purchase consideration will be settled with 95% shares and 5% cash
  - Share issuance of 88.7 million new shares at issue price of NOK 38.65
  - Cash consideration of AUD 25 million (approx. NOK 160m) settled by cash on balance sheet
- LINK expects to sign a definitive transaction agreement by mid July 2021<sup>2</sup>

# Strategic rationale for the transaction

1

## Immediately expands LINK to a global CPaaS company

- Beachhead in the US, LATAM, Asia-Pacific, and Australia – four previously untapped markets
- Large market opportunities due to low penetration rates and high growth market
- Increased footprint will expand our relationships with existing multi-national customers

2

## Soprano is a high growth, high margin CPaaS player with a similar philosophy to LINK

- Provides mission-critical communication solutions for large enterprises, partners, and governments in multiple industries
- 18% revenue growth, 18% gross profit growth and 24% EBITDA margin for FY21E<sup>1</sup>
- Complementary customer base and geographical footprint, with strong net retention of +113%<sup>2</sup>

3

## Multiple areas of high value revenue and cost synergies – scale is everything

- Cost synergies include COGS on existing volumes and potential from increased negotiating power towards MNOs
- Combined entities will ramp up product innovation and GTM which will drive future growth
- Cross-sell Soprano's white label SaaS solution to MNOs across the LINK footprint
- Leverage Soprano's relations to strong cloud providers like Microsoft Azure

4

## Experienced and motivated Soprano management team backed by a solid organisation

- Founder will become a large shareholder in LINK and continue to run Soprano
- Complementary management team with exceptional industry experience
- Adding 200+ employees across complementary growth markets

5

## Important lever for our continued M&A journey

- Accretive purchase multiple
- De-leveraging effect from the accretive financing structure will enhance M&A capacity
- Soprano team experienced consolidators - opens up for further in-market consolidation
- Enhanced attractiveness towards future targets in our robust pipeline



# Soprano is operating a highly profitable business with an impressive growth profile that complements LINK's business well



Founded in 1994, Soprano is global leading CPaaS capabilities for large enterprises, partners, and governments in multiple industries



Highly experienced and heavily invested management team ready to join forces with LINK



Headquartered in Sydney Australia, with stronghold in APAC region. Regional offices in Europe, North America, South America and Southeast Asia



Unique white label SaaS solution with 13 global carrier/MNOs as strategic partners



More than 4,000 enterprise clients. Enterprise grade delivery and support with 97% satisfaction rate

## Facts and figures<sup>1</sup>

**~717 NOKm**

FY21E revenue

**18%**

YoY revenue growth

**~382 NOKm**

*53% gross margin*

FY21E gross profit

*Approx. 408 bps PF increase in Link margin*

**~174 NOKm**

*24% margin*

FY21E cash EBITDA

*Approx. 187 bps PF increase in Link margin*

**113%**

Net retention rate<sup>2</sup>

**14**

Countries

**~200**

Employees

**~10bn**

2021E messages

# Experienced and invested management team joining forces with LINK

## Key owners

- **Dr. Richard Favero and family owns ~75% of the shares in Soprano. Dr. Favero is deeply committed to become a long term shareholder of LINK Mobility** and will continue as CEO of Soprano
- HT&E Digital Pty Ltd, a publicly listed company in Australia, owns ~25% of the shares
- All issued shares will be subject to a **lock-up period of up to 18-months** with a gradual release from 6-months after closing of the transaction

## Seasoned management team



DR. RICHARD FAVERO, PH. D.  
FOUNDER & EXECUTIVE CHAIRMAN



MOHAMED ODAH  
CHIEF TECHNICAL OFFICER



DEEPAK NAIDU  
FINANCE DIRECTOR



MATT THOMPSON  
VP GLOBAL MARKETING



HELEN RUTHERFORD  
DIRECTOR OF PEOPLE & CULTURE



ROBIN NG  
PARTNERSHIP SVP APAC



ENRIC SOLÉ  
PARTNERSHIP VP EMEA AND AMERICAS

**Dr Richard Favero, Founder & Chairman**  
25+ years, AI and speech recognition researcher

**Mohamed Odah, CTO**  
Soprano for 20+ years

**Deepak Naidu, Director. Finance**  
~4 years w/ Soprano, previously KPMG

**Matt Thompson, VP Marketing**  
8 years w/ Soprano, previously AT&T, Nuance

**Helen Rutherford, Dir. PPC/HR**  
2+ years w/ Soprano, previously VMware, National Australia Bank

**Robin Ng, Partnership SVP APAC**  
Soprano for 20+ years, founder OrangeGum Singapore

**Enric Solé, Partnership VP EMEA, Americas**  
Soprano for 20+ years, founder SITMobile Spain

# Soprano is a great strategic fit with LINK

Highly compatible product offering and GTM strategy with minimal geographical overlap



## Product offering

- CPaaS solution to enterprise customers either as a branded or white-labelled SaaS solution
- Self managed, enterprise grade solution to orchestrate interactions over SMS, MMS, email, Voice, RCS, WhatsApp and SecureIP
- Partnership with strategic cloud providers such as Microsoft Azure



## GTM strategy

### Large enterprises and governments

- 2500+ employees
- 240 new logos per year from July 2020
- Avg. logo value AUD 36k

### Direct sales

- Full scale sales department
- Online Marketing
- Strong relationship to key accounts

### Partners

- MNO's
- ISV's
- SI's & SP's



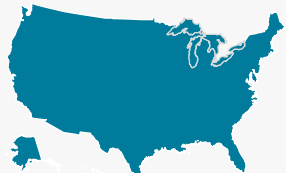
## New market expansion with minimal overlap

### Key complementary regions

ANZ



US



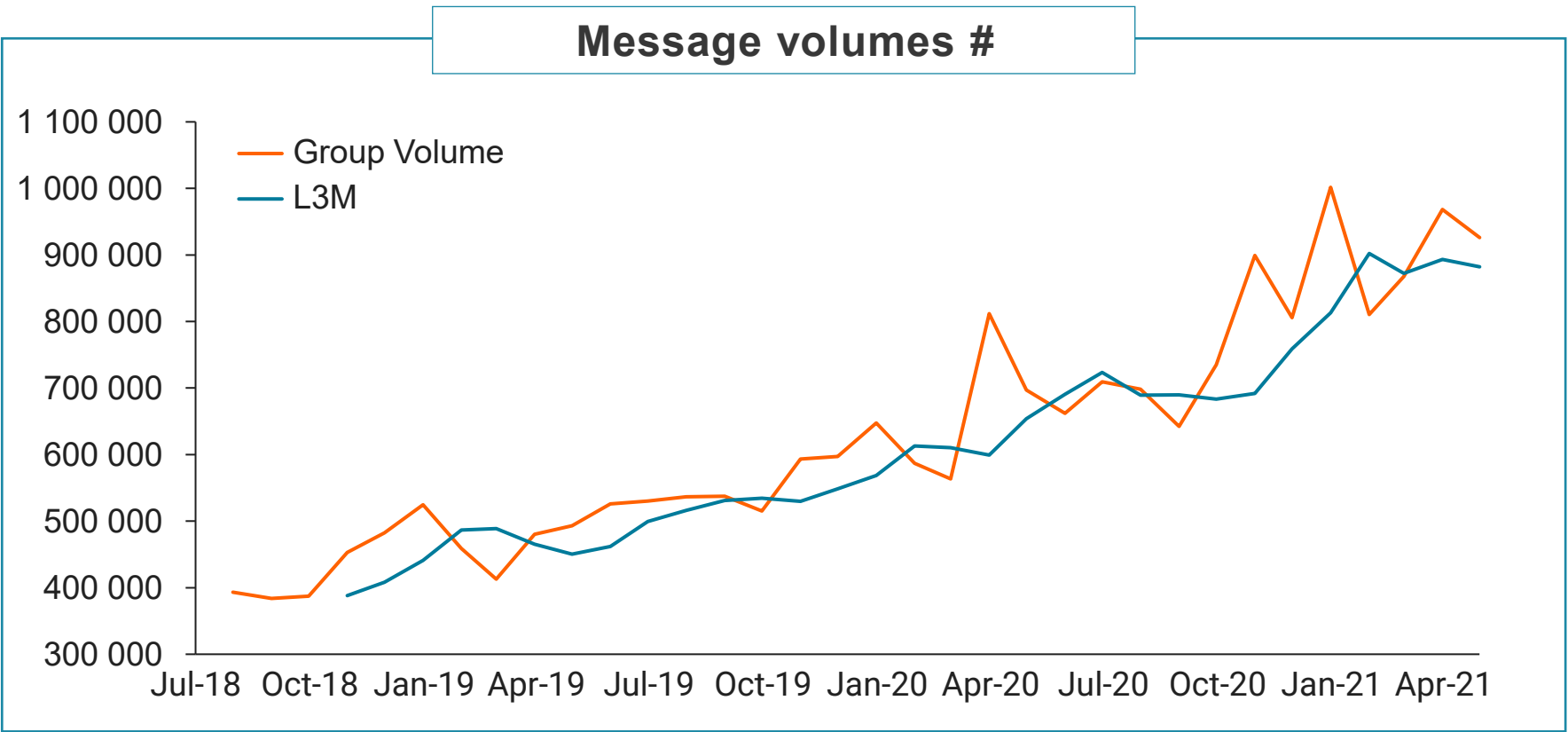
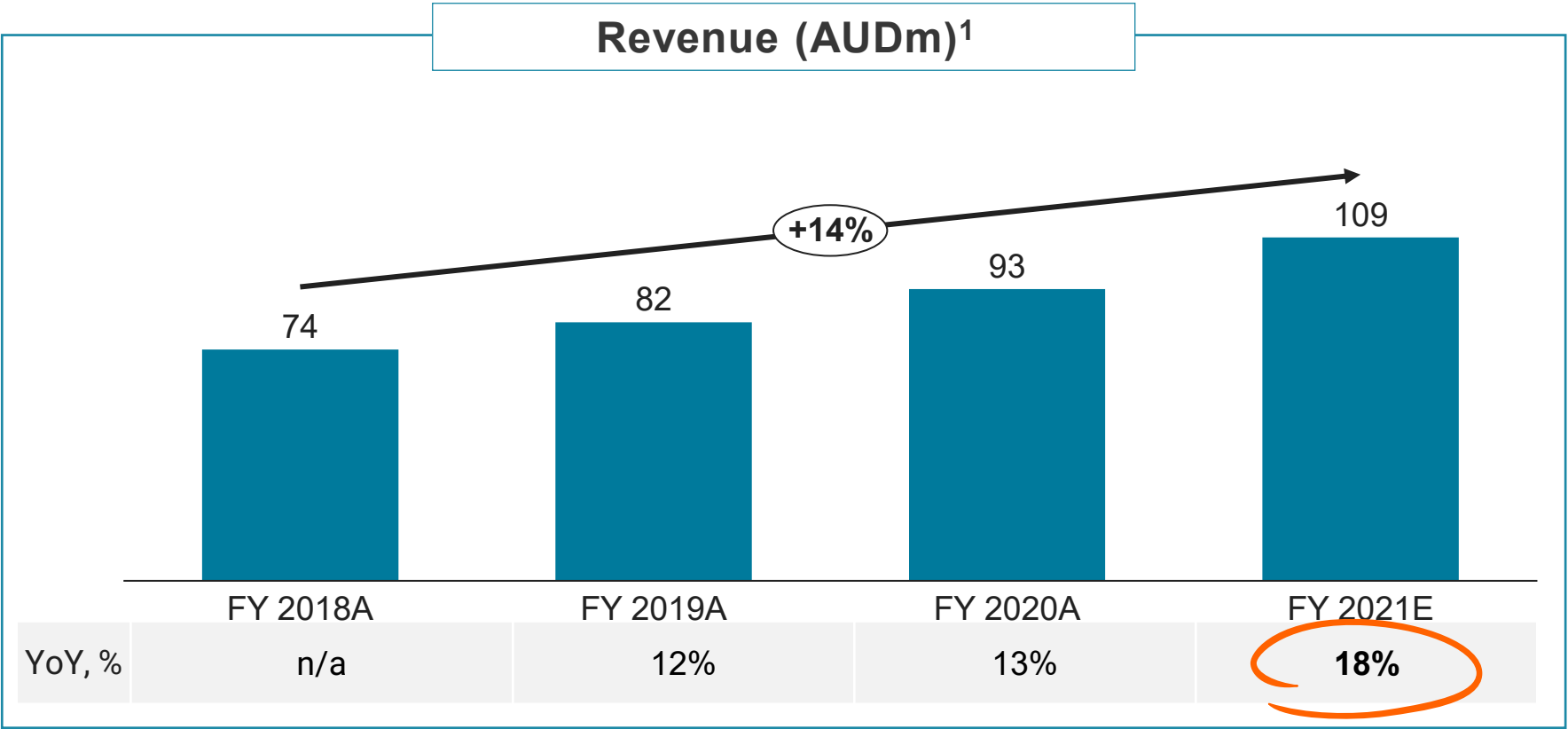
LATAM



South East Asia



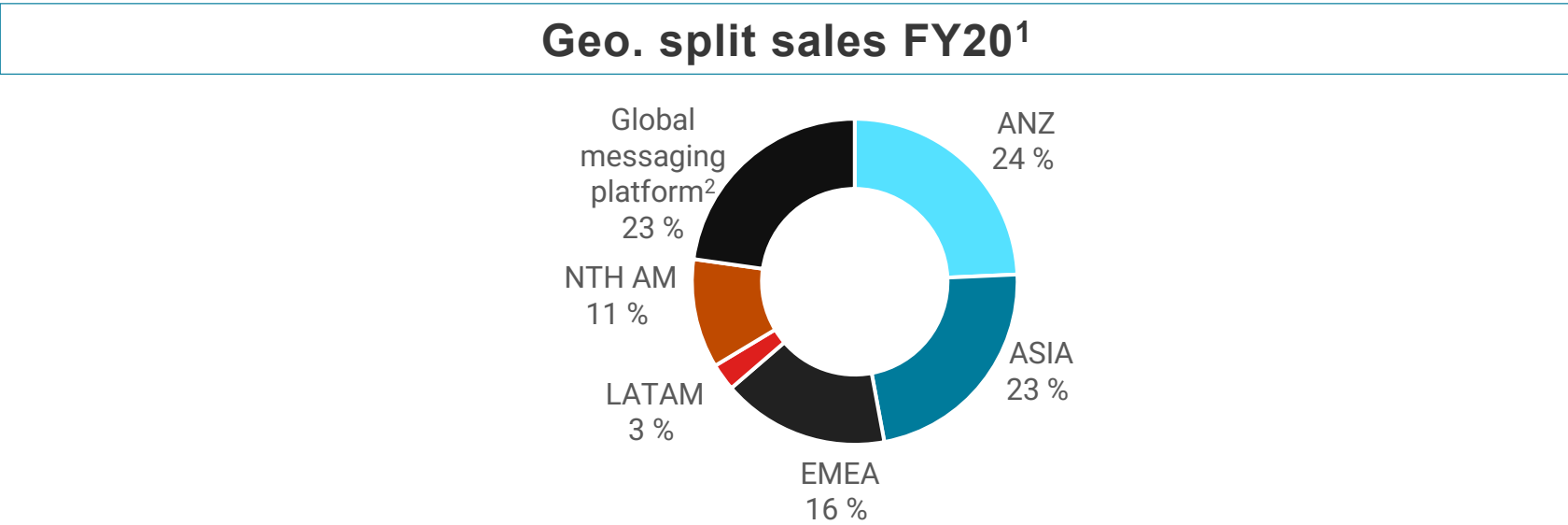
# Soprano has historically exhibited strong, robust revenue growth...



## Robust sales growth underpinned by solid KPIs

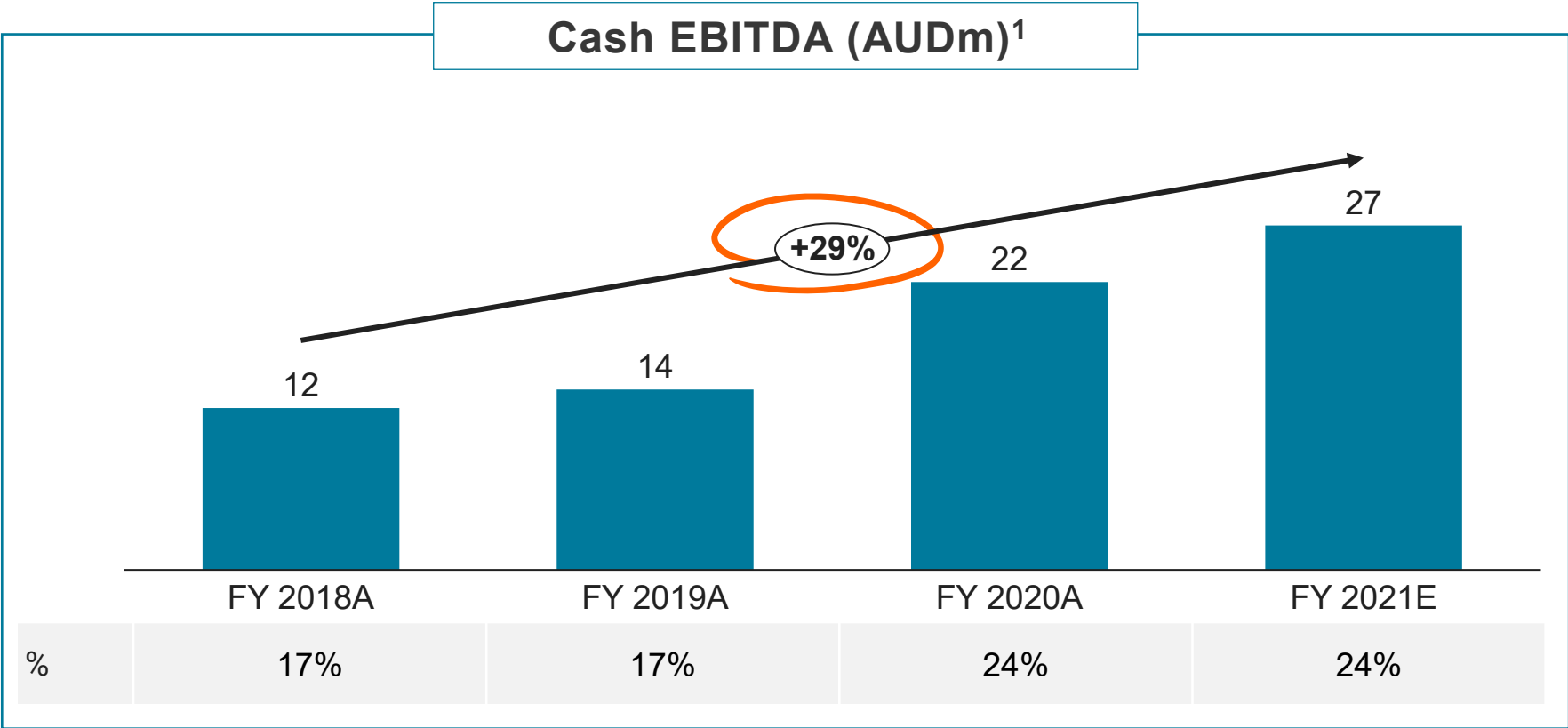
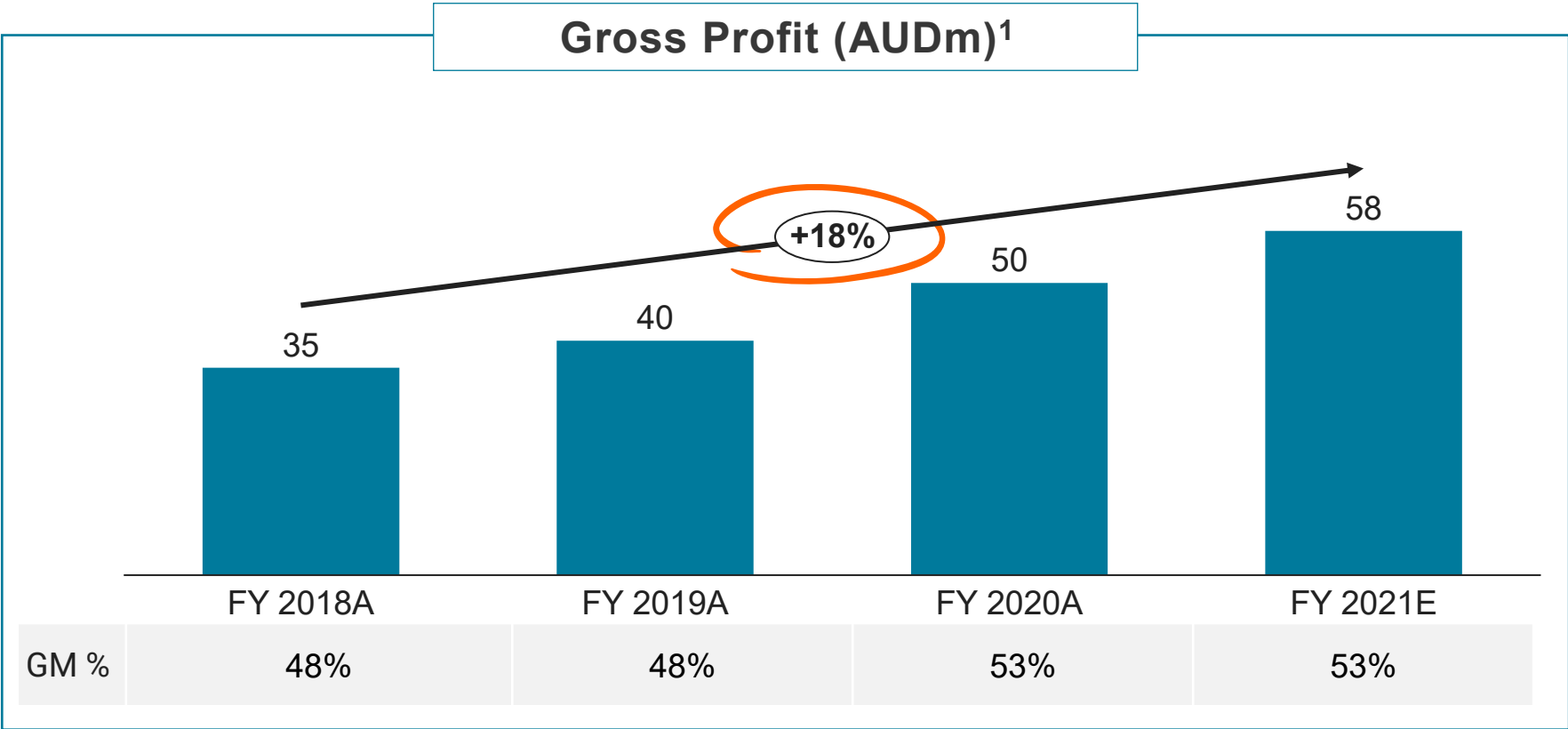
Net retention (YoY Q4 20)	113%
New sell growth (YoY Q4 20)	6%
Revenue per employee growth (FY20 <sup>1</sup> )	16%
Message volume growth (FY20 <sup>1</sup> )	35%

## Diversified revenue mix with Enterprise focus





# ...and high profitability with a strong margin expansion



## High profitability underpinned by solid KPIs

Gross margin (FY20)	53%
Gross margin change (FY2018 - FY2020)	+6 percentage points
Gross profit converted into EBITDA (FY20)	45%
EBITDA / GP margin expansion (2018-2020)	+9 percentage points
Cash EBITDA margin (FY20)	24%
Cash EBITDA growth 2020 vs 2018	~80%

# Creating a global CPaaS player with strong momentum and profitability

CY2020  
NOKm



<sup>1</sup>

+



<sup>2</sup>

=

Combined

Revenue

3,905

641

4,546

Gross Profit

1,053

353

1,406

GP. Margin

27%

55%

31%  
+396bps

Adj EBITDA

477

165 <sup>3</sup>

642

EBITDA  
margin

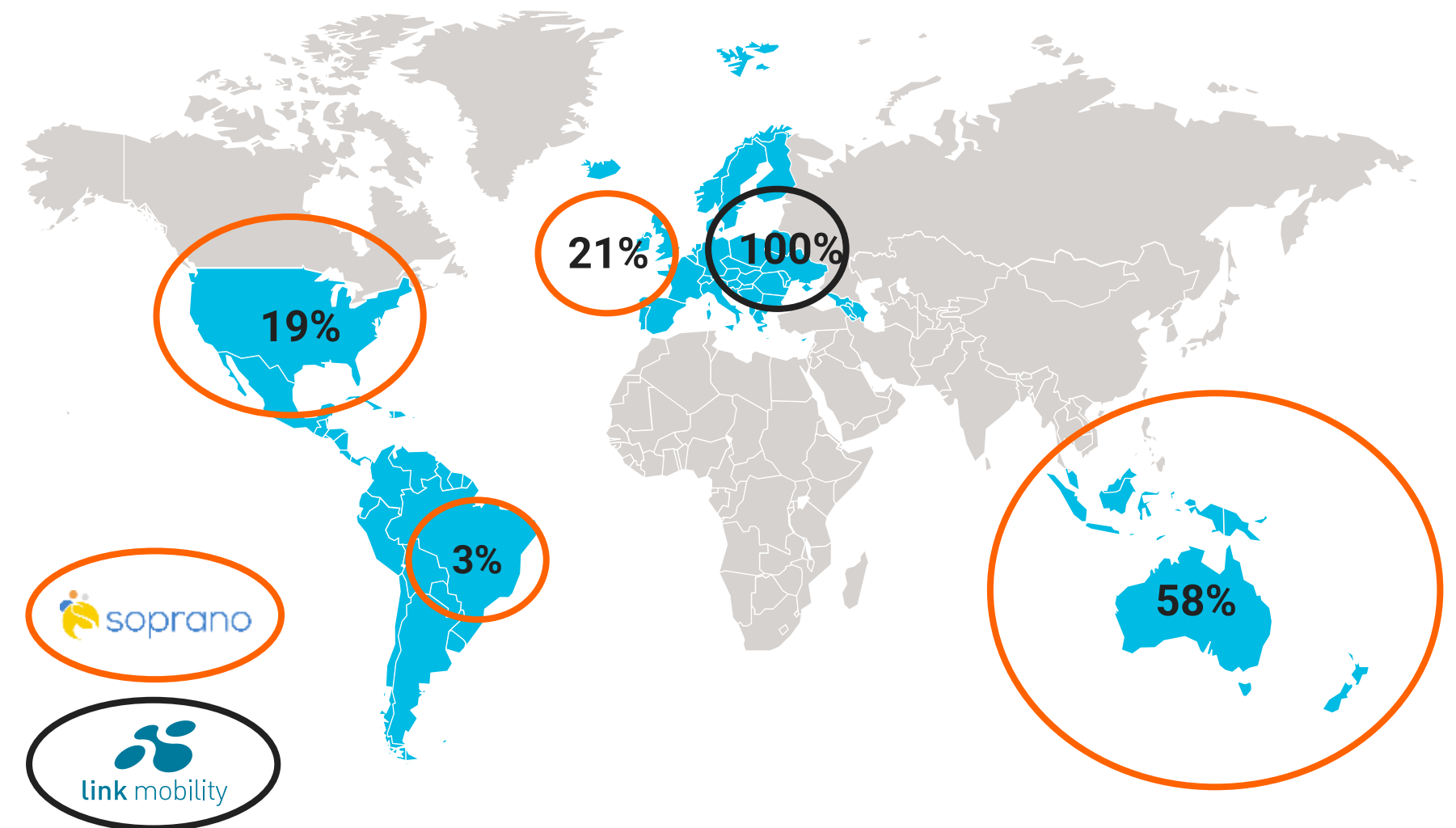
12%

26%

14%  
+191bps

Complementary footprint with limited overlap

Share of 2020 sales from different regions (ex. Silver Street / Global Messaging Platform)



Customers

Link  
+41, 000

+

Soprano  
4,000

=

Combined  
~45,000

# Soprano acquisition results in revised 2024 targets<sup>1</sup>

Previous 2024 targets		Updated 2024 targets	
Pro forma revenue	NOK 10bn	Pro forma revenue	Unchanged
Organic revenue growth	20%	Organic revenue growth	Unchanged
Pro forma adjusted EBITDA margin	13-15%	Pro forma adjusted EBITDA margin	15-17%





# Pro forma shareholder register post Soprano

#	Owner	# of Shares	% of shares
1	ABRY Partners LLC	93.6	25 %
<b>2</b>	<b>Soprano</b>	<b>88.7</b>	<b>24 %</b>
2	Swedbank Robur Fonder	21.3	6 %
3	Karbon Invest AS	15.9	4 %
4	Kabouter Management LLC	13.7	4 %
5	Folketrygdfondet	12.7	3 %
6	Søren Sundahl	8.8	2 %
7	SEI Investments	6.6	2 %
8	DWS Investments	5.2	1 %
9	SEB Fonder	5.2	1 %
10	DNB Fonder	4.6	1 %
11	Handelsbanken Fonder	4.1	1 %
12	Danske Invest (DK)	3.9	1 %
13	Luxor Capital Group LP	3.7	1 %
14	TIN Fonder	3.7	1 %
15	Didner & Gerge Fonder	3.6	1 %
16	Ferd AS	2.6	1 %
17	Principal Global Investors	2.4	1 %
18	Delphi Fondsforvaltning AS	2.2	1 %
19	Livförsäkringsbolaget Skandia	1.9	1 %
20	Skandia Fonder	1.7	0 %
<b>Total fully diluted<sup>1</sup> shares (including Soprano)</b>		<b>369.7</b>	<b>100 %</b>

Shares outstanding are pro forma which includes shares expected to be issued in conjunction with the company's recent acquisitions (including also Soprano) and also adjusted for RSUs and options outstanding