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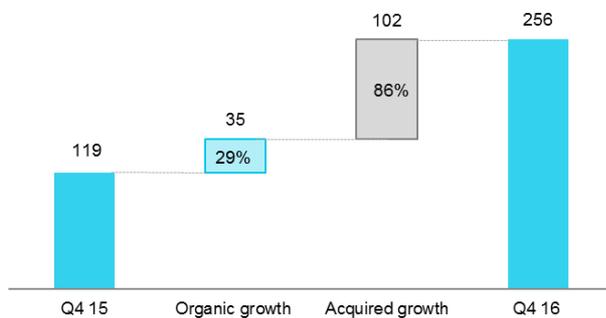
– by the number one provider  
of mobile communication solutions

LINK Mobility Group ASA  
Financial Results  
Fourth quarter 2016

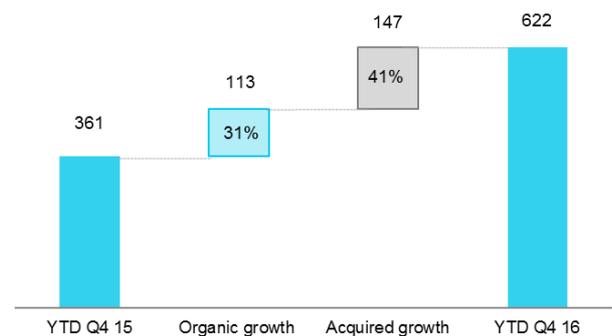
## Highlights fourth quarter 2016

- Continued strong growth in all main markets
- 115 per cent revenue growth. Organic growth of 40 per cent in mobile messaging
- All-time high 741 million mobile messages delivered
- Record high adjusted EBITDA of NOK 30 million
- Strong cash position of NOK 188 million
- Main listing on Oslo Stock Exchange completed
- Entering the Spanish market, term sheets regarding acquisitions of main Spanish players Didimo Group and GSM signed in January 2017
- Contemplating the issuance of a bond of Euro 50 million with a borrowing limit of Euro 175 million to finance the outlook through 2018

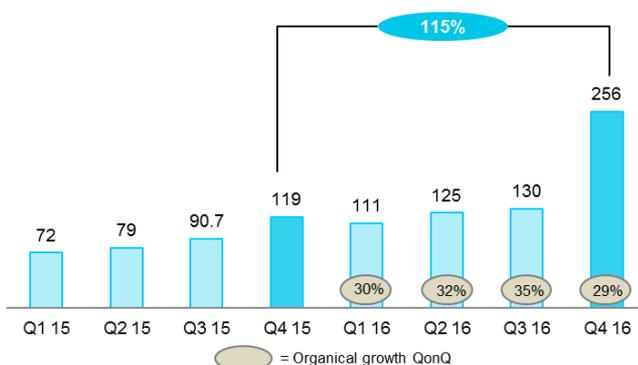
Revenue development  
QonQ, (NOKm)



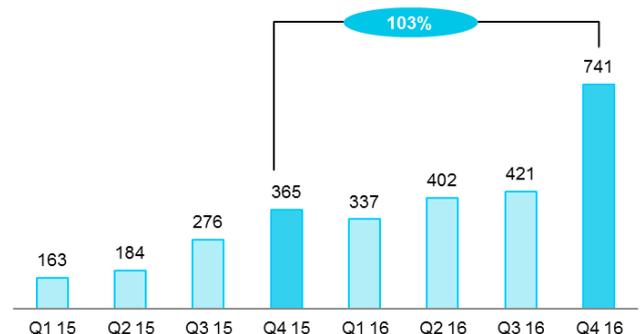
Revenue development  
YTD QonQ, (NOKm)



Operating revenues  
(NOKm)



Messages delivered  
(million)



## Strong organic growth and successful acquisitions

**LINK Mobility Group ASA (LINK) confirms its strategy, and reports solid revenue growth in the fourth quarter of 2016 across all main markets. LINK has achieved an all-time high revenue and EBITDA, in terms of both growth and absolute numbers. The strong figures are the result of a combination of solid organic growth, and successful acquisitions closed last quarter. In addition to delivering solid results for the quarter, LINK has after the closing of the quarter signed term sheets regarding the acquisition of the Spanish companies Global Messaging Solutions (GMS) and Didimo Group, becoming the leading provider of mobile messaging and mobile solution in the Spanish market. LINK has now become one of Europe's leading and fastest growing companies within the industry.**

The strong revenue growth in the quarter, confirms the positive underlying trend of solid growth in the market for mobile messaging and mobile solutions delivered by LINK. New mobile solutions like Mobil Invoice have had a good response in the marketplace, indicating a solid growth potential going forward.

LINK achieved record operating revenues of NOK 256 million in the fourth quarter, up 115 per cent compared with corresponding period last year. The overall market conditions have been favorable in all markets, resulting in all-time high messaging volume of 741 million, and an organic growth in the Mobile Messaging segment of 40 per cent. The adjusted EBITDA was recorded at an all-time high of NOK 30 million in the fourth quarter, up NOK 16 million compared with the corresponding period last year.

In the full year 2016, LINK achieved record operating revenues of NOK 622 million and an adjusted EBITDA of NOK 67 million. Including the full year effect of companies acquired in 2016, LINK achieved a pro forma revenue of NOK 924 million and an adjusted EBITDA of NOK 110 million (12,0 per cent). LINK delivered 2.525 million messages in 2016 (pro forma figures).

### Consolidated Key Figures

<i>(Amounts in NOK million)</i>	Q4 2016	Q4 2015	2016	2016 pro forma	2015
Operating revenues	256	119	622	924	362
Adjusted EBITDA*	30	14	67	110	49
Adjusted EBITDA margin*	11,7 %	11,8 %	10,9 %	12,0%	13,6 %

- \* Adjusted for costs related to acquisitions and share based compensations. Further details related to these costs are to be found in the Consolidated Income Statement.

The companies acquired in the third quarter are messaging companies with lower gross margins than existing subsidiaries that have a higher share of high margin mobile solutions revenue. LINK is expecting long-term margin improvements in the acquired businesses as they are to start focusing on LINK's Mobile Solutions.

The financial position is good, with a solid cash position of NOK 188 million. LINK has no additional plans to raise new equity to fund acquisitions except for future acquisitions settled partly in LINK shares.

LINK has mandated ABG Sundal Collier ASA and Danske Bank to arrange a series of fixed income investor meetings in the Nordics commencing on 7 February 2017. A EUR 50 million, with a EUR 175 million borrowing limit, 5-year senior secured debt capital markets transaction may follow, subject to inter alia market conditions. If successful, net proceeds from such transaction will be used to redeem

outstanding bank debt in full and parts of the outstanding sellers' credit and provide funding for future acquisitions. A potential bond issue will provide LINK with required flexibility to pursue its growth strategy through 2018.

## Market conditions

LINK is continuing to experience a high degree of recurring revenue combined with increased revenue per customer as most of the customers increase their use of LINK's various mobile services. The overall market trend is the move towards "mobilization of businesses". Customers who have first started using mobile communications in one area, tend to move more and more business activities to mobile platforms. LINK is, in addition to the strong increase in demand for mobile messages, also experiencing an increased demand for integrated mobile solutions such as customer clubs, statistical and analytical tools, databases, payment solutions, strategic advice and numerous other mobile services.

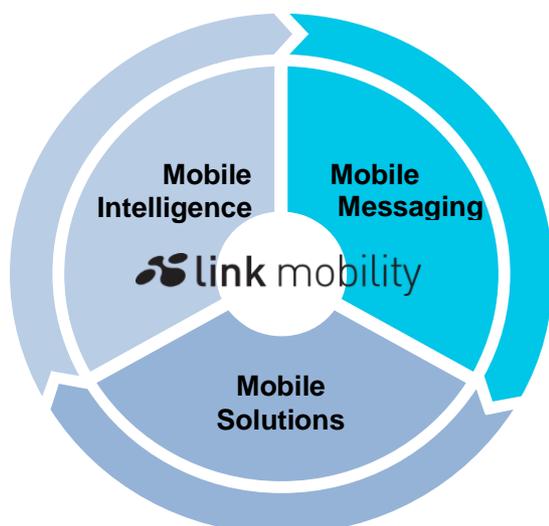
LINK Mobile Invoice was launched in 2016, and has received positive feedback from the market showing that many clients want to move from traditional invoicing to a mobile solution that makes it quicker, easier and more cost effective to invoice the end-users. Customers are pleased that LINK has an independent product that can provide solutions from several of the major payment players in the market resulting in instant payment. Whether it's VIPPS, MobilePay, STREX, BankAxept or Debit Cards the customer wants to use, we plan to provide them all.

In the fourth quarter LINK delivered mobile services to more than 26 million unique mobile subscribers. LINK's international business was also picking up through enterprise with global customers. In the fourth quarter, LINK delivered mobile messages to nearly all nations throughout the world.

The Scandinavian markets are regarded as advanced in terms of adopting mobile technologies and services. Scandinavian businesses, public offices and organizations are 2-4 years ahead of their counterparts in other markets in taking mobile messaging services into use. LINK is the strongest provider of B2C mobile messaging and mobile services in the Nordic, Baltic and German markets. LINK has a comparative advantage when entering new markets. Highly developed technological platforms, advanced services and solid reference cases, will make LINK able to expand the market potential when entering new geographical markets.

## Business segments

In 2016, LINK has three business segments; LINK Mobile Messaging (previously Dialog) LINK Mobile Solutions (previously Payment, License and Consulting) and LINK Mobile Intelligence.



LINK Mobile Messaging is currently the largest business area, representing 78,1 per cent of the total revenue. Double digit growth is forecasted for this area over the next 5 years. SMS will be the main messaging carrier, enriched with over the top messaging carriers such as, Apps, Facebook Messenger, WhatsApp, Joyn and e-mail delivered through our omni channel mobile messaging platform.

LINK Mobile Solutions comprises of mobile payment, mobile licenses and other mobile solutions surrounding Mobile Messaging, such as customer club, mobile invoice, mobile notifications, authentication and Joyn.

LINK Mobile Intelligence gather and analyze data to make mobile messaging even more powerful. LINK Mobility Intelligence is under development and is expected to generate revenue in 2017.

Further information about all business segments can be found in Note 3 "Segment reporting" where revenue is specified per business segment used in both 2015 and in 2016.

## New contracts

LINK signed 336 new contracts in the fourth quarter, whereof 132 with new customers and 204 new contracts with existing customers. The following new contracts of significant financial and strategic importance were signed in the fourth quarter:

- Avida Finans, a Nordic credit market enterprise, chose LINK's mobile solutions to provide a total solution for invoice payment and ledger, both for the creditor and the customer.
- NAF, a large membership- and consumer organization, chose LINK as a partner for mobile messaging services. The mobile messaging services will be integrated in NAF's Marketing Automation Solution, and ensure that NAF can communicate with its members in an effective and secure way.
- Telenor Norge chose LINK Leads solution to facilitate sales at Canal Digital. LINK will build a custom-made solution with a time stamp for Canal Digital
- Stadium, one of Sweden's leading sporting goods suppliers, has switched vendor of mobile messaging services from a competitor to LINK.
- Yle, Finland's national public broadcasting company, has signed a contract with LINK. Yle will use LINK's mobile messaging services to increase its interaction with viewers and listeners.
- Nilson Group, the biggest shoe retailer in the Nordics, has chosen LINK's mobile messaging solutions.

- Volvo Finans, Sweden's biggest car finance company has integrated LINK mobile communications for end client dialogue.
- Leadteq, the leading provider of Eloqua B2B Marketing automation systems, has agreed to partner up with LINK to facilitate a boost in mobile messaging for Leadteq's Eloqua clients.
- Visma Enterprise Oy has signed agreement with LINK for SMS Gateway to their clients internal use.

## Financial Review

*(Figures in brackets refer to the same quarter or balance date last year, unless otherwise specified)*

### Group Income Statement

Consolidated operating revenues amounted to NOK 256 million (NOK 119 million). The strong growth was due to organic growth and the successful acquisitions last quarter. The growth has to a large extent taken place in the LINK Mobile Messaging business segment. The revenue from this segment increased by 6,9 percentage points corresponding quarter last year. See Note 3 for further details about the reporting of business segments.

Total gross margin was 33,5 per cent (40,6 per cent). The reduced margin was mainly caused by:

- The subsidiaries acquired last quarter are messaging companies with lower gross margin margins than existing subsidiaries which have a higher share of high margin mobile solution revenue. Of the 7 per cent age points reduction in gross margin from the third quarter, 6 per cent age points originated from acquired subsidiaries.
- Sales mix, mobile messaging amounted for 78,1 per cent of total revenue compared with 71,2 per cent in the corresponding period last year. Mobile Messaging has lower gross margin than the other business segments. Increased revenue on the Mobile Messaging segment is mainly due to the acquired subsidiaries last quarter.
- Increasing messaging sale to large customers at lower margins.

Personnel costs were, in addition to cost of services rendered, the main cost element. Personnel costs adjusted for costs related to share based compensation, were in the fourth quarter 14,0 per cent of net operating revenues (20,7 per cent).

Adjusted EBITDA, before non-recurring cost, was NOK 30 million (NOK 14 million), equaling an adjusted EBITDA margin of 11,7 per cent (11,8 per cent). EBITDA came to NOK 22 million (NOK 14 million) for the fourth quarter.

Financial items amounted to neutral NOK 0 million (NOK 1 million in loss). NOK 4 million (NOK 1 million) were interest expenses on sellers' credits and debt to financial institutions. Lower earn-out related to Linus than assumed last quarter, resulted in a profit of NOK 6 million reported under Other financial income. The net impact of currency change for the fourth quarter amounted to NOK 2 million in loss.

### Balance sheet, financing and liquidity

Non-current assets amounted to NOK 764 million (NOK 228 million), the increase is mainly due to acquisitions, NOK 530 million versus corresponding period last year. See Note 8 for further split. The

temporary purchase price allocations reported in the Q3 report, have been altered in accordance with new estimations, see Note 8 for details.

Trade receivables and other receivables amounted to NOK 170 million (NOK 99 million), the increase in is mainly a result of acquisitions. The cash balance is strong with NOK 188 million (NOK 40 million).

Total equity amounted to NOK 565 million (NOK 142 million) or 50,4 per cent of balance sheet value (38,7 per cent). Further details about the increase in share capital and registration, can be found in note 7 "Increase in share capital".

Long term liabilities amounted to NOK 226 million (NOK 84 million), all related to the funding of the acquisitions. Further details can be found in Note 6 "Long term liabilities".

Net cash from operating activities was negative with NOK 0,4 million (NOK +33 million) negatively affected by timing deviations on short term receivables and payables in the third quarter. Net cash flow from operating activities for 2016 was NOK 52 million.

## Outlook and way forward

The market for B2C mobile services has been a double-digits growth market over the last years. LINK expects this trend to last, with a further increase in growth rates as more and more businesses, public services and organizations are forced by customers' and users' demands to use mobile devices as the key channel for communication and use of services. LINK is experiencing a higher growth rate than the markets in which it operates.

LINK is currently delivering a wide variety of mobile messaging services and mobile solutions. LINK sees that businesses communicating with their customers via LINK's advanced cloud based messaging services, gain a strong advantage in their customer relations. LINK is now fueling the development of new and attractive mobile solutions ranging from innovative in app mobile messaging, customer club and loyalty programs, to creative mobile payment solutions. LINK is currently developing a mobile intelligence offering to its existing customers. This increased insight puts LINK in a leading position to give targeted and valuable advice to its customers, on how best to deploy LINK's mobile messaging and solutions to their business.

The Scandinavian market for developing and deploying state of the art mobile solutions is amongst the most innovative in the world. LINK intends to capitalize on the knowledge from the Nordic markets to access and expand new underdeveloped markets.

It is the opinion of the company that LINK is well positioned to pursue new profitable growth initiatives. LINK has a solid customer portfolio, a highly scalable technology and an experienced organization. The R&D capacity is good, and the business models are agile. LINK is well prepared to further strengthen its position in the fast growing B2C market for mobile services. Going forward LINK will focus on the following:

- Strengthen of the LINK Mobile Messaging position in a growing market.

- Continue to develop world leading LINK Mobile Solutions and Mobile Intelligence services.
- Continue the consolidation of the Nordic, Baltic, German markets and Spanish markets.
- Continue the expansion into other major European markets such as Italy and France.

LINK has a clear ambition to continue to grow its business in a market that is expanding rapidly. We see that the current growth level, both organic and non-organic, will continue through our strategic planning period 2018.

## Consolidated Income Statement

	Note	4Q 2016	4Q 2015	2016	2015
Operating revenues	3	256 387	119 447	621 606	361 530
<b>Total operating revenues</b>		<b>256 387</b>	<b>119 447</b>	<b>621 606</b>	<b>361 530</b>
Cost of services rendered		170 603	70 908	391 255	210 067
Personnel costs		35 986	24 729	114 610	77 619
Other operating expenses		19 796	9 681	48 310	24 724
<b>Total operating expenses</b>		<b>226 385</b>	<b>105 318</b>	<b>554 175</b>	<b>312 410</b>
<b>Adjusted EBITDA</b>	<b>3</b>	<b>30 002</b>	<b>14 129</b>	<b>67 431</b>	<b>49 120</b>
Share based compensation		6 060		18 038	
Expenses related to acquisitions		1 535		11 939	3 701
<b>EBITDA</b>		<b>22 407</b>	<b>14 129</b>	<b>37 454</b>	<b>45 419</b>
Depreciation	9	2 453	5 274	24 274	17 645
<b>Operating profit</b>	<b>3</b>	<b>19 954</b>	<b>8 855</b>	<b>13 180</b>	<b>27 774</b>
Interest income		405	173	718	405
Other financial income		6 725		11 037	4 677
Interest expenses	7	4 020	1 097	7 867	4 140
Other financial expenses		2 953	469	6 980	3 962
<b>Net financial items</b>		<b>157</b>	<b>-1 393</b>	<b>-3 092</b>	<b>-3 020</b>
<b>Profit before tax</b>		<b>20 111</b>	<b>7 462</b>	<b>10 088</b>	<b>24 754</b>
Income tax		3 667	2 421	5 417	3 849
<b>Profit for the period</b>		<b>16 444</b>	<b>5 041</b>	<b>4 671</b>	<b>20 905</b>
<b>Earnings per share (NOK/share)</b>					
Earnings per share		1,659	0,528	0,466	2,189
Diluted earnings per share	5	1,509	0,504	0,423	2,116
<b>Profit attributable to:</b>					
Owners of the company		16 444	5 041	4 671	20 905
<b>Statement of comprehensive income</b>					
Profit for the year		16 444	5 041	4 671	20 905
Exchange rate differences Group		-36	-151	-973	9 081
<b>Total comprehensive income</b>		<b>16 408</b>	<b>4 890</b>	<b>3 698</b>	<b>29 986</b>

\* Before share-based compensation and expenses related to acquisitions.

## Consolidated Balance Sheet

	Note	4Q 2016	4Q 2015
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8/9	757 752	223 081
Equipment and fixtures		6 304	4 487
<b>Total non-current assets</b>		<b>764 056</b>	<b>227 568</b>
<b>Current assets</b>			
Trade receivables and other receivables		169 513	98 706
Cash and cash equivalents		187 924	40 075
<b>Total current assets</b>		<b>357 437</b>	<b>138 781</b>
<b>Total assets</b>		<b>1 121 493</b>	<b>366 349</b>
<b>Equity and liabilities</b>			
Share capital	7	13 087	9 641
Share premium	7	399 749	102 773
Other equity	8	152 433	29 374
<b>Total equity</b>		<b>565 269</b>	<b>141 788</b>
<b>Deferred tax</b>			
Deferred tax		44 144	8 963
<b>Total deferred tax</b>		<b>44 144</b>	<b>8 963</b>
<b>Long-term liabilities</b>			
Seller's credit	6	137 153	53 137
Debt to financial institutions	6	88 350	28 967
Other long-term liabilities			1 481
<b>Total long-term liabilities</b>		<b>225 503</b>	<b>83 585</b>
<b>Short-term liabilities</b>			
Sellers credit short term			2 053
Trade and other payables		204 954	125 657
Tax payable		8 245	4 304
Short-term debt to financial institutions	6	73 378	
<b>Total short-term liabilities</b>		<b>286 577</b>	<b>132 014</b>
<b>Total liabilities</b>		<b>556 224</b>	<b>224 561</b>
<b>Total equity and liabilities</b>		<b>1 121 493</b>	<b>366 349</b>

## Statement of changes in equity

	Note	Ordinary shares	Share premium	Other equity	Total equity
<b>Balance at 31.12.2014</b>		<b>8 383</b>	<b>67 064</b>	<b>-611</b>	<b>74 836</b>
Total comprehensive income				29 986	29 986
Issue of share capital	7	1 258	35 709		36 967
<b>Balance at 31.12.2015</b>		<b>9 641</b>	<b>102 773</b>	<b>29 374</b>	<b>141 788</b>
	Note	Ordinary shares	Share premium	Other equity	Total equity
<b>Balance at 31.12.2015</b>		<b>9 641</b>	<b>102 773</b>	<b>29 374</b>	<b>141 788</b>
Total comprehensive income				3 697	3 697
Issue of share capital	7	3 446	296 976	112 345	412 767
Employee share-option schemes				7 017	7 017
<b>Balance at 31.12.2016</b>		<b>13 087</b>	<b>399 749</b>	<b>152 433</b>	<b>565 269</b>

## Consolidated Cash Flow Statement

	4Q 2016	4Q 2015	2016	2015
<b>Cash flow from operating activities</b>				
Profit before tax	20 111	7 462	10 088	24 754
Taxes paid	-5 080	-472	-8 284	-5 425
Depreciation and amortization	2 453	5 274	24 274	17 645
Adjustment for share-based payment	3 239		7 017	
Adjustment for expenses related to acquisitions	1 535		11 939	
Net interest in profit and loss	-157	1 393	3 093	3 020
Interest received		173		405
Interest paid		-793		-3 197
Change in trade receivables and other receivables	-2 224	-1 692	-65 103	-20 307
Change in trade and other payables	-20 253	21 429	69 222	34 168
<b>Net cash flow from operating activities</b>	<b>-376</b>	<b>32 774</b>	<b>52 245</b>	<b>51 063</b>
<b>Cash flow from investing activities</b>				
Acquisition of subsidiary, net of cash acquired	-10 388		-118 571	-23 599
Expenses related to acquisitions	-1 535		-11 939	
Purchase of tangible assets	-1 466	-1 964	-4 042	-2 779
Purchase of intangible assets	-7 588	-2 013	-24 444	-8 403
<b>Net cash flow from investing activities</b>	<b>-20 977</b>	<b>-3 977</b>	<b>-158 996</b>	<b>-34 781</b>
<b>Cash flow from financial activities</b>				
Net interest paid	-2 165		-5 060	
Proceed from borrowings			147 000	30 000
Repayment of borrowings	-3 894	-13 186	-16 117	-30 646
Proceeds from issuing new shares	123 587		129 842	7 396
<b>Net cash flow from financial activities</b>	<b>117 528</b>	<b>-13 186</b>	<b>255 665</b>	<b>6 750</b>
Foreign exchange effect on cash	-683	307	-1 065	-1 444
Net change in cash and cash equivalents	95 492	15 918	147 850	21 587
Cash and cash equivalents at the beginning for the period	92 432	24 157	40 075	18 488
<b>Cash and cash equivalents at the end of the period</b>	<b>187 924</b>	<b>40 075</b>	<b>187 924</b>	<b>40 075</b>

## Selected notes to the accounts

### Note 1 – General information

LINK Mobility Group ASA is a private limited company registered in Norway. LINK Mobility Group ASA is the parent company of the LINK Mobility Group (LINK or the group) and owns 100 per cent of the subsidiaries LINK Mobility AS in Norway, LINK Mobility AB in Sweden, LINK Mobility Group in Denmark, Linus AS in Norway, Globalmouth Marketing AB, Whatever Mobile Group in Germany, Labyrintti Group in Finland and LINK Mobility SIA in the Baltics. LINK is headquartered in Oslo, Norway.

LINK is the leading provider of B2C mobile messaging and services in the Nordic, Baltic and German markets. LINK provides services that enable companies, public services and organizations to have mobile communication with and deliver mobile services to their customers and users. LINK offers products and services extending from mobile messaging, marketing, payment, databases and applications. LINK's business is classified into the business segments; Mobile Messaging, Mobile Solutions and Mobile Intelligence.

### Note 2 – Basis for preparation / Accounting Policies

The consolidated interim financial statements for the fourth quarter 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The financial statements should be read in conjunction with the annual financial statements of the financial year 2015, which have been prepared in accordance with IFRS and the financial statements for the four quarters 2016 that have been prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies adopted are consistent with those of the previous financial reporting.

The consolidated financial statements for the fourth quarter of 2016 were approved by the Board of Directors of Link Mobility Group ASA on the 3<sup>rd</sup> February 2017.

The financial statements have not been audited or reviewed by the auditors.

LINK's presentation currency is Norwegian kroner (NOK), which is also the parent company's functional currency. All amounts are stated in NOK 1 000.

#### Consolidation

The consolidated financial statements show the total financial results and financial position of the parent company, LINK Mobility Group ASA and its subsidiaries that are 100 per cent owned by LINK Mobility Group ASA, and are fully consolidated in the consolidated financial statement. Subsidiaries acquired in 2016 are included in the consolidated financial statement from the date of closing the transactions.

## Note 3 – Segment reporting

The tables below show the revenues generated by business segments and operating segment.

### Revenues by business segment

	4Q 2016	4Q 2015	2016	2015
Transactions	200 145	85 069	465 339	237 846
Payments	21 220	12 536	53 397	49 900
Licenses	29 998	18 497	85 763	63 451
Consulting	5 024	3 345	17 107	10 333
<b>Total</b>	<b>256 387</b>	<b>119 447</b>	<b>621 606</b>	<b>361 530</b>

### Revenues per country (operating segment)

	4Q 2016	4Q 2015	2016	2015
Norway	107 310	76 136	333 954	254 788
Sweden	34 078	24 851	100 715	70 254
Denmark	34 848	16 385	100 976	29 345
Baltics	2 138	2 075	7 948	7 142
Germany	61 986	0	61 986	0
Finland	16 028	0	16 028	0
<b>Total</b>	<b>256 387</b>	<b>119 447</b>	<b>621 606</b>	<b>361 530</b>

### Adjusted EBITDA by operating segment

	4Q 2016	4Q 2015	2016	2015
Norway	17 713	10 922	50 793	38 508
Sweden	2 274	2 676	8 327	5 625
Denmark	7 141	3 316	15 973	7 786
Baltics	548	137	278	649
Germany	4 629	0	4 629	0
Finland	4 228	0	4 228	0
Group cost	-6 535	-2 922	-16 799	-3 448
<b>Adjusted EBITDA</b>	<b>30 002</b>	<b>14 129</b>	<b>67 431</b>	<b>49 120</b>

\* All EBITDA figures are before share-based compensation and expenses related to acquisitions

### EBIT by operating segment

	4Q 2016	4Q 2015	2016	2015
Norway	14 653	8 519	13 884	23 503
Sweden	1 302	2 332	4 951	3 675
Denmark	6 188	3 169	13 536	7 515
Baltics	545	134	263	641
Germany	4 015	0	4 015	0
Finland	4 216	0	4 216	0
Group cost	-10 964	-5 299	-27 685	-7 560
<b>EBIT</b>	<b>19 954</b>	<b>8 855</b>	<b>13 180</b>	<b>27 774</b>

## Note 4 – Related party transaction

There have been no transactions with related parties of significant importance in the period.

## Note 5 – Options

Allotments of all share option programs are consistent with resolution in the General Assembly Meeting 4<sup>th</sup> of May 2016 and 20<sup>th</sup> of October 2016, which granted the Board of Directors the authority to increase the share capital of LINK with up to respectively NOK 1.928.276 and NOK 750.000. Authorization to grant share options is held by either the CEO and Leader of the Board, or by the Board of Directors. The options must be exercised at the latest exercise schedule, or they will expire without any compensation. If the options are exercised, the price per share shall be equal to the agreed strike price. No fees were paid nor will be paid for the options. Share options have normally a qualifying period of 3 years, and the strike price is normally set in accordance with the value of LINK shares as registered on Oslo Stock Exchange at the time of signing of the various option agreements.

If the options are exercised, LINK Mobility Group ASA may choose to issue shares, or to transfer shares from its own stock of shares, in either case against payment of the strike price specified above. Option agreements contains provisions regarding the lock up period, and the consequences for remaining share options in case of a possible termination of employment.

There are 1.125.001 outstanding options to executive management and other key employees of LINK. 100.000 share options have been exercised in the quarter by the CEO. Of the 1.125.001 outstanding options, the following strike prices are agreed:

<i>Strike price</i>	<i>Remaining share options</i>
27,8 NOK	525 001
35 NOK	100 000
35/45/55 NOK	400 000
119 NOK	50 000
147 NOK	50 000
	<hr/>
	1 125 001

## Note 6 - Long-term liabilities

Long-term liabilities consist of seller's credit and debt to financial institutions connected with purchase of acquisitions.

### Sellers credit

#### Amounts in millions

Purpose	Outstanding debt	Currency	Outstanding debt	Maturity	Term	Interest	Due date interest
			NOK				
Acquisition of PSWinCom	19,8	NOK	19,8	30.12.2017	3 years	5 %	Quarterly
Acquisition of Refa Holding A/S	16,7	DKK	20,4	29.06.2019	3 years	5 %	Quarterly
Acquisition of Linus AS	6,1	NOK	6,1	30.09.2019	3 years	5 %	Quarterly
Acquisition of Labyrintti Group	3,0	EUR	27,3	30.09.2019	3 years	5 %	Quarterly
Acquisition of Whatever Mobile Group	7,0	EUR	63,6	30.09.2019	3 years	5 %	Quarterly
			137,2				

### Debt to financial institutions

#### Amounts in millions

Financial institution	Principal amount NOK	Outstanding debt NOK	Quarterly instalments	First instalment	Interest
	Sparebanken Vest	1,5	0,6	0,2	January 2015
Danske Bank tranche 1	25,0	17,5	2,5	October 2015	4,75 %
Danske Bank tranche 2	21,0	16,0	2,6	September 2016	3mnd NIBOR+4%
Danske Bank tranche 3	126,0	127,7	12,6	Januar 2017	3mnd NIBOR+4%
		161,7			

Debt to financial institutions with instalments within a 12 months' period, is classified as short term debt to financial institutions in the consolidated balance sheet.

Sparebanken Vest, loan acquired with the purchase of PSWinCom. Danske Bank tranche 1 is the term loan funding of the acquisition of Cool SMS Group. Danske Bank tranche 2 is the term loan funding of the acquisition of Responsfabrikken A/S. Danske Bank tranche 3 is the term loan funding of the acquisition of Linus AS, Labyrintti Group, Globalmouth Marketing AB and Whatever Mobile Group.

## Note 7 – Increase in share capital

The total of 1.292.250 new shares with par value NOK 1 increased the share capital from 11.794.657 to NOK 13.086.907.

An extraordinary General Assembly Meeting held on the 20<sup>th</sup> of October 2016 adopted a resolution to increase the share capital with NOK 666.666 by issuing 666.666 new shares with par value NOK 1 at the price NOK 150 per shares. The new shares were subscribed by Arctic Securities AS, Sparebank1 Markets AS and Swedbank Norge, branch of Swedbank AB (publ.) on behalf of the subscribers in the private placement. The increase of 666.666 shares were registered with the Norwegian Register of Business Enterprise on 26<sup>th</sup> of October.

In October 2016, the holders of 300,000 warrants exercised all the warrants and the Company issued 300,000 shares to the holders of the Warrants at a subscription price of NOK 6 per share. The warrants,

issued by the Company's general meeting on 26 June 2013, were exercisable within 30 October 2016. The increase of 300.000 shares were registered with the Norwegian Register of Business Enterprise on 8 November 2016.

The Board of Directors decided to increase the share capital with NOK 58.918 by issuing 58.918 new shares with par value NOK 1 at the price NOK 153.03 per shares in its meeting on 7 November 2016. The shares were issued to Sundahl ApS, by converting the remaining seller's credit from of DKK 7.369.382 issued by Sundahl ApS in connection with LINK's acquisition of Cool Group ApS in June 2015. On 13 September 2016, LINK entered into an agreement with Sundahl ApS granting Sundahl ApS a right to convert up to the full amount under the seller's credit into shares in LINK for the purpose of maintaining its initial ownership share in LINK.

The Board of Link Mobility Group ASA decided to increase the share capital with NOK 100.000 by issuing 100.000 new shares with par value NOK 1 at the price NOK 35 per shares at its meeting 17 November 2016. The shares were issued to the Company's CEO Arild E Hustad. Pursuant to the share option agreement, 100,000 options were earned on 15 November 2016, with a strike price of NOK 35.00 and a deadline to subscribe within 1 December 2016. The options were exercised by Arild E Hustad on 15 November 2016.

The Board of Link Mobility Group ASA decided to increase the share capital with NOK 166.666 by issuing 166.666 new shares with par value NOK 1 at the price NOK 150 per shares at its meeting 5 December 2016. The shares were issued and allocated to subscribers in the Subsequent Offering by authorization from the extraordinary general meeting on 20 October 2016.

### **Prospectus**

On 21 November 2016, The Financial Supervisory Authority of Norway approved a prospectus prepared by the Company covering listing of the Private Placement Shares, the Offer Shares, the Consideration Shares, the Conversion Shares, the Option Shares (all of the aforementioned shares together referred to as the "New Shares) and the Offer Shares.

## **Note 8 – Business combinations**

### **Acquisition of Globalmouth AB**

On 3 October 2016, LINK Mobility Group ASA's fully owned Swedish subsidiary, LINK Mobility AB, acquired 100 % of the voting equity instruments of Globalmouth Marketing AB. Globalmouth is the leading provider of mobile messaging services to the Swedish gaming business. Globalmouth is located in Stockholm. The agreed enterprise value of the transaction is SEK 12.2 million on a cash-free and debt-free basis and assuming a normalized level of net working capital. The enterprise value of the transactions is based on an earn out model with an EBITDA multiple of 4.

The purchase price under the transaction will, subject to customary adjustments, be settled as follows:

- SEK 2.5 million was paid in cash at closing
- SEK 9.8 million will be settled during a one year earn out period based on the performance of Globalmouth Marketing AB

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisional purchase price allocation are as follows:

<b>Fair value of consideration paid</b>	
	(tNOK)
Cash	3 030
Earn-out adjustment	9 322
<b>TOTAL CONSIDERATION</b>	<b>12 352</b>
<hr/>	
<b>Allocation of purchase price</b>	
	(tNOK)
Equity purchase price	12 352
Book value of equity	762
<b>Excess value</b>	<b>11 590</b>
<hr/>	
<b>Book value of intangible assets to be allocated</b>	<b>-</b>
<b>Excess value to be allocated</b>	<b>11 590</b>
<hr/>	
Goodwill excl. deferred tax liability	11 590
<hr/>	
<b>TOTAL GOODWILL</b>	<b>11 590</b>

## Post-closing adjustments to purchase price of previous acquisitions

### Acquisition of Linus AS

In accordance with the Share Purchase Agreement date 19 September 2016, the preliminary purchase price in the acquisition of Linus AS shall after the closing be adjusted with:

- The difference between closing net debt and the preliminary net debt on a NOK for NOK basis
- The difference between closing net working capital and the target net working capital on a NOK for NOK basis

In addition, the purchase price shall be subject to an upwards or downwards earn-out adjustment based on actual achieved EBITDA for the financial year ending in 31<sup>st</sup> of December 2016.

The following post-closing adjustments to the purchase price were recorded in Q4-2016:

- Net debt adjustment - 3 683
- Net working capital adjustment - 2 032
- Earn-out adjustment - 6 000

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on an updated purchase price allocation are as follows:

**Fair value of identifiable assets and liabilities acquired**

(amounts in tNOK)	Book value	Adjustment	Fair value
R&D	815	-815	0
Deferred tax asset	6		6
Machinery and equipment	23		23
Customer relationships	0	10 701	10 701
Technology	0	5 127	5 127
Net working capital	-4 079		-4 079
Cash and cash equivalents	10 131		10 131
<b>NET ASSETS</b>	<b>6 896</b>	<b>15 013</b>	<b>21 909</b>

**Fair value of consideration paid**

(tNOK)

Cash	34 077
Seller's credit	12 273
Link shares	43 839
Earn-out adjustment	-6 000
Net debt adjustment	-3 683
Net working capital adj.	-2 022
<b>TOTAL CONSIDERATION</b>	<b>78 484</b>

**Allocation of purchase price**

(tNOK)

Equity purchase price	78 484
Book value of equity	7 854
<b>Excess value</b>	<b>70 630</b>

**Book value of intangible assets to be allocated**

821

<b>Excess value to be allocated</b>	<b>71 451</b>
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Deferred tax asset	6
Customer relationships	10 701
Technology	5 127
<b>Sum intangible assets</b>	<b>15 834</b>

Goodwill excl. deferred tax liability	55 617
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Deferred tax liability	3 753
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<b>TOTAL GOODWILL</b>	<b>59 370</b>
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### Acquisition of Whatever Mobile Group

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on an updated purchase price allocation are as follows:

#### Fair value of identifiable assets and liabilities acquired

(amounts in tNOK)	Book value	Adjustment	Fair value
Software, patents and similar rights	191	-191	0
Property, plant & equipment	816		816
Investments in affiliates	0		0
Customer relationships	0	48 172	48 172
Technology	0	23 908	23 908
Net working capital	10 579		10 579
Cash and cash equivalents	8 217		8 217
<b>NET ASSETS</b>	<b>19 803</b>	<b>71 889</b>	<b>91 692</b>

Fair value of consideration paid	(tNOK)
Cash	62 861
Seller's credit	62 861
Link shares	129 544
Adjustment	-
<b>TOTAL CONSIDERATION</b>	<b>255 265</b>

Allocation of purchase price	(tNOK)
Equity purchase price	255 265
Book value of equity	15 574
<b>Excess value</b>	<b>239 691</b>

Book value of intangible assets to be allocated	191
<b>Excess value to be allocated</b>	<b>239 882</b>

Customer relationships	48 172
Technology	23 908
<b>Sum intangible assets</b>	<b>72 080</b>

Goodwill excl. deferred tax liability	167 802
Deferred tax liability	21 696
<b>TOTAL GOODWILL</b>	<b>189 498</b>

### Acquisition of Labyrintti Group

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on an updated purchase price allocation are as follows:

#### Fair value of identifiable assets and liabilities acquired

(amounts in tNOK)	Book value	Adjustment	Fair value
Tangible fixed assets	16		16
Customer relationships	0	22 097	22 097
Technology	0	4 858	4 858
Net working capital	-1 486		-1 486
Cash and cash equivalents	17 022		17 022
<b>NET ASSETS</b>	<b>15 552</b>	<b>26 955</b>	<b>42 508</b>

#### Fair value of consideration paid (tNOK)

Cash	37 743
Seller's credit	26 960
Link shares	46 379
Tax costs (Verohallinto)	1 636
<b>TOTAL CONSIDERATION</b>	<b>112 717</b>

#### Allocation of purchase price (tNOK)

Equity purchase price	112 717
Book value of equity	15 552
<b>Excess value</b>	<b>97 165</b>

#### Book value of intangible assets to be allocated -

<b>Excess value to be allocated</b>	<b>97 165</b>
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Customer relationships	22 097
Technology	4 858
<b>Sum intangible assets</b>	<b>26 955</b>

#### Goodwill excl. deferred tax liability 70 210

Deferred tax liability	5 391
<b>TOTAL GOODWILL</b>	<b>75 601</b>

### Acquisition of Responsfabrikken A/S

On 29 June 2016, LINK acquired 100 % of the voting equity instruments of Responsfabrikken A/S, Denmark's leading provider of mobile marketing and digital solutions. A preliminary purchase price allocation was prepared as at 30 September 2016. However, after closing the purchase price has been adjusted with:

- The difference between closing net debt and the preliminary net debt on a NOK for NOK basis

- The difference between closing net working capital and the target net working capital on a NOK for NOK basis

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on an updated purchase price allocation are as follows:

#### Fair value of identifiable assets and liabilities acquired

(amounts in tNOK)	Book value	Adjustment	Fair value
R&D	2 941	-2 941	0
Machinery and equipment	1 632	0	1 632
Customer relationships	0	13 433	13 433
Technology	0	6 664	6 664
Net working capital	-5 901	0	-5 901
Cash and cash equivalents	7 269	0	7 269
<b>NET ASSETS</b>	<b>5 942</b>	<b>17 156</b>	<b>23 098</b>

#### Fair value of consideration paid (tNOK)

Cash	20 855
Seller's credit	20 855
Link shares	31 735
Debt and NWC adj.	3 531
<b>TOTAL CONSIDERATION</b>	<b>76 975</b>

#### Allocation of purchase price (tNOK)

Equity purchase price	76 975
Book value of equity	4 378
<b>Excess value</b>	<b>72 598</b>

#### Book value of intangible assets to be allocated

<b>Excess value to be allocated</b>	<b>75 539</b>
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#### Customer relationships

Technology	6 664
<b>Sum intangible assets</b>	<b>20 097</b>

#### Goodwill excl. deferred tax liability

Goodwill excl. deferred tax liability	55 441
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#### Deferred tax liability

Deferred tax liability	3 774
<b>TOTAL GOODWILL</b>	<b>59 216</b>

## Note 9 – Non-current assets

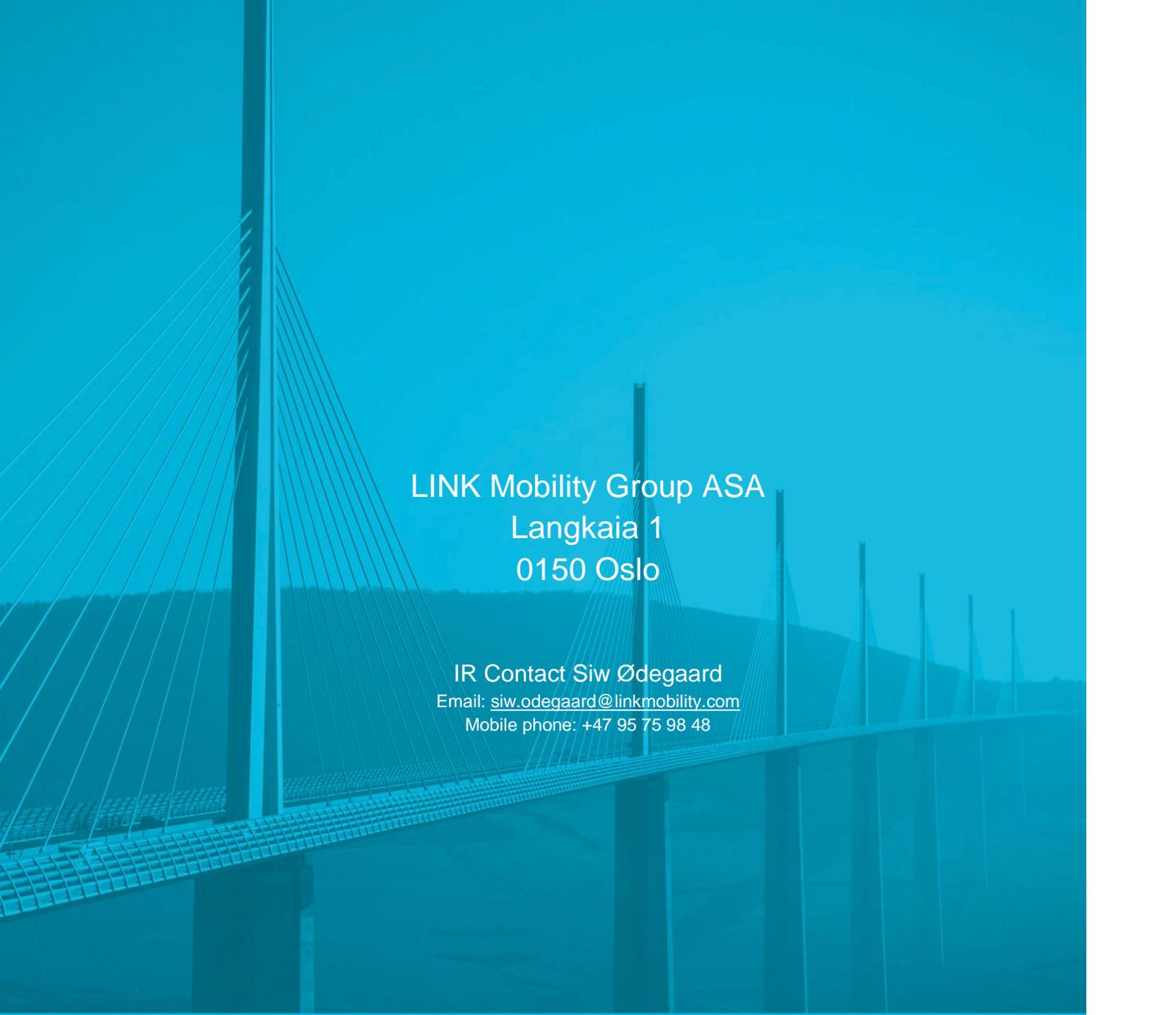
LINK has depreciated customer relationships recorded in the balance sheet linearly over five years until third quarter 2016. Based on analysis of customer churn and the remaining useful lifetime of the customer relationships recorded in the balance sheet, it is assessed to be more than five years from the

acquisition dates. Based on the analysis, LINK have prolonged the depreciation period of the customer relationships acquisitions to 10 years (from the acquisition date).

In the fourth quarter, LINK have recalculated the depreciations of customer relationships based on a depreciation period of 10 years for the first three quarters in 2016 resulting in NOK 4 million lower depreciations for the fourth quarter.

## Note 10 – Events after the reporting period

In January 2017 LINK announced signing of term sheets regarding the acquisitions of the Spanish companies GMS and Didimo Group becoming the leading provider of mobile messaging and mobile solutions in the Spanish market. The agreed enterprise value of GMS is EUR 11.4 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 6 times 2016 EBITDA. The agreed enterprise value of Didimo Group is EUR 7.3 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 6 times 2016 EBITDA. Both acquisitions will be settled with 1/3 seller's credit, 1/3 in cash, and 1/3 in LINK shares.



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