

LINK Mobility acquires U.S. based Message Broadcast, LLC continuing global expansion

Oslo, 16 June 2021 at 19:30 CEST: Reference is made to the announcement by LINK Mobility (LINK) on 14 June 2021 regarding a potential acquisition and EUR bond tap issue. LINK has today entered into a definitive agreement to acquire Message Broadcast, LLC, a leading provider of mission critical customer engagement solutions to blue chip enterprise customers in the U.S. The acquisition will advance LINK's position in the U.S. and significantly contribute to the organic growth and profitability of the group.

Message Broadcast is headquartered in Newport Beach, California and is 100% privately owned today. The company offers its proprietary CPaaS platform EONS (Emergency Outage Notification System) as well as API driven communication for email, A2P SMS and voice communication. Message Broadcast operates within large US industry verticals like utilities, health care and financial institutions, all with mission critical communication needs. The founder led management team has more than 25 years of industry experience. The company's deep customer relationships have driven historical net revenue retention rates of over 150%.

The acquisition will add an estimated NOK 232 million and NOK 143 million to LTM pro forma 1Q21 gross profit and cash EBITDA respectively. Message Broadcast has an established track record of delivering outstanding organic growth with sales, gross profit and EBITDA increasing at a CAGR of 65%, 69% and 123% respectively between 2018 and 2020 and a proven ability to scale up the business as demonstrated by an EBITDA margin which has steadily increased to c.55% over the past two years. The acquisition will be immediately accretive, increasing LINK's EBITDA margin for 2020 on a combined basis by over +400 basis points. The acquisition is expected to add an estimated NOK 285 million (c.86% margin) and NOK 200 million (c.60% margin) to LINK's 2021 gross profit and cash EBITDA respectively.

"We are very pleased to expand further in the U.S. with Message Broadcast. Together with Soprano, LINK has now quickly gained a solid foothold in the U.S. with a broad product offering and a large customer portfolio. The new U.S. position will accelerate LINK's organic growth and provide a platform for further acquisitions in a fast-growing and fragmented market", says Guillaume Van Gaver, CEO of LINK.

"Our acquisition by LINK will enrich our product offering and further strengthen our strong relationships with U.S. blue chip companies. We are highly motivated to continue expanding Message Broadcast's position as part of the global LINK organization", says Bill Joiner, CEO of Message Broadcast.

The transaction values Message Broadcast at an enterprise value of USD 260 million, implying a forecasted 2021 EV/EBITDA multiple of 10.8x. At completion of the transaction, the purchase price will be settled 74% in cash funded by the EUR 170 million tap issue completed on 16 June 2021 and 16,755,069 million new LINK shares to be issued to the sellers at closing. The new shares will be subject to a 6-month lock-up from closing, however, 34% of the shares will be released from the lock-up on 1 November 2021 to satisfy tax obligations of the sellers. The transaction is subject to certain customary conditions to closing. No US regulatory approvals are expected to be required and the transaction is expected to close later this month.

In connection with settlement of the transaction, LINK expects to be at a 5.0x Leverage Ratio consistent with the temporary waiver of the Incurrence Test as announced in relation to the tap issue. Following the completion of the announced term sheet to acquire Soprano (if successful), LINK expects the Leverage Ratio to be approximately 4.2x. Post the transaction, LINK has a strong cash position of NOK 649 million and expects to see a further de-leveraging down towards 3.5x at the end of 2021. LINK retains its financial target of net debt/adjusted EBITDA below 3.5x. The company will hence strive to deleverage quickly and then maintain a leverage ratio below 3.5x.

LINK mobility reiterates its 2024 pro forma guidance of NOK 10 billion in revenue and its mid to long-term target of 20% organic revenue growth. Should both the Message Broadcast and Soprano transactions close, LINK intends to increase its adjusted EBITDA margin forward looking statement to reach 18-20% by 2024.

ABG Sundal Collier will arrange for investor and analyst calls following the tap issue and acquisition. A group presentation will be held June 17 at 12:00 CEST by Guillaume Van Gaver, CEO and Thomas Berge, CFO.

To join the presentation, please go to:

https://teams.microsoft.com/dl/launcher/launcher.html?url=%2F_%23%2F%2Fmeetup-join%2F19%3Ameeting_YzNIMzgZMzctYzJIYS00NTQxLWJjZTMtYzVjZTViN2IxOWVI%40thread.v2%2F0%3Fcontext%3D%257b%2522Tid%2522%253a%2522853e8b83-4054-4eb9-8b26-ec6513dd213d%2522%252c%2522Oid%2522%253a%2522eb68c95b-8414-4df1-9172-6dbd366491e1%2522%257d%26anon%3Dtrue&type=meetup-join&deeplinkId=8d51929f-f327-4338-b033-b7e1811388fc&directDI=true&msLaunch=true&enableMobilePage=true&suppressPrompt=true

AGP Advokater AS (Norway) and Paul Hastings LLP (US) are acting as legal counsels to the company in connection with the transaction.

Kluge Advokatfirma AS (Norway) and Troutman Pepper Hamilton Sanders LLP (US) are acting as legal counsels to Message Broadcast and Vaquero Capital, LLC is acting as financial advisor to Message Broadcast in connection with the transaction.

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About LINK Mobility

LINK is one of Europe's leading providers of mobile messaging and communications platform as a service (CPaaS) solutions for increased engagement. The company serves enterprise, SME, and government customers. LINK offers a wide range of innovative and scalable mobile solutions, creating valuable digital convergence between businesses and customers, governments and citizens, platforms and users. LINK has 40,000 customer accounts globally and exchanges more than 10 billion messages a year. LINK is listed on the Oslo Stock Exchange under the ticker LINK. For more information about LINK, please see www.linkmobility.com