LINK Mobility Group Holding ASA

Interim financial report Second quarter 2023

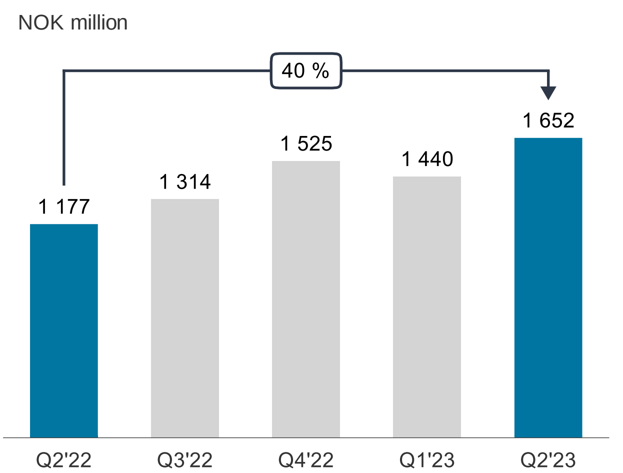
16 August 2023

linkmobility.com

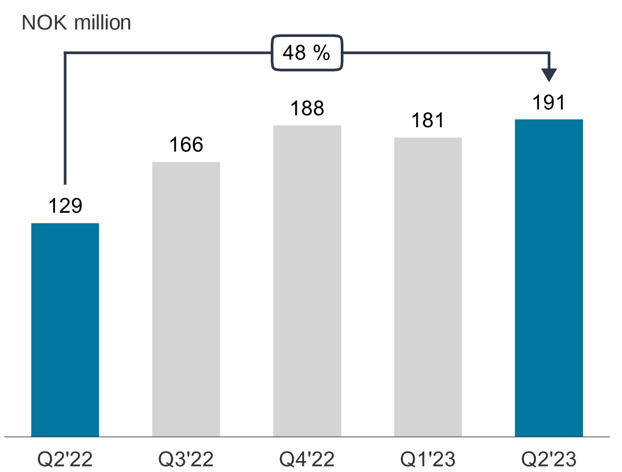
Highlights second quarter

- **Revenue reported at NOK 1 652 million. Organic growth in fixed currency 23%**
- **Gross profit reported at NOK 410 million. Organic growth in fixed currency 15%**
- **Adjusted EBITDA reported at NOK 191 million. Organic growth in fixed currency 32%**
- **Cash generation after capex and interest of NOK 129 million in the quarter**
  - Group leverage continued lower to 4.0x from 4.3x in the previous quarter
- **LINK signed 715 new and expanding agreements in the second quarter**
  - New signings increased 25% YoY supporting long-term growth momentum

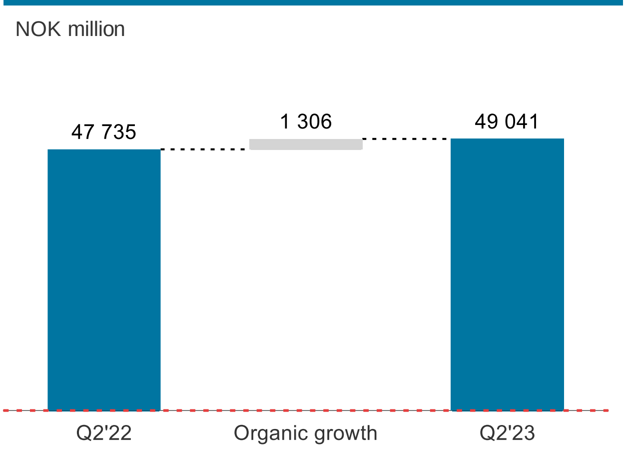
Total operating revenues NOKm



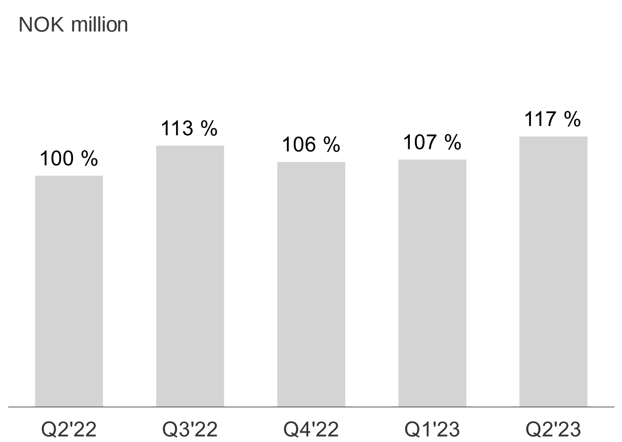
Adjusted EBITDA NOKm



Customer accounts



Net retention rate in fixed currency



Organic growth drives deleveraging

LINK Mobility (LINK) reports revenue of NOK 1,652 million, growing 40% in the second quarter of 2023 with continued strong FX tailwind. Organic revenue growth in fixed currency was 23%. Gross profit and adjusted EBITDA were reported at NOK 410 million and NOK 191 million respectively, with organic growth in fixed currency of 15% and 32%. The US business continued its strong performance despite no critical events messaging in the quarter. Europe improved with better retail volumes YoY and opex reductions delivered ahead of plan. Strong free cash flow generation in the quarter of NOK 129 million supported leverage declining further to 4.0x. LINK reiterates its forward-looking statement for 2023 for an organic adjusted EBITDA growth of 12-15% in fixed currency.

LINK continued to experience strong momentum in the US with high growth in messaging solutions from both new and existing clients. There were as expected no critical events messaging in the second quarter, as it is a seasonal business related to winter storms in Q1 and mainly droughts and hurricanes in H2.

In Europe, the enterprise segments experienced higher growth with improved retail activity YoY and increased contribution from a higher contract backlog. Execution on both commercial initiatives and cost reductions supported improved profitability.

Reported revenue increased 40% YoY to NOK 1,652 million in the second quarter, with underlying organic revenue growth at 23% in fixed currency. The underlying growth was driven by organic revenue growth of 79% in the US and 64% organic growth for Global Messaging. The European enterprise segments posted an organic revenue growth of 12%.

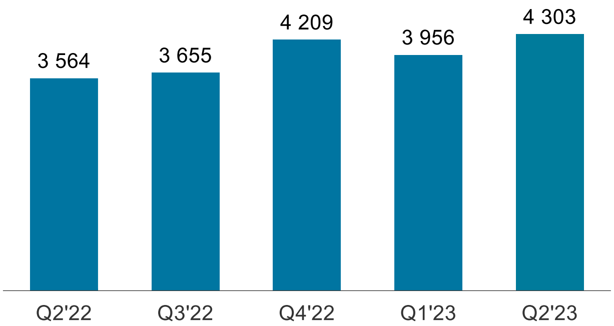
Gross profit grew 29% to NOK 410 million in Q2 23 with an organic gross profit growth in fixed currency of 15%. The gross margin was negatively affected by a higher share of Global Messaging, while a larger US business almost fully offset a margin dilution effect from scaling of global clients in Central Europe.

Adjusted EBITDA increased 48% to NOK 191 million in the second quarter, with organic growth at 32% in fixed currency. Strong US growth and cost reduction initiatives in Europe drove an improved adjusted EBITDA margin to 11.8% in fixed currency, increasing 0.8 percentage points YoY.

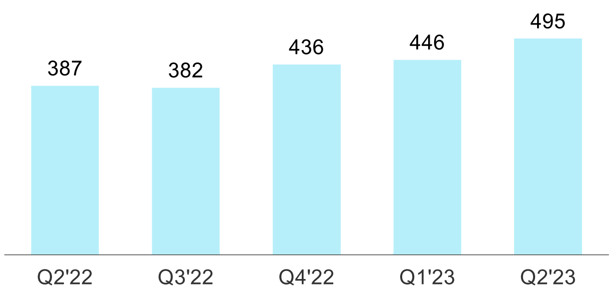
The cost initiatives announced last year have now effectively been completed with an annualized FCF effect of more than NOK 100 million. Reported costs have however been elevated by FX as NOK has depreciated versus most other currencies YoY.

Reported messaging volumes increased by 21% in the second quarter. Richer channels, with higher price points, continue to gain traction in selected markets, albeit from low levels, supporting revenue growth slightly above volume growth.

SMS One-way messaging (mill messages)



Other messaging (mill messages)



Forwarding-looking statement

LINK expects organic adjusted EBITDA growth of 12-15% in fixed currency for 2023, driven by higher gross profit growth than in 2022 and opex savings from cost reduction initiatives. The higher growth in profitability reflects significantly improved commercial momentum with increased inflow of new business, opex reductions ahead of target partly offsetting underlying cost increases and the dilutive effect on growth from non-recurring covid traffic out of comparable figures from Q2 23. Uncertainties however remain for H2 2023 related to macroeconomic activity and weather related seasonality for critical events messaging in the US. LINK reiterates its forward-looking statement for 2023.

Forward-looking statement	**2023**
Organic adjusted EBITDA growth in fixed currency	12 - 15%

LINK has a highly scalable business model with significant scope for margin expansion through organic growth and increased scale from acquisitions in coming years.

Long-term forward-looking statement	
Pro forma revenue (NOK million)	10 000
Pro forma adjusted EBITDA margin	15 - 17%

New agreements signed

LINK signed 715 new and expanding agreements in the second quarter, securing significant new revenue and future growth potential. The new agreements consisted of 513 signed direct customer contracts, 34 signed partner framework agreements and 168 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 are accelerating and use cases are evolving from one-way mass communication to more conversational solutions. European retail markets are still impacted by macroeconomic uncertainty, but has improved from the weak activity observed last year.

Customer service is growing quickly albeit from lower volumes contributing about 10% of group revenue. Parts of IVR (automated telephone systems) are being replaced by messaging services which enhance consumer interaction and reduce supplier costs. Chatbots and new channels in demand are more time-consuming to implement and scale.

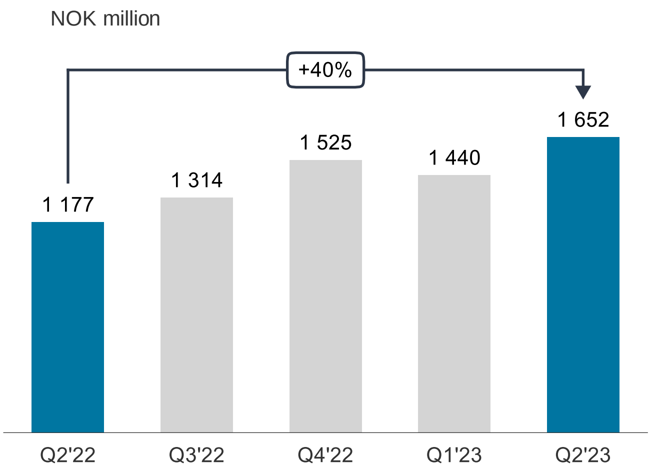
Financial Review

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

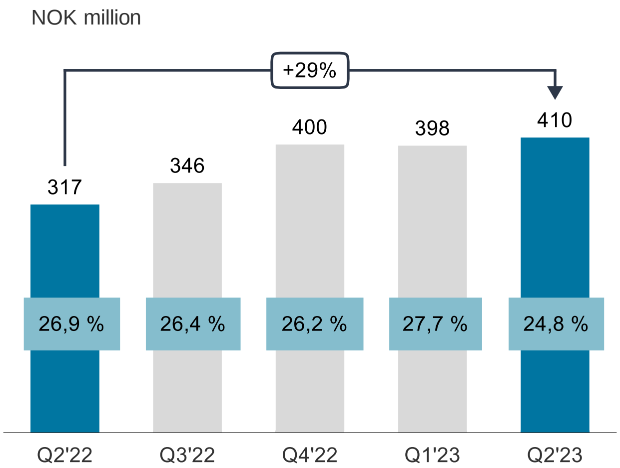
Group income statement

Total operating revenue amounted to NOK 1 652 million (NOK 1 177 million) or a reported growth of 40% versus the same period last year. Organic revenue growth in fixed currency was 23% with currency translation effects in the quarter of NOK 207 million related to depreciation of NOK against most foreign currencies. Revenue growth momentum improved in European Enterprise regions improved to 12% in fixed currency after shedding strong covid traffic comparables and positive contribution from new contracts signed with both existing and new clients. The positive trending on signed contracts during last three quarters is gradually being implemented in the respective regions and contributes to growth as clients start scaling traffic on their respective use cases. The US business growth was 79% in fixed currency from messaging solutions related to implementation and reccurring revenues from existing and new clients. Critical event revenue was limited as per normal seasonality in the quarter. Although the growth momentum is positive and contract backlog solid we view the macroeconomic uncertainty still present and impacting countries, segments and clients in various degree.

Total operating revenues (mNOK)



Gross Profit and Gross Margin



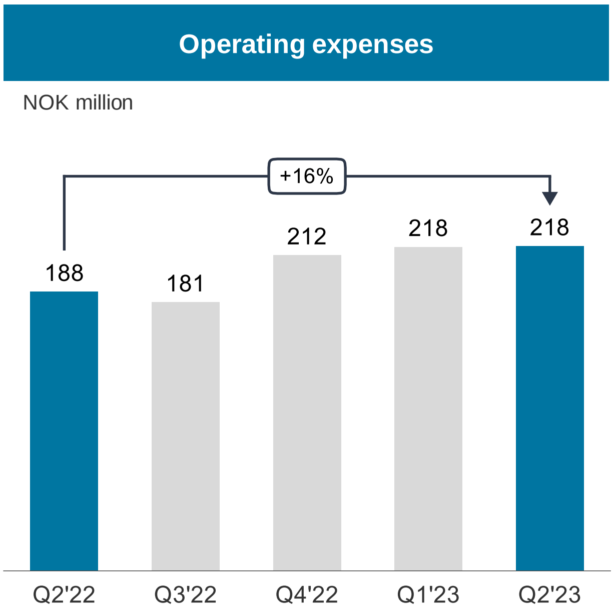
Gross profit growth reported at 29% to NOK 410 million in the quarter. In fixed currency the gross profit growth was 15% improving from first quarter as growth momentum in the European enterprise segments and Global Messaging segments strengthened. The gross profit growth in the European enterprise segments was 7% in fixed currency.

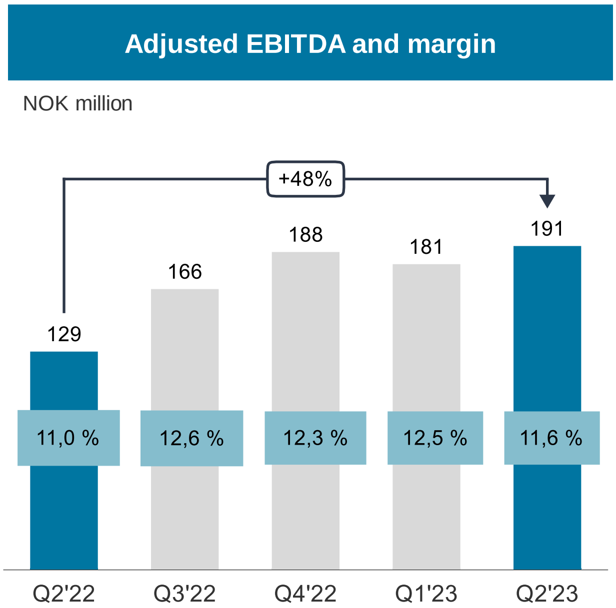
In fixed currency the growth in gross profit in the US was 52% driven by messaging solutions related to existing and new clients.

The total Group gross profit margin was reported at 24.8% (26.9%) impacted by higher share revenues from the low-margin Global Messaging segment, consolidation of customer base in the US and growth on larger Global clients in Central Europe. The enterprise margins remained fairly stable across segments and was only impacted by normal fluctuations related to client and product mix effects.

Total operating expenses amounted to NOK 218 million (NOK 188 million) or a reported growth of 16% compared to same quarter last year. In fixed currency the growth in operating expenses was limited to 2%. The growth in operating expenses was related to investments in commercial capabilities in the US including onboarding of an acquired customer base late 2022, and general cost inflation partly offset by cost initiatives. The cost reduction initiatives are to a large extent concluded and will yield full effect during the last two quarters of 2023 contributing to continued strong 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.

Adjusted EBITDA, before non-recurring cost, was reported at NOK 191 million (NOK 129 million) or 11.6% of total revenues (11.0%). In fixed currency the growth in adjusted EBITDA was 32%. The growth in adjusted EBITDA was driven by the organic growth in gross profit partly offset by increased operating expenses. Gross profit to adjusted EBITDA conversion was reported at 47% (41%).





EBITDA after non-recurring items was reported at NOK 143 million (NOK 101 million) after deduction of non-recurring cost of NOK 48 million (NOK 28 million) related to acquisitions, share option programs and restructuring costs. The non-recurring costs increased mainly driven by higher costs connected to share-options related to replacement of previous LTIP programs from December 7th 2022 and final AGM approval in May 2023 and consequent recognition of costs since initiation date with no cash effect in the quarter. Remaining non-recurring costs related to restructuring and M&A was reported at NOK 8 million (NOK 21 million) declining related to lower M&A activity and hence restructuring initiatives.

Second quarter depreciation and amortization expense were NOK 129 million (102 million). The increase compared to same quarter last year is mainly attributable to one-time effect of depreciation of projects finalised in the US subsidiary (NOK 10 million) and to the effect of foreign exchange translation on intangible assets (NOK 13 million). Remaining increase related to increased depreciation in other subsidiaries related to completed projects.

Net financial expense was negative NOK 43 million (positive NOK 65 million). The change was mainly related to a net currency loss of NOK 4 million as compared to a large net currency gain in the comparative quarter (NOK 102 million). This is due to net impact of changes in USD/NOK and EUR/NOK exchange rates and the largest component of net currency gain in the prior period relates to effects on intercompany loans; this effect is comparatively smaller in the current quarter.

Balance sheet, financing, and liquidity

Non-current assets amounted to NOK 9 553 million (NOK 9 143 million). The increase is largely attributable to the currency revaluation of goodwill and other intangible assets.

Trade and other receivables amounted to NOK 1 304 million (NOK 938 million). The impact from changes in foreign currency exchange rates is NOK 26 million YoY. The underlying increase is driven by organic growth and timing of collections.

Trade and other payables were reported at NOK 1 430 million (NOK 1 079 million). The impact from changes in foreign currency exchange rates is NOK 27 million YoY. As for trade and other receivables, the increase is driven by organic growth and timing of payables.

Total equity amounted to NOK 5 647 million (NOK 5 362 million) or 47% (49%) of balance sheet value. The increase was mainly related to foreign exchange effects (NOK 478 million) offset by losses from the net investment hedge (NOK 113 million). Changes in other equity, such as share based payments, quantify the remaining difference.

Long-term liabilities amounted to NOK 4 812 million (NOK 4 488 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 443 million); deferred tax liabilities decreased slightly (NOK 105 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 6 million (NOK 9 million); this figure is mainly representative of accrued interest on the bond loan.

Net cash flow from operating activities was NOK 242 million (NOK 194 million). Organic growth and positive development in working capital during the second quarter contributes to the growth compared to same quarter last year.

Net cash from investing activities was negative NOK 56 million (negative NOK 45 million). The increase compared to the same quarter last year is largely attributable to acquisition of a customer base in the Italian subsidiary (NOK 7 million).

Net cash flow from financing activities was negative NOK 76 million (negative NOK 78 million). The same quarter last year includes the settlement of the holdback related to the Teracomm acquisition (NOK 11 million); this is offset by comparatively higher interest paid in the current quarter (NOK 4 million) and comparatively higher IFRS 16 lease payments (NOK 2 million).

Cash and cash equivalents were NOK 1 089 million at the end of the quarter (NOK 902 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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Total operating revenues	3	1 652 374	1 177 236	3 092 122	2 351 061	5 190 049
Direct cost of services rendered		-1 242 669	-860 658	-2 284 005	-1 712 674	-3 805 181
Gross profit	3	**409 705**	**316 578**	**808 118**	**638 388**	**1 384 869**
Payroll and related expenses		-140 703	-109 681	-280 856	-227 396	-471 458
Other operating expenses		-77 607	-77 887	-155 210	-139 575	-288 190
Adjusted EBITDA	3	**191 395**	**129 010**	**372 052**	**271 416**	**625 221**
Restructuring cost		-5 822	-11 243	-9 629	-18 735	-71 937
Share based compensation	6	-40 111	-7 376	-47 547	-21 221	-43 631
Expenses related to acquisitions		-2 524	-9 508	-5 188	-15 730	-32 021
EBITDA		**142 938**	**100 883**	**309 689**	**215 730**	**477 632**
Depreciation and amortization	7	-129 308	-102 204	-237 798	-202 072	-415 592
Impairment cost	7	-	-	-	-	-180 360
Operating profit (loss)		**13 630**	**-1 322**	**71 891**	**13 659**	**-118 320**
Finance income and finance expenses						
Net currency exchange gains (losses)		-4 025	101 793	-36 036	127 983	93 776
Net interest expense		-38 350	-41 344	-77 070	-75 877	-148 556
Net other financial expenses		-152	4 791	-164	7 196	17 670
Finance income (expense)		**-42 527**	**65 240**	**-113 270**	**59 302**	**-37 109**
Profit (loss) before income tax		**-28 897**	**63 918**	**-41 379**	**72 961**	**-155 429**
Income tax		12 907	-25 648	28 615	-33 931	4 323
Profit (loss) for the period		**-15 990**	**38 270**	**-12 763**	**39 029**	**-151 106**
Earnings per share (NOK/share):						
(Loss) earnings per share (NOK/share):		-0,05	0,13	-0,04	0,13	-0,51
Diluted (loss) earnings per share		-0,05	0,13	-0,04	0,13	-0,51

Condensed consolidated statement of comprehensive income

NOK '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Profit (loss) for the period	**-15 990**	**38 270**	**-12 763**	**39 029**	**-151 106**
Total effect - foreign exchange	141 014	334 931	478 263	230 985	271 850
Gains and losses net investment hedge	-29 450	-60 563	-113 069	-34 172	-49 875
Tax on OCI that may be reclassified to P&L	6 479	13 324	24 875	7 518	10 973
OCI that may be reclassified to P&L	**118 043**	**287 693**	**390 069**	**204 331**	**232 947**
Total Comprehensive Income	**102 053**	**325 963**	**377 306**	**243 361**	**81 841**

Condensed consolidated statement of financial position

NOK '000	Note	Q2 2023	Q2 2022	Year 2022
Assets				
Non-current assets				
Goodwill		6 319 445	5 909 801	5 788 277
Other intangible assets		3 017 410	3 006 153	2 929 503
Right-of-use-assets		54 450	56 266	47 865
Equipment and fixtures		21 507	23 839	22 143
Deferred tax assets		137 289	144 136	133 145
Other long term assets		2 804	2 882	2 876
Non-current assets		**9 552 905**	**9 143 077**	**8 923 810**
Current assets				
Trade and other receivables		1 303 907	937 936	1 243 758
Cash and cash equivalents		1 088 897	901 759	826 851
Current assets		**2 392 804**	**1 839 696**	**2 070 609**
Total assets		**11 945 709**	**10 982 773**	**10 994 419**
Equity & Liabilities				
Shareholders equity		5 647 080	5 362 143	5 225 521
Total equity		**5 647 080**	**5 362 143**	**5 225 521**
Long-term liabilities				
Long-term borrowings	5	4 280 959	3 837 477	3 837 096
IFRS 16 liability, non-current	5	39 331	40 500	34 381
Deferred tax liabilities		484 682	590 571	533 064
Other long term liabilities	5	6 623	19 405	11 006
Total non-current liabilities		**4 811 595**	**4 487 953**	**4 415 547**
Short-term liabilities				
Borrowings, short term	5	6 090	8 535	5 470
IFRS 16 liability, current	5	16 727	15 873	14 217
Trade and other payables		1 430 048	1 079 493	1 331 086
Tax payable		34 169	28 776	2 578
Total current liabilities		**1 487 033**	**1 132 677**	**1 353 351**
Total liabilities		**6 298 629**	**5 620 630**	**5 768 898**
Total liabilities and equity		**11 945 709**	**10 982 773**	**10 994 419**

Condensed consolidated statement of changes in equity

YTD Q2 2023 (NOK '000)	Note	Share capital	Share premium	Other equity	Retained earnings	Other reserves	Total equity
Total Opening Balance		**1 479**	**5 667 588**	**101 729**	**-439 426**	**-105 850**	**5 225 521**
Changes in Net Income		-	-	-	-12 763	-	-12 763
Total Other Comprehensive Income (OCI)		-	-	205 748	269 600	-85 280	390 069
Total Comprehensive Income		**-**	**-**	**205 748**	**256 837**	**-85 280**	**377 306**
Changes due to issue of stock		1	1 676	-	-	-	1 677
Share based payment		-	-	42 577	-	-	42 577
Closing Balance	**8**	**1 479**	**5 669 265**	**350 055**	**-182 589**	**-191 130**	**5 647 080**

YTD Q2 2022 (NOK '000)	Note	Share capital	Share premium	Other equity	Retained earnings	Other reserves	Total equity
Total Opening Balance		**1 471**	**5 661 307**	**211 726**	**-918 484**	**133 539**	**5 089 559**
Changes in Net Income		-	-	-	39 029	-	39 029
Total Other Comprehensive Income (OCI)		-	-	-	204 331	-	204 331
Total Comprehensive Income		**-**	**-**	**-**	**243 361**	**-**	**243 361**
Changes due to issue of stock		-	5 372	-	-	-	5 372
Share based payment		-	-	23 851	-	-	23 851
Closing Balance	**8**	**1 471**	**5 666 679**	**235 576**	**-675 123**	**133 539**	**5 362 143**

Condensed consolidated statement of cash flows

NOK '000	Note	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Net cash flows from operating activities						
Profit before income tax		**-28 897**	**63 918**	**-41 379**	**72 961**	**-155 429**
Adjustments for:						
Taxes paid		-13 883	-5 843	-13 760	-18 371	-58 213
Finance income (expense)		42 527	-65 240	113 270	-59 302	37 109
Depreciation and amortization		129 308	102 204	237 798	202 072	595 952
Employee benefit - share based payments		35 631	9 854	42 577	23 851	47 833
Net losses (gains) from disposals		-174	-	-174	32	32
Change in other provisions		-5 494	8 388	-8 742	3 558	24 585
Change in trade and other receivables		9 670	-20 860	55 970	-2 517	-290 208
Change in trade and other payables		73 715	101 356	3 775	-9 991	219 084
Net cash flows from operating activities		**242 401**	**193 779**	**389 335**	**212 292**	**420 745**
Net cash flows from investing activities						
Payment for equipment and fixtures		-346	-2 681	-1 148	-6 167	-8 084
Payment for intangible assets		-48 217	-42 371	-82 494	-88 915	-172 217
Payment for acquisition of subsidiary, net of cash	8	-7 227	-	-7 227	-	-61 477
Net cash flows from investing activities		**-55 791**	**-45 052**	**-90 869**	**-95 082**	**-241 778**
Net cash flows from financing activities						
Proceeds on issue of shares		1 677	5 439	1 677	5 372	6 289
Proceeds from borrowings	5	-	-	-	-	-
Repayment of borrowings		-	-10 927	-	-10 927	-81 429
Interest paid		-72 757	-68 598	-73 595	-71 489	-141 967
Principal elements of lease payments		-5 404	-3 504	-8 968	-7 180	-15 931
Net cash flows from financing activities		**-76 484**	**-77 589**	**-80 886**	**-84 224**	**-233 037**
Net change in cash and cash equivalents		**110 127**	**71 137**	**217 580**	**32 986**	**-54 070**
Effect of foreign exchange rate changes		15 100	29 023	44 466	25 156	37 304
Cash and equivalents at beginning of period		963 671	801 599	826 851	843 618	843 618
Cash and equivalents at end of the period		**1 088 897**	**901 759**	**1 088 897**	**901 759**	**826 851**

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 June 2023 for publication on 16 August 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 654 employees and operates in 18 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 five natural reporting segments. These are Northern Europe, Western Europe, Central Europe, Northern America 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.

Northern America

Northern America is composed of the US market currently includes the entity Message Broadcast.

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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	366 172	325 960	722 264	660 642	1 364 335
Central Europe	370 472	274 238	681 490	532 749	1 183 616
Western Europe	451 853	345 971	840 704	694 177	1 423 472
North America	95 375	47 010	202 450	89 013	276 309
Global Messaging	368 502	184 056	645 214	374 481	942 317
Total revenues	**1 652 374**	**1 177 236**	**3 092 122**	**2 351 061**	**5 190 049**

Gross profit by segment	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	99 790	90 068	202 232	186 407	375 816
Central Europe	102 447	87 815	193 699	174 362	361 792
Western Europe	105 119	78 893	193 688	159 130	317 179
North America	72 335	41 956	162 016	79 438	246 594
Global Messaging	30 013	17 846	56 483	39 050	83 487
Total gross profit	**409 705**	**316 578**	**808 118**	**638 388**	**1 384 869**

Adj. EBITDA by segment	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Northern Europe	59 282	52 186	123 580	111 790	226 653
Central Europe	71 145	56 057	127 373	111 507	232 052
Western Europe	52 749	33 623	92 882	76 277	153 469
North America	36 590	18 359	86 959	34 912	139 703
Global Messaging	19 994	8 975	36 794	21 288	47 998
Group Costs	-48 365	-40 191	-95 535	-84 359	-174 653
Total adjusted EBITDA	**191 395**	**129 010**	**372 052**	**271 416**	**625 221**

Reconciliation of adjusted EBITDA to Group profit (loss) before income tax	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Adjusted EBITDA	191 395	129 010	372 052	271 416	625 221
Non-recurring items	-48 457	-28 127	-62 363	-55 686	-147 589
Depreciation and amortization	-129 308	-102 204	-237 798	-202 072	-595 952
Operating profit	**13 630**	**-1 322**	**71 891**	**13 659**	**-118 320**
Finance income (expense)	-42 527	65 240	-113 270	59 302	-37 109
Profit (loss) before income tax	**-28 897**	**63 918**	**-41 379**	**72 961**	**-155 429**

* 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 June 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	4 280 960	3 837 096
Lease liability	39 331	34 381
Other long-term liabilities	6 623	11 006
Total	**4 326 914**	**3 882 483**

NOK '000

Current liabilities	YTD 2023	Year 2022
Lease liability	16 727	14 217
Debt to financial institutions/bond loan*	6 090	5 470
Total	**22 817**	**19 688**

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

Note 6 – Options

In Q2 2023, an expense of NOK 40 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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Equipment and fixtures	2 226	1 864	4 186	3 585	7 456
Right-of-use-assets	5 484	4 987	9 660	9 751	19 131
Intangible assets acquisitions*	86 633	76 974	169 404	152 016	311 413
Intangible assets - subsidiaries**	34 965	18 379	54 547	36 720	77 591
Total depreciation and amortization	**129 308**	**102 204**	**237 798**	**202 072**	**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

Note 8 – Earnings per share

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

NOK '000	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Net (loss) income	-15 990	38 270	-12 763	39 029	-151 106

Weighted average number of ordinary shares (basic)	Q2 2023	Q2 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
Effect of shares issued (14 November 2022)					929
Effect of shares issued (24 November 2022)					120
Effect of shares issued (05 June 2023)	175		175		
Weighted average number of ordinary shares	**296 065**	**294 252**	**296 065**	**294 252**	**295 890**
Basic earnings (loss) per share (NOK)	(0,05)	0,13	(0,04)	0,13	(0,51)

Weighted average number of ordinary shares (diluted)	Q2 2023	Q2 2022	YTD 2022	YTD 2022	Year 2022
Weighted average number of ordinary shares (basic)	296 065	294 252	296 065	294 252	295 890
Effect of share options on issue	7 336	3 046	7 336	3 046	2 076
Weighted average number of ordinary shares (diluted)	**303 401**	**297 298**	**303 401**	**297 298**	**297 966**
Diluted (loss) earnings per share (NOK)	(0,05)	0,13	(0,04)	0,13	(0,51)
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	296 065	294 252	296 065	294 252	295 890

Responsibility statement

We confirm that, to the best of our knowledge, the consolidated interim financial statements for the first half of 2023 have been prepared in accordance with IFRS as adopted by the EU and IAS 34 *Interim Financial Reporting*, give a true and fair view of the Company's and Group's assets, liabilities, financial position and results of operations. To the best of our knowledge, the interim report for the first half of 2023 includes a fair review of important events that have occurred during the period and their impact on the condensed financial statements and the principal risks and uncertainties for the remaining half of 2023.

Oslo, 16 August 2023

The Board of LINK Mobility Group Holding ASA

Andre Alexander Christensen	Robert Joseph Nicewicz Jr	Grethe Helene Viksaas
Chairman of the Board	Board Member	Board Member
Sara Katarina Murby Forste	Jens Rugseth	Sabrina Emma Gosman
Board Member	Board Member	Board Member

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	Q2 2023	Q2 2022	YTD 2023	YTD 2022	Year 2022
Operating profit (loss, ("EBIT")	**13 630**	**-1 322**	**71 891**	**13 659**	**-118 320**
Depreciation and amortization	129 308	102 204	237 798	202 072	595 952
EBITDA	**142 938**	**100 883**	**309 689**	**215 730**	**477 632**
Add: Restructuring cost	5 822	11 243	9 629	18 735	71 937
Add: Share based compensation	40 111	7 376	47 547	21 221	43 631
Add: Expenses related to acquisitions	2 524	9 508	5 188	15 730	32 021
Adjusted EBITDA	**191 395**	**129 010**	**372 052**	**271 416**	**625 221**
Operating revenues	1 652 374	1 177 236	3 092 122	2 351 061	5 190 049
Adjusted EBITDA	**191 395**	**129 010**	**372 052**	**271 416**	**625 221**
Adjusted EBITDA margin	**11,6 %**	**11,0 %**	**12,0 %**	**11,5 %**	**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 the significant 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	Q2 2023	Year 2022
Bond loan - Principal	3 986 081	3 737 777
IFRS 16 liabilities	56 058	48 599
Less cash	-1 088 897	-826 851
Net debt	**2 953 242**	**2 959 524**
LTM adjusted EBITDA (proforma)	737 849	638 488
Net debt/LTM adjusted EBITDA	**4,0**	**4,6**

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