Brønnøysundregistrene

# ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

**Enheten**

| | |
|---|---|
| Organisasjonsnummer: | 980 921 565 |
| Organisasjonsform: | Allmennaksjeselskap |
| Foretaksnavn: | MERCELL HOLDING ASA |
| Forretningsadresse: | Askekroken 11<br>0277 OSLO |

**Regnskapsår**

| | |
|---|---|
| Årsregnskapets periode: | 01.01.2020 - 31.12.2020 |

**Konsern**

| | |
|---|---|
| Morselskap i konsern: | Ja |
| Konsernregnskap lagt ved: | Ja |

**Regnskapsregler**

| | |
|---|---|
| Regler for små foretak benyttet: | Nei |
| Benyttet ved utarbeidelsen av årsregnskapet til selskapet: | Regnskapslovens alminnelige regler |
| Benyttet ved utarbeidelsen av årsregnskapet til konsernet: | IFRS |

**Årsregnskapet fastsatt av kompetent organ**

| | |
|---|---|
| Bekreftet av representant for selskapet: | Fredrik Eeg |
| Dato for fastsettelse av årsregnskapet: | 24.03.2021 |

**Grunnlag for avgivelse**

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 21.07.2022

# Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekter | 5 | 60 687 122 | 17 465 738 |
| **Sum inntekter** | | **60 687 122** | **17 465 738** |
| **Kostnader** | | | |
| Lønnskostnad | 1 | 36 131 401 | 13 225 588 |
| Avskrivning på varige driftsmidler og immaterielle eiendeler | 2 | 20 480 324 | 16 692 000 |
| Annen driftskostnad | 1 | 40 831 864 | 15 271 774 |
| **Sum kostnader** | | **97 443 589** | **45 189 362** |
| **Driftsresultat** | | **-36 756 467** | **-27 723 624** |
| **Finansinntekter og finanskostnader** | | | |
| Inntekt på investering i datterselskap og tilknyttet selskap | 5 | 2 531 778 | 8 357 162 |
| Renteinntekt fra foretak i samme konsern | 12 | 948 844 | 842 260 |
| Annen renteinntekt | | 588 317 | 259 040 |
| Annen finansinntekt | | 27 002 540 | 43 196 |
| **Sum finansinntekter** | | **31 071 479** | **9 501 658** |
| Rentekostnad til foretak i samme konsern | 12 | 621 769 | 933 051 |
| Annen rentekostnad | 10,12 | 59 808 855 | 9 083 277 |
| Annen finanskostnad | | 40 680 301 | 5 235 134 |
| **Sum finanskostnader** | | **101 110 925** | **15 251 462** |
| **Netto finans** | 12 | **-70 039 446** | **-5 749 804** |
| **Ordinært resultat før skattekostnad** | | **-106 795 913** | **-33 473 428** |
| Skattekostnad på ordinært resultat | 11 | 0 | 0 |
| **Ordinært resultat etter skattekostnad** | | **-106 795 913** | **-33 473 428** |
| **Årsresultat** | | **-106 795 913** | **-33 473 428** |
| **Overføringer og disponeringer** | | | |
| Overføringer til/fra annen egenkapital | 7 | -106 795 913 | -33 473 428 |
| **Sum overføringer og disponeringer** | | **-106 795 913** | **-33 473 428** |

# Resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|

# Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Teknologiplattform | 2 | 67 851 093 | 36 262 626 |
| **Sum immaterielle eiendeler** | | **67 851 093** | **36 262 626** |
| **Varige driftsmidler** | | | |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 2 | 1 727 466 | 111 367 |
| **Sum varige driftsmidler** | | **1 727 466** | **111 367** |
| **Finansielle anleggsmidler** | | | |
| Investering i datterselskap | 3 | 2 460 056 246 | 324 427 719 |
| Lån til foretak i samme konsern | 4 | 289 080 335 | 27 071 278 |
| Påløpt etableringsgebyr | | 0 | 435 891 |
| Andre langsiktige fordringer | | 4 494 948 | 4 303 492 |
| **Sum finansielle anleggsmidler** | | **2 753 631 529** | **356 238 380** |
| **Sum anleggsmidler** | | **2 823 210 088** | **392 612 373** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Kundefordringer | 4 | 14 287 482 | 9 111 470 |
| **Sum fordringer** | | **14 287 482** | **9 111 470** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 6 | 120 896 483 | 4 055 787 |
| **Sum bankinnskudd, kontanter og lignende** | | **120 896 483** | **4 055 787** |
| **Sum omløpsmidler** | | **135 183 965** | **13 167 257** |
| **SUM EIENDELER** | | **2 958 394 053** | **405 779 630** |
| **BALANSE - EGENKAPITAL OG GJELD** | | | |

# Balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Selskapskapital | 7,8 | 82 720 465 | 44 596 331 |
| Overkurs | 7 | 1 791 125 128 | 190 715 341 |
| **Sum innskutt egenkapital** | | **1 873 845 593** | **235 311 672** |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | 7 | -158 132 613 | -52 403 156 |
| **Sum opptjent egenkapital** | | **-158 132 613** | **-52 403 156** |
| **Sum egenkapital** | | **1 715 712 980** | **182 908 516** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| **Annen langsiktig gjeld** | | | |
| Obligasjonslån | 9,10 | 1 098 919 985 | 148 997 797 |
| Langsiktig konserngjeld | 4,12 | 118 365 729 | 63 746 720 |
| Øvrig langsiktig gjeld | 1 | 4 797 359 | 91 068 |
| **Sum annen langsiktig gjeld** | | **1 222 083 073** | **212 835 585** |
| **Sum langsiktig gjeld** | | **1 222 083 073** | **212 835 585** |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 9 | 141 098 | 12 499 |
| Leverandørgjeld | | 9 636 509 | 3 286 844 |
| Skyldige offentlige avgifter | | 2 949 839 | 2 307 099 |
| Kortsiktig konserngjeld | 4 | 11 773 | 640 600 |
| Annen kortsiktig gjeld | | 7 858 781 | 3 788 488 |
| **Sum kortsiktig gjeld** | | **20 598 000** | **10 035 530** |
| **Sum gjeld** | | **1 242 681 073** | **222 871 115** |
| **SUM EGENKAPITAL OG GJELD** | | **2 958 394 053** | **405 779 631** |

# Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **RESULTATREGNSKAP** | | | |
| **Inntekter** | | | |
| Salgsinntekter | 2.2 | 311 906 000 | 154 251 000 |
| **Sum inntekter** | | **311 906 000** | **154 251 000** |
| **Kostnader** | | | |
| Varekostnad | | 5 565 000 | 9 277 000 |
| Lønnskostnad | 2.3 | 187 015 000 | 125 341 000 |
| Avskrivning og amortisering | 3.1,3.3 ,3.4 | 52 012 000 | 26 281 000 |
| Nedskrivning av varige driftsmidler og immaterielle eiendeler | 3.3 | 0 | 168 000 |
| Annen driftskostnad | 2.4 | 94 299 000 | 25 772 000 |
| M&A kostnader | 6.2 | 48 751 000 | 13 258 000 |
| **Sum kostnader** | | **387 642 000** | **200 097 000** |
| **Driftsresultat** | | **-75 736 000** | **-45 846 000** |
| **Finansinntekter og finanskostnader** | | | |
| Annen finansinntekt | 4.5 | 30 665 000 | 2 269 000 |
| **Sum finansinntekter** | | **30 665 000** | **2 269 000** |
| Annen finanskostnad | 4.5 | 109 205 000 | 17 392 000 |
| **Sum finanskostnader** | | **109 205 000** | **17 392 000** |
| **Netto finans** | | **-78 540 000** | **-15 123 000** |
| **Ordinært resultat før skattekostnad** | | **-154 276 000** | **-60 969 000** |
| Skattekostnad på ordinært resultat | 5.1 | -8 025 000 | -4 319 000 |
| **Ordinært resultat etter skattekostnad** | | **-146 251 000** | **-56 650 000** |
| **Årsresultat** | | **-146 251 000** | **-56 650 000** |
| Omregningsdifferanser i datterselskaper | | 8 476 000 | 8 650 000 |
| Sum resultatkomponenter for IFRS-foretak | | 8 476 000 | 8 650 000 |
| **Totalresultat** | | **-137 775 000** | **-48 000 000** |

# Konsernets resultatregnskap

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **Overføringer og disponeringer** | | | |
| Overføringer til/fra annen egenkapital | | -137 774 000 | -48 001 000 |
| **Sum overføringer og disponeringer** | | **-137 774 000** | **-48 001 000** |

# Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EIENDELER** | | | |
| **Anleggsmidler** | | | |
| **Immaterielle eiendeler** | | | |
| Forskning og utvikling | 3.1 | 811 442 000 | 86 520 000 |
| Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter | 3.4 | 58 329 000 | 22 605 000 |
| Utsatt skattefordel | 5.1 | 26 703 000 | 15 535 000 |
| Goodwill | 3.2 | 2 114 806 000 | 234 692 000 |
| **Sum immaterielle eiendeler** | | **3 011 280 000** | **359 352 000** |
| **Varige driftsmidler** | | | |
| Driftsløsøre, inventar, verktøy, kontormaskiner og lignende | 3.3 | 6 361 000 | 1 315 000 |
| Andre varige driftsmidler | 2.2 | 14 549 000 | 8 369 000 |
| **Sum varige driftsmidler** | | **20 910 000** | **9 684 000** |
| **Finansielle anleggsmidler** | | | |
| Andre langsiktige fordringer | 2.3 | 5 600 000 | 5 208 000 |
| **Sum finansielle anleggsmidler** | | **5 600 000** | **5 208 000** |
| **Sum anleggsmidler** | | **3 037 790 000** | **374 244 000** |
| **Omløpsmidler** | | | |
| **Varer** | | | |
| **Fordringer** | | | |
| Kundefordringer | 2.5 | 118 049 000 | 46 142 000 |
| Andre fordringer | 4.1 | 122 000 | 13 081 000 |
| **Sum fordringer** | | **118 171 000** | **59 223 000** |
| **Bankinnskudd, kontanter og lignende** | | | |
| Bankinnskudd, kontanter og lignende | 4.4 | 327 984 000 | 23 836 000 |
| **Sum bankinnskudd, kontanter og lignende** | | **327 984 000** | **23 836 000** |
| **Sum omløpsmidler** | | **446 155 000** | **83 059 000** |
| **SUM EIENDELER** | | **3 483 945 000** | **457 303 000** |

# Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **BALANSE - EGENKAPITAL OG GJELD** | | | |
| **Egenkapital** | | | |
| **Innskutt egenkapital** | | | |
| Aksjekapital | | 82 720 000 | 44 596 000 |
| Overkurs | | 1 791 125 000 | 190 715 000 |
| **Sum innskutt egenkapital** | | **1 873 845 000** | **235 311 000** |
| **Opptjent egenkapital** | | | |
| Annen egenkapital | | -255 916 000 | -119 208 000 |
| **Sum opptjent egenkapital** | | **-255 916 000** | **-119 208 000** |
| **Sum egenkapital** | 4.6 | **1 617 929 000** | **116 103 000** |
| **Gjeld** | | | |
| **Langsiktig gjeld** | | | |
| Utsatt skatt | 5.1 | 151 462 000 | 10 019 000 |
| **Sum avsetninger for forpliktelser** | | **151 462 000** | **10 019 000** |
| **Annen langsiktig gjeld** | | | |
| Obligasjonslån | 4.2 | 1 144 186 000 | 164 598 000 |
| Øvrig langsiktig gjeld | 6.3 | 4 526 000 | 0 |
| Annen finansiell gjeld | 4.1 | 1 262 000 | 4 096 000 |
| **Sum annen langsiktig gjeld** | | **1 149 974 000** | **168 694 000** |
| **Sum langsiktig gjeld** | | **1 301 436 000** | **178 713 000** |
| **Kortsiktig gjeld** | | | |
| Gjeld til kredittinstitusjoner | 4.2 | 15 713 000 | 6 745 000 |
| Leverandørgjeld | 2.6 | 88 705 000 | 23 456 000 |
| Kontraktsforpliktelse | 2.7 | 235 682 000 | 108 194 000 |
| Annen kortsiktig gjeld | 2.6 | 224 478 000 | 24 093 000 |
| **Sum kortsiktig gjeld** | | **564 578 000** | **162 488 000** |
| **Sum gjeld** | | **1 866 014 000** | **341 201 000** |
| **SUM EGENKAPITAL OG GJELD** | | **3 483 943 000** | **457 304 000** |

# Konsernets balanse

| Beløp i: NOK | Note | 2020 | 2019 |
|---|---|---|---|

MERCELL

Penneo Dokumentnøkkel: 3YTUX-FHIZQ-ILJQT-EB8FT-JPFUG-IKJTO

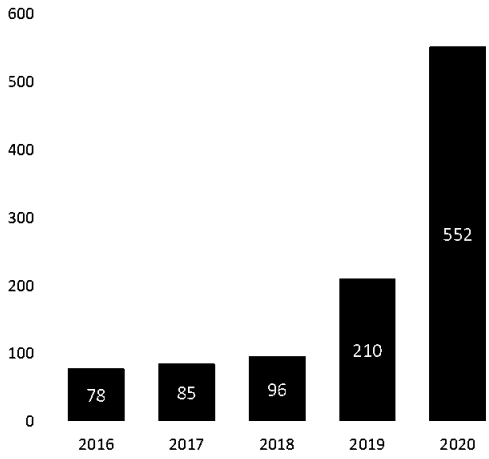
# Annual Report
## 2020

## Mercell at a glance - A leading SaaS-platform for public eTendering

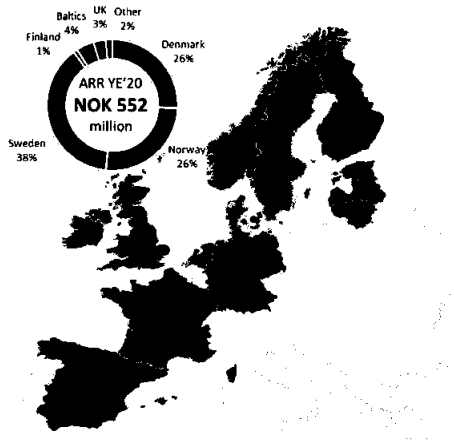
Mercell is a leading marketplace for public eTendering, with a customer base of approximately 2,200 buyers and 26,600 suppliers in the pre-award market, and 330 buyers in the post-award eProcurement market. Mercell's unique marketplace simplifies the tender and procurement process and makes it easy and secure for buyers to find relevant suppliers for their tenders and purchasing needs, and enables suppliers to find relevant business opportunities and receive and handle purchases from public and private buyers. Mercell delivers services in 13 countries with the goal of becoming the leading software-as-a-service (SaaS) platform for eTendering and eProcurement in Europe. In 2021, the company has also established a foothold in the US market through the acquisition of the Dutch market leader Negometrix.

- → Market leading eTendering platform with a strong value proposition
- → Growth opportunities driven by regulations, ESG and digitization
- → Multiple growth opportunities through new sales and upselling, broadening of the product portfolio, and geographical expansion
- → Scalable and profitable business model – with margins set to improve over time
- → Proven organic and M&A growth ability
- → Positioned to be a consolidator in the European eTendering and eProcurement market

**ARR development, annually**




**ARR by geographical market**






Penneo Dokumentnøkkel: 3YTUX-FHIZQ-ILJQT-EB8FT-JPFUG-IKJTO

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# 2020 highlights

## One of the largest B2B SaaS companies in the Nordics

- ARR of NOK 552 million at year-end 2020 (+163%), with organic growth of 32% in 2020
- Strengthened Nordic position through acquisition of Swedish market leader Visma Commerce
- Broadened product offering with entry into the post-award market through acquisition of four eProcurement companies
- Embarked on European expansion through acquisition of Dutch market leader Negometrix in Q1 2021, adding ARR of NOK 55 million
- Public listing on Euronext Growth after raising NOK 450 million in new equity in July 2020, with additional growth funding through NOK 1.3 billion equity issue and SEK 1.1 billion bond issue in October 2020, and NOK 434 million equity issue in February 2021

## Solid financial performance

- Reported revenue +102% to NOK 311.9 million in 2020 (154.3), with organic revenue growth of 31%
- Reported EBITDA-loss of NOK 23.7 million in 2020 (-19.4)
- Adjusted EBITDA of NOK 64.6 million in 2020 (10.8), with adjusted EBITDA-margins increasing to 21% from 7%
- Cash and cash equivalents of NOK 328.0 million at the end of 2020 (23,8)
- Equity ratio of 46% at the end of 2020 (25%).

*Figures in brackets relate to the same period of the year before*

# Key figures

| *IFRS accounting standard* | 2020 | 2019 |
|---|---|---|
| Total revenue | 311 906 | 154 251 |
| Operating costs | -247 297 | -143 419 |
| M&A costs | -48 751 | -13 258 |
| Special cost items | -39 581 | -16 972 |
| EBITDA | -23 723 | -19 397 |
| Adjusted EBITDA | 69 609 | 10 833 |
| *Adjusted EBITDA-margin* | 21 % | 7 % |
| Depreciation, Amortization and Impairment | -52 012 | -26 449 |
| Operating profit/loss, EBIT | -75 735 | -45 847 |
| Net financial items | -78 539 | -15 123 |
| Profit/loss before tax | -154 275 | -60 970 |

| | 2020 | 2019 |
|---|---|---|
| Annual recurring revenue, ARR | 552 | 210 |
| No. of supplier customers | 26 623 | 15 433 |
| No. of buyer customers, pre-award | 2 175 | 962 |
| No. of buyer customers, post-award | 330 | 0 |

*Adjusted EBITDA excludes M&A costs and special cost items. Organic growth excludes ARR acquired over the past year*

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## Message from the CEO

We have an ambition to become a leading player in the public eTendering and eProcurement market in Europe. To realize this ambition, we have followed a strategy to roll-up the Nordic market and expand our products and services offering, and we are now using this position as a springboard into Europe.

We made significant progress on the strategic roadmap last year. The acquisition of Mercell Commerce – former Visma Commerce – made us the clear market leader in Sweden and also strengthened our leadership position in Norway. Other acquisitions within the post-award market strengthened our position in Denmark and broadened our portfolio into the P2P (Procure to Pay) part of the procurement lifecycle.

Scale is important to reap the full benefit of platform models. Suppliers want to see a large number of buyers and relevant tenders on our eTendering marketplace, and the buyers want to experience many different quality suppliers competing for their tenders. Growing both sides of the platform increases the value for all participants, and we have taken giant steps over the past year.

The buyer side is the strongest motor in the growth engine, and we more than doubled the number of buyer customers to almost 2,200 in 2020. These buyers offer a wealth of business opportunities for a supplier customer base that increased by more than 70% to 26,600 over the past year. We also added 330 buyers in the eProcurement post-award market last year, who in turn are connected to tens of thousands of suppliers that we have yet to monetize.

These customers represented an annual recurring revenue (ARR) base of NOK 552m million at the end of 2020, up 163% from NOK 210 million at the end of 2019. Although our growth naturally was supported by the acquisitions we also show the continued ability to grow organically that lies at the heart of successful SaaS models. Our customer base offers a strong fundament for continued profitable organic growth going forward, through new sales, upselling of new value-adding services, and cross-selling between the companies and customer bases that we have acquired over the past couple of years.

Given our growth profile, our revenue naturally lags ARR. Reported revenue increased by 102% to NOK 312 million, with 31% organic growth. Proforma revenue – including the acquisitions for the full year – were significantly higher at NOK 537 million in 2020.

With this strong base we are now ready to move forward and take the position as a consolidator in the large and fragmented European market. We took the first step in February 2021 with the acquisition of Negometrix, which is the largest private provider in the Dutch pre-award market and has established a foothold in the immature but potentially large US market. This lifts our ARR above NOK 600 million.

Acquisitions have accelerated our growth and enabled us to make inroads into markets where organic growth would have been difficult, costly, and time-consuming. Our growth ambitions and rapid scaling require access to growth capital, and the listing on Euronext Growth last summer opened access to new investor groups. Overall, we have succeeded in raising approximately NOK 3 billion in new equity and bonds from both Nordic and international investors over the past year.

We appreciate the confidence these investors have put in our people, organization, operating model, and our ambitious growth plans. We will do our best to reward this by generating strong long-term shareholder value and look forward to continuing an open dialogue about our strategic priorities and our operational and financial progress towards our long-term goals.

*"Successful M&A execution will continue to be a key element in our efforts to become the leading player in the eTendering and e-procurement market in Europe"*

CEO Terje Wibe, Mercell Holding

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Mercell is not only investing in businesses. We are also investing in our employees. Our organization is scaling fast, and we counted 456 colleagues across 13 countries at the end of 2020. With the addition of Negometrix we welcome another 80 employees to the Mercell family, and add Utrecht, Sofia and New York to our map of the world.

Bringing a fast-growing workforce -at an increasing number of locations- together into 'One Mercell' is a very exciting and rewarding task but also a challenge in this day and age. We are fortunate with our ability to run our digital business efficiently and without any major interruptions during the Covid-19 pandemic, although we all look forward to meeting new and old colleagues and customers in person once life returns to a new normal.

I am proud of our accomplishments over the past year and believe both new and old colleagues truly show the spirit of our common values; growth, curiosity, courage, and trust – these are values we embrace and experience across all our operations. We will continue the work to integrate the recently acquired businesses and our new colleagues into Mercell in 2021.

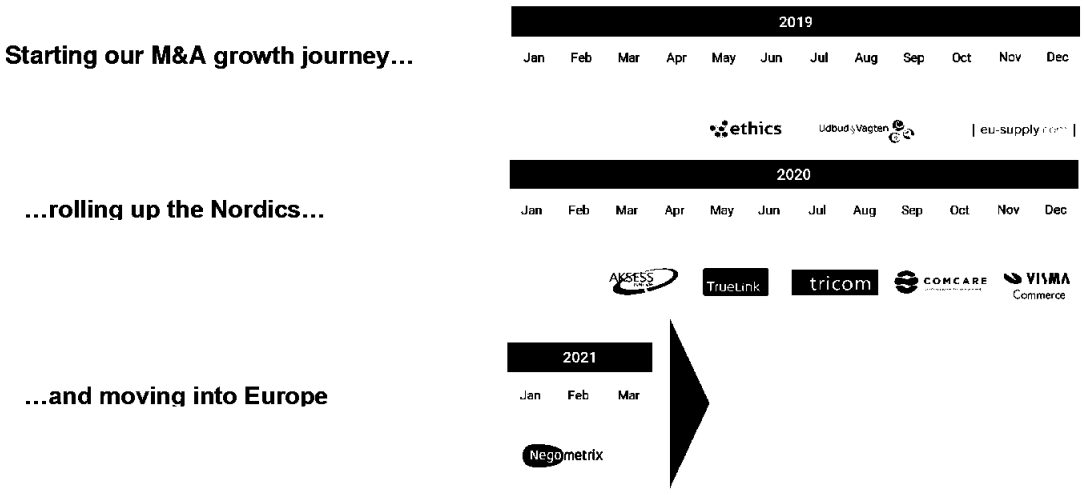
Recently, we launched a rebranding of all business entities under the Mercell brand name. This is a new and important milestone in Mercell's history which underlines the transition of the company from being a quite small and innovative player to becoming a leading SaaS platform.

Not only will we grow by acquiring companies and invest in our people. We will also grow by adding new value-added products and services to the platform. Mercell operates in a very dynamic world where technology and markets are constantly changing. Companies are nothing but people serving other people. Hence, companies that know the people they serve – or the clients - and develop real value around and for them, will have a clear advantage. This is particularly true in a subscription-based SaaS model.

That is why we have a commitment to continue to develop Mercell with a view to improving the experiences for both customers and partners. And that is why Mercell will continue to invest with one clear purpose: To deliver industry-leading products and provide maximum value and great customer experiences at all times.

Today, we are a leading Nordic software company. In 2021, we will continue our relentless effort to become the leading player in the eTendering and eProcurement market in Europe.

## Proven M&A strategy with nine acquisitions in less than two years



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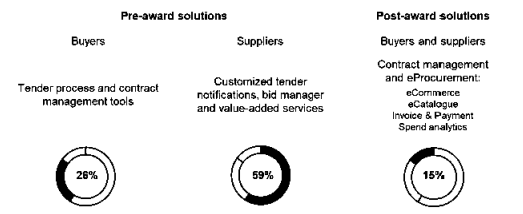
# Report from the Board of Directors

## Group overview

Mercell is a leading provider of eTendering, tender notification and bid manager solutions, offering an online marketplace for thousands of buyers and suppliers in the pre-award market. These services provide workstream support for the entire pre-award value chain from identification of purchasing needs through to tender awards and contract management, and ensure efficient, compliant, and transparent tendering processes. The system is an ISO 27001 certified SaaS system (Software as a Service), allowing public buyers to manage the whole tender process in full compliance with EU Directives and national legislation for conducting electronic tender processes. The Group also offers eProcurement solutions in the post-award market, including eCommerce/eCatalogues, invoicing and payment services, and spend analysis.

Mercell's annual recurring revenue (ARR) amounted to NOK 552 million at the end of 2020, with revenue generated from three customer groups: pre-award buyers, pre-award suppliers, and buyers in the post-award market. The company had 2,175 pre-award buyer customers at the end of 2020, with revenue from tender process and contract management tools accounting for approximately 26% of ARR. The number of pre-award suppliers was 26,623, with revenue from customized tender notifications, bid manager, and value-added services accounting for approximately 59% of ARR. The remaining 15% of ARR was generated from 330 buyer customers in the post-award market. The company has yet to monetise the supply side of the post-award market.

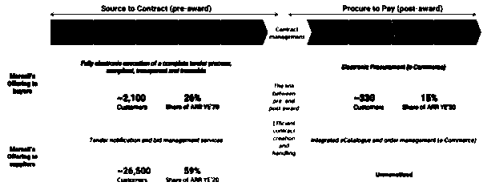
**Business overview by market and customer type, and share of ARR**




*Source: Company data*

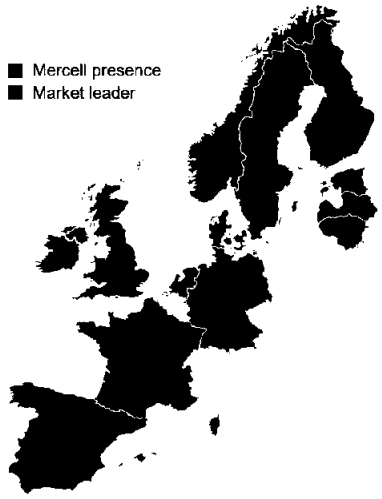
At the end of 2020, Mercell delivered its services in 13 European countries. The Scandinavian countries account for approximately 90% of ARR, with Sweden at 38% and Norway and Denmark each at 26% of ARR. Finland and the Baltic countries account for approximately 5% of ARR, the UK for 4%, and continental Europe of the remaining 2%. After the end of the year, Mercell acquired Negometrix in the Netherlands, which adds ARR of approximately NOK 55 million and a foothold in the US market.

**Mercell is present across the entire value chain**




*Source: Company data*

**Mercell market positions, including Negometrix**




*Source: Company data. Negometrix also has established operations in USA*

Mercell's long-term ambition is to become the leading player in the European market for public eTendering and ePocurement. The strategy to realize this ambition has been to first establish a leading Nordic position and expand the product and solutions offering, before becoming a consolidator in the large and fragmented European market.

The Group has taken major steps towards its goals over the past two years. With a strong fundament in its legacy business in the



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Norwegian pre-award market, Mercell acquired three companies in 2019: Ethics and Udbudsvagten in Denmark and EU-supply in Sweden. This strengthened the Nordic position, with EU-Supply also providing footholds in several European countries. The strong Nordic position was further reinforced with the acquisition of Mercell Commerce – formerly Visma Commerce – in Sweden towards the end of 2020, making Mercell the clear pre-award market leader across Sweden, Norway, and Denmark. The product and solutions offering was expanded through the acquisitions of Aksess Innkjøp in Norway, and Truelink, Tricom and Comcare in Denmark in 2020, positioning the company with a portfolio of eProcurement solutions for the post-award market. After the end of the year, Mercell expanded its European position with the acquisition of Negometrix B.V., which is the largest private provider of pre-award solutions in the Netherlands and with an established foothold in the US.

# Operational review

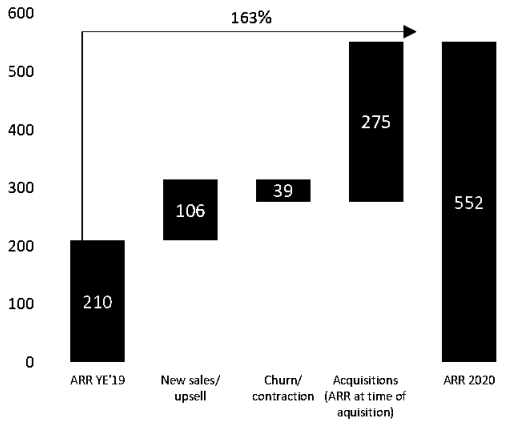
## Organic growth

Mercell started 2020 with a customer base generating annual recurring revenue (ARR) of NOK 210 million, including ARR contribution form the acquisitions of the eTendering platform EU-Supply, the buy-side platform Ethics, and the tender alert and information services platform Udbudsvagten.

Overall, ARR increased by NOK 342 million or 163% to NOK 552 million during 2020. New sales, upselling and price optimisation lifted ARR by NOK 106 million, whereas churn and contraction had a negative effect of NOK 39 million. Organic growth was hence NOK 67 million.

During the year, Mercell worked on several initiatives to enhance the value of its products and services and run a 'customer success program' in its Norwegian operation to drive new business generation and reduce churn further. The principles of this program are being implemented across all the other Mercell entities.

**ARR development 2020, NOK million**



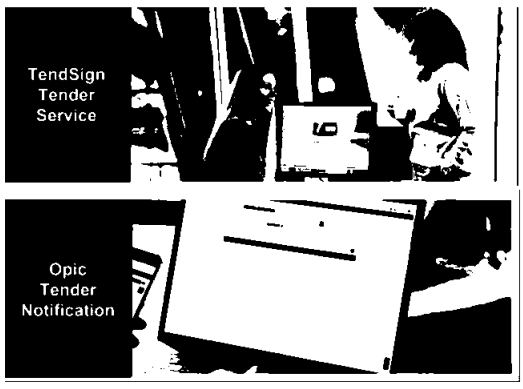

*Source: Company data*
*The net ARR increase of Udbudsvagten has been allocated to New sales/upsell*

## Acquisitions

Acquisitions added ARR of NOK 275 million in 2020, measured as ARR at the time of the acquisition. NOK 201 million of this reflects the acquisition of Mercell Commerce – formerly Visma Commerce – with the remaining NOK 74 million from the acquisitions of four companies in the post-award market earlier in the year.

The acquisition of Mercell Commerce was completed in December 2020 and made Mercell the market leader in Sweden. The acquisition included two leading cloud-based pre-award software solutions in 'TendSign' and 'Opic', which are similar to Mercell's existing tender management and tender notification solutions. The acquisition added approximately 1,100 buyers and 10,400 suppliers to the customer portfolio, increasing the total pre-award customer base to approximately 2,200 buyers and 26,600 suppliers.

**Mercell Commerce pre-award offering**




*Source: Company data*

TendSign is a tender management solution enabling public and private buyers to carry out tender competitions in accordance with national and European regulations. The solution includes modules for procurement and contract management, tender



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announcement and tender marketing, dynamic purchasing systems for frame agreements, digital signature, single sign-on, and ESPD self-declaration (European Single Procurement Document). The solution also has an archiving module and a library of European public purchases back to 2000. Opic is a tender notification service for suppliers, offering tailor-made surveillance of the suppliers' relevant market and linked to the TendSign solution. The Opic solution is available both in a Basic version and a Plus version offering additional functionality.

Integration of the Visma Commerce acquisition has followed a detailed 100-day plan, with employees engaged through onboarding sessions and strategy alignment, and resources reallocated to work on product expansion, commercial excellence, and the 'One Platform Project' (see below).

*"From Day 1, Mercell has proven their ability to integrate and motivate employees to position and align for the future. With best-in-class know-how and a scalable product - we are moving fast and in the right direction"*

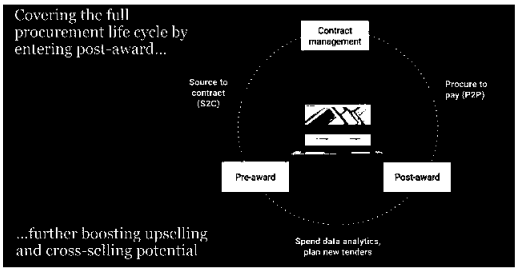
- Sofia Andersson, Acting Country Manager

Earlier in the year, Mercell established a position in the post-award market through the acquisitions of Aksess Innkjøp in Norway and Truelink, Tricom and Comcare in Denmark. The entry into the post-award market was a natural extension of Mercell's products and services, and by this the Group offers efficient management solutions for the entire source-to-pay process for both buyers and suppliers.

Mercell sees significant opportunity to increase customer value by offering a complete and fully integrated product portfolio, covering all business processes from sourcing to contract (S2C) and from procurement to payment (P2P). The post-award area also enables efficient, real-time spend analysis data that can improve the customers' decision making ahead of new tenders and create a self-reinforcing and value-adding process for customers.

Mercell's post-award customer portfolio counts 330 buyer customers, which represented an ARR of NOK 79 million at the end of 2020. The average ARR per customer is hence significantly higher in the post-award market than in the pre-award market, reflecting both the number of products and services and the higher number of interactions between buyers and suppliers compared to the pre-award phase. These buyers are connected to thousands of different suppliers which have yet to be monetised, and Mercell will assess the opportunity to develop commercially viable products and services also for this potential customer group.

**Mercell covers the entire procurement life cycle**




*Source: Company data*

Mercell views M&A as an integral part of its growth ambitions, and will scale further through programmatic M&A. The company has followed a three-pronged M&A strategy to i) strengthen the Nordic core, ii) expand the product portfolio, and iii) grow European presence. Acquisition targets have been evaluated against their contribution to strengthen market positions in the existing core Nordic market, strengthen the technology base and development capacity, broaden and deepen the range of products and services, attract new customers bases who can benefit from Mercell's offering, and/or provide an entry into new geographical markets.

With the acquisition of Visma Commerce, Mercell cemented its strong market position in Scandinavia, and both Visma Commerce and the post-award acquisitions have broadened and deepened the range of products and services. Consequently, Mercell is shifting its focus more towards European expansion. As described under 'Events after the balance sheet date', Mercell in February 2021 acquired Negometrix in the Netherlands and USA, which fit the acquisition criteria well. The acquisition adds ARR of approximately NOK 55 million and introduce Mercell into a new geographical market. Negometrix has solely focused on the buyer side of the market and offers a customer base that can benefit from Mercell's post-award products and an ideal opportunity to enter the supply side market. The acquisition of Negometrix also included a tech-hub in Bulgaria which strengthens the company's development capacity.

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## Technology development - the 'One Platform' project

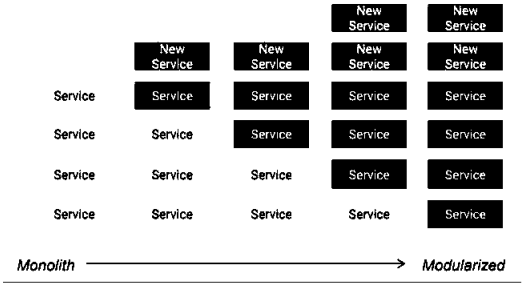
While all the acquired platforms are solid stand-alone solutions, Mercell sees an opportunity to increase return on technology investments, improve user experience, and further strengthen the platform network effects on a common, modular platform. The company's different pre-award platforms are typically built with monolithic architecture and centralized databases, and while this may have advantages in terms of effectiveness it is less scalable and less adaptive to changes in technology, language, or frameworks than platforms built on modern, modular microservices architecture. Mercell intends to transition all its pre-award workstreams over to a common modular platform and believes that a modular microservices approach will speed up the development process for new products and services for use across all customer platforms. The company's post-award products and services are already built as modules, and Mercell has started to consolidate 'best-of-breed' modules from each of the post-award companies.

**Migrating to 'state of the art' platform – module by module**

*Source: Company data*

The work to consolidate all services on a common platform will be done in a gradual and timely manner, with iterative interactions with customers and continuous innovation to ensure quality and usability. In addition to migrating the existing solutions to a common platform, Mercell will continue to develop new services (or modules), expand existing services and replace services.

**Migrating to 'state of the art' platform – module by module**




*Source: Company data*

Examples of new services to be launched in 2021 are 'Search and Discovery' and 'Authentication'. Search and Discovery is a new take on tender notification and will represent a major step towards a more user friendly and trustworthy tender finder service with more content. More than 200 suppliers have been involved in iterative test-loops and the company plans a gradual roll-out in the Scandinavian markets in 2021 to replace the current tender notification services. 'Authentication' is another new service allowing end-users to experience seamless integration across all Mercell's products that is currently being rolled out to the various platforms.

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# Financial review

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"). The consolidated financial statements of the Group represent the first financial statements in accordance with IFRS. Please see note 7.2 for details on first time adoption of IFRS.

Mercell reported a revenue increase of 102% to NOK 311.9 million for 2020, with organic growth of 31%. EBITDA showed a loss of NOK 23.7 million, including M&A costs of NOK 48.8 million and other special costs of NOK 39.6 million. This compares to an EBITDA loss of NOK 19.4 million in 2019.

Excluding M&A costs and other special items, the adjusted EBITDA increased to NOK 64.6 million in 2020 from NOK 10.8 million in 2019. The adjusted EBITDA-margin hence increased to 21% from 7% in 2019.

**Profit and Loss account under IFRS**

| | 2020 | 2019 |
|---|---|---|
| Total revenue | 311 906 | 154 251 |
| Operating costs | -247 297 | -143 419 |
| M&A costs | -48 751 | -13 258 |
| Special cost items | -39 581 | -16 972 |
| EBITDA | -23 723 | -19 397 |
| Adjusted EBITDA | 64 609 | 10 833 |
| *Adjusted EBITDA-margin* | 21 % | 7 % |
| Depreciation & Amortization | -52 012 | -26 449 |
| Operating profit/loss, EBIT | -75 735 | -45 847 |
| Net financial items | -78 539 | -15 123 |
| Profit/loss before tax | -154 275 | -60 970 |

*M&A cost consists of costs related to acquisitions*
*Special cost items consist of consulting fees, cost related to recruitment, severance pay, and costs related to listing on Euronext Growth in 2020*
*Adjusted EBITDA excludes M&A cost and special cost items*

## Profit and loss

### Revenue

Revenue for the full year 2020 increased by 102% to NOK 311.9 million (154.3). The increase over the past year reflects the acquisitions of Aksess Innkjøp, Truelink, Tricom, Comcare and Visma Commerce, adding to organic revenue growth of 31%.

Revenue for 2020 under IFRS was unchanged from the revenue presented under NGAAP in the interim report for the fourth quarter and full year 2020. Please see note 7.2 for reconciliation of the figures for 2019.

The organic revenue increase reflects that new sales, upselling and price optimisation more than balanced churn and contraction in the existing portfolio, generating positive net retention rates for both the buyer and supplier sides of the platform through 2020.

The acquisition of Aksess Innkjøp was consolidated with effect from March 2020, whereas Truelink and Tricom were consolidated with effect from May and July, respectively. Comcare was consolidated with effect from September 2020, and Visma Commerce from December 2020.

Split by product group, pre-award buyers accounted for NOK 74.6 million (24%), pre-award suppliers for NOK 187.3 million (60%), and post-award buyers for NOK 50.0 million (16%). Pre-award buyer revenue increased by 28% from 2019 to 2020, whereas pre-award supplier revenue increased by 32%. The company had no post-award buyer revenue in 2019, prior to the acquisitions of Aksess Innkjøp, Truelink, Tricom and Comcare in 2020. Please see note 2.1 for more details.

SaaS licence revenue accounted for 91% of total revenue, reflecting 96% share of the revenue from both pre-award buyers and pre-award suppliers, and 65% of revenue from post-award buyers.

Scandinavia accounted for 81% of revenue, with Norway at 35%, Denmark at 32%, and Sweden at 15%. Finland and the Baltics accounted for 8%, and UK and continental Europe for 10%. Please see note 2.2 for more details.

Note that the revenue splits by product and geography differ from similar splits for ARR, which to a greater degree reflect the impact of the acquisitions during 2020.

### Operating costs

Operating costs amounted to NOK 247.3 million (143.4), before depreciation and amortization and excluding M&A costs of NOK 48.8 million (13.3) and special cost items of NOK 39.6 million (17.0).

The M&A costs reflects transaction costs related to the acquisitions of Aksess Innkjøp, Truelink, Tricom, Comcare and Visma Commerce during 2020, which were capitalized under NGAAP.



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The special cost items reflect consulting, cost related to recruitment, severance pay, and costs incurred as a result of the listing of the company on Merkur Markets/Euronext Growth.

Personnel costs amounted to NOK 187.0 million or 56% of total operating costs in 2020, excluding R&D expenses. This compares to NOK 125.3 million or 72% of revenue in 2019. The increase reflects increased staff in both the sales and marketing organization and product and technology development, both due to organic growth and acquisitions, as well as special cost items related to recruitment and severance pay.

The number of employees more than doubled during 2020, increasing to 456 from 199 at the end of 2019, including near-shoring contractors. Approximately 76 of the increase stems from acquisitions, of which the acquisition of Visma Commerce was the largest.

Cost of goods sold amounted to NOK 5.6 million (9.3). Other operating expenses amounted to 94.3 million in 2020, up from NOK 25.8 million in 2019.

EBITDA

EBITDA was NOK -23.7 million for 2020, compared to NOK -19.4 million in 2019. Adjusted EBITDA, excluding M&A costs and special cost items, improved to NOK 64.6 million from NOK 10.8 million in 2019. The adjusted EBITDA-margin hence increased to 21% from 7% in 2019.

Mercell sees upside potential in the EBITDA-margin in the years to come, with increasing scale economies and improved efficiency. Operations in well-established pre-award markets such as Mercell in Norway and former Visma Commerce in Sweden show significantly higher margin levels than the overall Group. This supports the company's ambitions for continued margin improvement as the company and its market mature over the years to come.

Depreciation and amortization

Depreciation and amortization amounted to NOK 52.0 million (26.3) for the full year 2020. The increase mainly reflects the effect of the acquisitions during 2020, and primarily reflect amortization of intangible assets.

Operating profit (EBIT)

The operating loss (EBIT) for 2020 was NOK 75.7 million, compared to an operating loss of NOK 45.8 million in 2019. The increased loss reflects higher M&A costs and higher depreciation and amortization due to the acquisitions.

Net financials

Net financial cost was NOK 78.5 million for the full year (15.1), with the higher cost primarily reflecting funding cost for acquisitions and refinancing.

Financial income amounted to NOK 30.7 million (2.3), whereas financial expenses amounted to NOK 109.2 million (17.4). Please see note 4.5 for more details.

Results

Loss before tax was NOK 154.3 million (-61.0), whereas net loss after tax was NOK 146.3 million (-56.7).

The reported loss before tax for 2020 under IFRS was NOK 73.5 million lower than previously reported under NGAAP, whereas the reported loss after tax was NOK 78.4 million lower than under NGAAP.

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## Cash flow

Cash flow from operating activities

Net cash flow from operating activities was NOK 181.8 million in 2020 (15.3), primarily driven by changes in operating items including financial liabilities, and changes in contract liabilities related to SaaS subscriptions. These reflect the nature of the business model, with upfront subscription payments and recognition of revenue over the period of the contract.

Cash flow from investing activities

Cash flow from investing activities was a negative NOK 2,384.7 million in 2020 (274.0), of which NOK 2,327.0 million reflecting acquisitions (247.5), NOK 54.2 million purchases of software and other intangible assets (25.6), and NOK 3.5 million purchase of property, plant and equipment (0.8). The acquisition of Visma Commerce accounted for approximately 89% of the cash flow for acquisitions. Please refer to note 6.2.

Cash flow from financing activities

Cash flow from financing activities was NOK 2,506.9 million (249.0), of which NOK 1,750.4 million net proceeds from share issues (115.0) and NOK 1,252.3 million proceeds from long-term debt (148.6) were the main contributors. The company repaid NOK 312.1 million in debt during the year.

Net change in cash and cash equivalents was NOK 304.1 million (-9.6) including foreign exchange effects, and cash and cash equivalents increased to NOK 328.0 million at the end of the year (23.8).

## Financial position

Assets

Total non-current assets amounted to NOK 3,038 million (374.2). Goodwill accounted for NOK 2,114.8 million (234.7). Intangible assets accounted for NOK 811.4 million (86.5). The increases reflect the acquisitions made during the year, with the main portion relating to the acquisition of Visma Commerce in the fourth quarter 2020.

Current assets amounted to NOK 446.2 million at the end of 2020 (83.1). Short-term receivables amounted to NOK 118.2 million (59.2), of which NOK 90.9 million in trade receivables (36.8). Cash and cash equivalents amounted to NOK 328.0 million (23.8). All of this was held as bank deposits, of which NOK 326.5 million unrestricted cash and NOK 1.5 million restricted cash consisting of withholding payroll taxes.

It is the view of the Board of Directors that the liquidity position provided a solid fundament for the company to pursue its operational and financial goals for the existing business activities for 2021. With the exception of a seller credit of NOK 161.6 million related to the acquisition of Visma Commerce and lease liabilities, Mercell has limited current financial liabilities, and long-term funding through a bond maturing in 2025. After the end of year, the company strengthened the liquidity position and the financial flexibility further through an equity issue of NOK 434 million in February 2021. Parts of the proceeds were used to finance the acquisition of Negometrix, as described under 'Events after the Balance Sheet date'.

Equity and liabilities

Mercell had total equity of NOK 1,617.9 million (116.1) of a total balance of NOK 3,483.9 million (457.3) at the end of the year, corresponding to an equity ratio of 46% (25%).

During the fourth quarter, Mercell carried out a private placement raising gross proceeds of approximately NOK 1.3 billion in new equity through issuance of 123.8 million shares at a subscription price of NOK 10.5 per share. In the third quarter the company raised approximately NOK 450 million in new equity through issuance of 66.7 million shares at a subscription price of NOK 6.75 per share. At the end of the year the company had 413.6 million shares outstanding. Total liabilities amounted to NOK 1,866.0 million at the end of the year (341.2), of which NOK 564.6 million in current liabilities (162.5). Current interest-bearing liabilities amounted to NOK 15.7 million (6.7), trade and other payables to NOK 88.7 million (23.5), and contract liabilities to NOK 235.7 million (108.2). Other current financial liabilities amounted to NOK 224.5 million (24.1), including a seller credit of NOK 161.6 million related to the acquisition of Visma Commerce.

Non-current liabilities amounted to NOK 1,301.4 million (178.7), of which NOK 1,144.2 million in non-current interest-bearing liabilities (164.6), NOK 151.5 million in deferred tax liabilities (10.0), and NOK 5.8 million in other non-current liabilities (4.1).

Interest-bearing debt to credit institutions amounted to NOK 1,098.9 million (148.6), all of which included under non-current liabilities. This reflects the principal and carried interest on a SEK 1.1bn bond issued in connection with the acquisition of Visma Commerce in the fourth quarter 2020. The bond carries and interest of STIBOR + 6%, payable on a quarterly basis, and matures in December 2025. Other interest-bearing debt was NOK 45.3 million (16.0). of which NOK 15.7 million is payable within 12 months. This reflects lease liabilities. Please see notes 4.2 and 4.3 for more details. The Group has no maintenance covenants for its interest-bearing debt.



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Net interest-bearing debt was NOK 993.5 million at the end of 2020 (147.5), of which short-term debt related to the acquisition of Visma Commerce accounted for NOK 161.6 million and lease liabilities for NOK 61.0 million.

## Parent company and allocation of profits

Mercell Holding AS is the parent company in the Group, and supplier and performs services for the Group's other companies. Mercell Holding AS had total operating income of NOK 60.7 million (17.5). Operating costs amounted to NOK 97.4 million (45.2), generating an operating loss of NOK 36.8 million (27.7).

Net financial costs amounted to NOK 70.4 million (5.7). Result before tax was hence NOK -106.8 million (-33.5). Mercell Holding AS did not recognize any tax expense for the year, and the net result for 2020 was hence also NOK -106.8 million (-33.5). The Board of Directors proposes to the Annual General Meeting that the net loss of the parent company is charged to 'Other equity', and that no dividend is distributed for 2020.

Mercell Holding AS had total assets of NOK 2,958.4 million (405.8). Non-current assets accounted for NOK 2,823.2 million (392.6), mainly investments in subsidiaries. Current assets amounted to NOK 135.2 million (13.2), of which cash and cash equivalents of NOK 120.9 million (4.1). Equity amounted to NOK 1,715.7 million (182.9), corresponding to an equity ratio of 58%.

## Events after the balance sheet date

On 10 February 2021, Mercell announced that it had signed a binding agreement to acquire 100% of the shares in Negometrix B.V. The company is the largest private provider of public buy-side eTendering solutions in the Netherlands, with an established foothold in the US market and an integrated technology hub in Bulgaria. Negometrix had revenues of approximately EUR 6 million in 2020, of which close to 90% recurring revenue.

Negometrix' leading position in the buy-side pre-award market in the Netherlands offers a unique opportunity to leverage Mercell's broad portfolio and expand the offering into the supply side and post-award segments. Mercell also believes the technology development team in Bulgaria will add to the company's technology capabilities going forward. The transaction was based on an enterprise value of EUR 27 million on a cash- and debt-free basis. Negometrix has 80 employees, of which 34 at the headquarters in Utrecht, 33 at the tech hub in Sofia, Bulgaria, and 13 people in the US.

On 9 February 2021, Mercell carried out a private placement raising gross proceeds of approximately NOK 434 million, parts of which was used to finance the acquisition.

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## Corporate Social Responsibility

Public Procurement was one of the key areas in EU's "Europe 2020, a strategy for smart, sustainable and inclusive growth', with regulations built into the EU directive 2014/24 on Public Procurement. While the Europe 2020-strategy came to its finish line last year, the effort to realize sustainable growth continues, and the role of procurement in both the public and private sectors has not diminished. Mercell's core business of providing EU-compliant e-procurement software and services is inherently contributing to these sustainable growth ambitions by enabling transparency, traceability, and fair competition.

As a part of its commitment to sustainable growth, Mercell decided in 2020 to sign the UN Global Compact and it's ten principles on human rights, labour, environment, and anti-corruption. Mercell works to ensure that all employees and anyone acting on behalf of the company perform their activities in an ethical and socially responsible way, and in accordance with the company's values of Growth, Curiosity, Courage and Trust. These principles are embedded in the company's Code of Conduct.

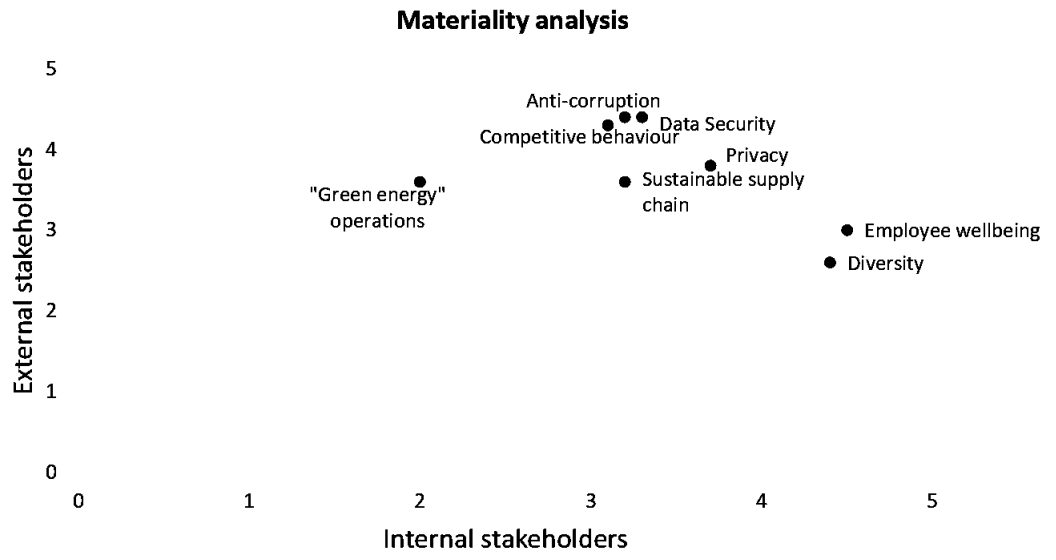
As a growth company with Pan-European ambitions, Mercell acknowledges both its increasing responsibilities and the opportunity to make a bigger difference. The growth in the workforce and expansion of operations into new markets and geographies also comes with a larger carbon footprint and new challenges with regards to social and governance matters.

Based on an assessment of Mercell's exposure, the company has conducted a simple materiality analysis in accordance with SASB's categorization for technology companies.

Our main priorities are related to:

- Data Security
- Privacy as a human right
- Work against corruption
- Competitive behaviour
- Sustainable supply chain
- Environmentally friendly operations and technologies, with a particular focus on energy management and the use of energy efficient and "green" energy sources
- Diversity and equal opportunities for our employees and managers
- Employee wellbeing, particularly related to the effects of Covid-19

**Materiality stakeholder map**




*Source: Internal company assessment*



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Sustainability initiatives

To operationalise our ambitions related to ESG, the following measures were undertaken in 2020:

- Launched a renewed Code of Conduct to further emphasize ethical behaviour, and anti-corruption practices
- Established a compliance function responsible for development and management of the ESG framework, Code of Conduct, and areas such as privacy and anti-corruption
- Conducted an enterprise risk assessment also covering ESG risks
- Introduced our new values: Courage, Curiosity, Growth and Trust
- Facilitated efficient and healthy home office solutions and ensured social and professional follow up of employees during Covid 19.
- Moved head office to premises with BREEM certificate class A to reduce energy consumption and carbon footprint

To continue this work in 2021, the company has identified the following focus areas:

- Further development and implementation of group wide frameworks and training plans within privacy, information security, ethical business conduct, anti-corruption and competitive behaviour in line with Code of Conduct
- Further embedding of ESG-considerations in assessment and decision-making processes, such as relocations, energy usage and carbon footprint related to server/cloud strategy, and travel policies
- Introduction of a group wide Supplier Code of Conduct as a part of ensuring a sustainable supply chain

The company will also continue its work to further improve employee wellbeing and rights:

- Ensure continued follow up of employees during Covid-19 and assess takeaways and learnings to combine home office and reduce travels while building a healthy company culture that promotes and supports the company's values.
- Conduct an assessment and plan to strengthen diversity and equality
- Establish anonymous whistleblowing channel.

Mercell is planning to publish its priorities and progress related to ESG in a sustainability report for 2021.

Equal opportunity

Headquarted in Oslo, Norway, the company has activities across 28 locations in 13 countries. At the end of 2020, the Group had 456 employees, including near-shore contractors. This was an increase from 199 FTEs at the end of 2019. Organic growth accounted for 30% of the increase and acquisitions for 70%, reflecting the company's growth strategy.

92 or 20% of the employees were employed in Norway, compared to 48 or 24% at the end of 2019. The employees count 20 different nationalities.

The company works to support the objectives of the Gender equality and Discrimination Act to promote equal opportunity and rights. The company is committed to an inclusive work culture, based on diversity, equal employment opportunity and fair treatment of all employees.

The company strives to reflect the diversity in the society and among its customers, and maintain a balance in age, gender, and cultural background among its employees. Women made up 42% and men 58% of the workforce at the end of 2020, with the share of women increasing during the year. 65 employees are defined as managers, with personnel responsibilities, of which 36% are women and 64% men.

The executive management group consists of six men and one woman. The Board of Directors consist of 6 men.

The company's workforce is well spread across the age spectrum although with a somewhat younger staff than the average in Norway. Approximately 34% of the staff is below 35 years of age, 44% between 36-55, and 11% above 55 years of age.

As described above, the company will conduct an assessment and plan to improve diversity and equality in 2021.

Working environment

Mercell shall be an attractive place to work, and the company has committed to taking action to create and maintain a good and inclusive working environment. The working environment is considered good. The company does not accept any form of harassment or discrimination based on race, colour, religion, gender, sexual orientation, national origin, age, or disability. No cases of harassment were reported or investigated in 2020.

Every Mercell company and every contractor is required to have a systematic approach to the management of Health, Safety, Security and Environment (HSSE), designed to ensure compliance with law an applicable standards, the wellbeing of its personnel and the protection of the environment.

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Mercell has operated in compliance with national and regional rules and recommendations with regards to the Covid-19 pandemic. The company has strived to facilitate efficient and healthy home office solutions for the employees and fulfil its responsibilities with regards to social and professional follow-up.

Total sick leave for the Norwegian operation was 2.95% in 2020. No occupational illnesses or injuries were reported or investigated in 2020.

Whistleblowing

Mercell has established routes for raising concerns, through line managers, the Group Compliance Manager or any member of the Mercell Group Management team. Any concern or complaint may be reported confidentially, and any form of retaliation against anyone raising concerns in good faith will be treated as a violation of the Code of Conduct. Mercell is currently establishing a whistleblowing channel enabling anonymous raising of concerns. No concerns were raised via internal or external channels in 2020.

Data Security and Privacy

Data security and privacy is a prerequisite for all Mercell's solutions, and the company has established a Data Policy, Privacy Policy, and Information Security Policy. The Data policy outlines a robust and structured approach to management and processing of data in compliance with regulatory, contractual, and other requirements.

The company's Privacy policy establishes the principles for privacy and data protection in compliance with the ER regulation 2016/679 (GDPR). The company has grown significantly through acquisitions over the past years and is currently developing a groupwide GDPR-program to ensure compliance across all entities.

The Information Security policy regulates the availability, integrity, and confidentiality of the data, to ensure systematic management of the information security risks.

The Group CEO is responsible for the Data and Privacy policies and the Group CTO for the implementation and adherence to the policies. All information security threats and privacy incidents have been assessed and handled in accordance with internal routines, and no incidents have required reporting to the regulatory authorities at 'Datatilsynet'.

Mercell's main businesses and platforms are certified under the International Standard for Information Security (ISO 27001). Having grown through acquisitions during 2019 and 2020, the company will further develop and implement groupwide frameworks and training plans in 2021.

Anti-corruption and competitive behaviour

Mercell has zero tolerance for corruption, including bribery, facilitation payments, and trading in influence, and these principles are incorporated in the company's Code of Conduct. The company also operates in full compliance with all applicable competition law and regulations protecting free enterprise and fair competition, and acknowledges its part in combating illegal practises such as price fixing, market sharing, output limitation or bid rigging, abuse of market power and any anti-competitive or monopoly practices. No corruption or bribery cases were reported or investigated in 2020.

Environment

Mercell is committed to minimize the impact of its activities on the environment with methods that are socially responsible and sustainable. The main external input factor affecting the environment is energy for buildings and cloud computing and data storage. The company in 2020 moved headquarter to premises with BREEM certificate class A, which reduces energy consumption and carbon footprint. As described below, Mercell will in 2021 introduce a Supplier Code of Conduct including environmental requirements.

Sustainable supply chain

To ensure compliance with its value and Code of Conduct throughout the value chain, Mercell has prepared a Supplier Code of Conduct that will be introduced in 2021. The Supplier Code of Conduct will outline minimum standard of product, compliance with applicable laws and standards including labour rights and work environment, security and business integrity, and management systems. Suppliers will also be required to strive to minimize environmental impacts and utilize environmentally friendly power sources to the extent possible.

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## Corporate Governance

Mercell has established principles and procedures for sound Corporate Governance, including risk management and internal controls, rules of procedure for the Board of Directors and management, and equal treatment of shareholders. The company intends to formalize its framework according to the Norwegian Code of Practise for Corporate Governance, during 2021, and will report according to this code going forward.

## Share information

At the end of 2020 Mercell had 413.6 million shares, including 123.8 million shares that were registered during the fourth quarter.

As described under 'Events after the balance sheet date', Mercell carried out a new share issue of 41.4 million shares in February 2021, increasing the number shares outstanding increased to 455.0 million. The company also has a program of 9.3 million options outstanding.

The company was listed on Merkur Markets on 9 July. The shares have since traded between NOK 7.4 and NOK 13.6 per share.

The company has approximately 1,050 shareholders, with the 20 largest shareholders holding 65% of the shares.

**20 largest shareholders 18 March 2021**

| | # of shares | % |
|---|---|---|
| Morgan Stanley & Co. LLC | 50,911,282 | 11.19 |
| State Street Bank and Trust Comp | 34,020,000 | 7.48 |
| Viking Venture 16B AS | 25,912,103 | 5.70 |
| Viking Venture 16 AS | 21,291,748 | 4.68 |
| Skandinaviska Enskilda Banken | 20,517,857 | 4.51 |
| Verdipapirfondet Norge Selektiv | 17,045,719 | 3.75 |
| Verdipapirfondet DNB Norge | 15,353,498 | 3.37 |
| Goldman Sachs & Co. LLC | 13,687,034 | 3.01 |
| JP Morgan Chase Bank, London | 13,083,207 | 2.88 |
| Morgan Stanley & Co | 11,540,696 | 2.54 |
| Myrlid AS | 10,186,144 | 2.24 |
| Grieg Holdings II AS | 9,567,947 | 2,10 |
| State Street Bank and Trust Comp | 8,742,179 | 1.92 |
| Verdipapirfondet DNB SMB | 8,235,339 | 1.81 |
| Goldman Sachs & Co | 7,992,931 | 1.76 |
| HSBC Trinkhaus & Burkhardt | 7,393,000 | 1.62 |
| Camiveo AS | 7,023,897 | 1.54 |
| UBS Securities LLC | 6,710,594 | 1.47 |
| UBS Securities | 5,914,101 | 1.30 |
| The Bank of New York Mellon | 5,862,077 | 1.29 |
| Total top-20 | 300,991,353 | 66.16 |
| Other shareholders | 153,971,200 | 33.84 |
| Total | 454,962,553 | 100% |

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# Risk and uncertainty factors

**Financial risk factors**

**Liquidity risk**

The financial position was strengthened through a NOK 450 million share issue paid-in in July, and further by a NOK 1.3 billion share issue in connection with the acquisition of Visma Commerce in the fourth quarter. The equity ratio was 46% at the end of the year, and the cash balance NOK 328 million. The financial strength has been maintained into 2021, as the company raised approximately NOK 434 million in a share issue in February 2021. Parts of the proceeds were used to finance the acquisition of Negometrix, as described under 'Events after the Balance Sheet date'. It is the view of the Board of Directors that the current liquidity position and financial flexibility provides a solid fundament for the company to pursue operational and financial goals for the existing business activities. Please also refer to note 4.8.

**Interest rate risk**

The company is exposed to changes in interest rate levels via long-term debt with floating interest rates. The main portion of this is in the form of a SEK 1.1 billion bond with an interest rate of STIBOR +6% p.a., with quarterly interest payments and maturity in December 2025. The Group does not currently hedge the base STIBOR interest rate.

**Foreign exchange risk**

Mercell is exposed to changes in exchange rates, both for transactions and translation into the reporting currency in NOK. The risk exposure mainly relates to net investments in foreign subsidiaries with functional currencies in SEK, DKK, EUR, and GBP, as well as to SEK denominated debt with interest payable in SEK. The Group does not hedge currency exposure with the use of financial instruments at the current time but monitors the net exposure over time. Please see note 4.8 for a SEK/NOK sensitivity analysis.

**Credit risk**

Mercell's main customers are public buyers and suppliers to these buyers, and Mercell's products and services are manly subscription-based SaaS products with upfront payments. Mercell considers the credit risk as limited. Please see note 4.8 for more detail.

Market and operational risks

Mercell is a platform provider for eTendering and ePocurement with predominantly public customers on the buy-side and a wide variety of suppliers on the supply-side of the platform. Public spending may be subject to significant fluctuations from year to year and from country to country. Adverse economic conditions and political budgeting may reduce the amount of public spending. A change in the funding of public customers may result in a reduction in demand for the Group's services. Failure by the Group to successfully retain current customers or attract new customers within the public sector could have a material adverse effect on the Group's business, prospects, liquidity, financial condition, and results of operation.

**Subscription revenues risks**

Mercell's revenue is to a great extent based on recurring subscription fees from both buyers and suppliers, and there is a risk that lower customer activity levels could affect the attractiveness of the platform and the company's ability to retain existing customers and/or attract new customers. The Group operates in markets with fluctuating user satisfaction and demand for products and/or services.

The Group has a subscription-based revenue model with more than 90% recurring revenue. Consequently, the Group's business operations depend highly on renewed subscription by its existing customer base. Should one or more of such customers decide not to renew their subscriptions with the Group, this may result in a material adverse effect on the Group's results of operations. The demand for the Group's services is affected by a number of factors, including awareness of technologies, availability of competing or substitute products and/or services, ease of adoption and use, features, experience and reliability of the Group's services.

Any inability to retain and develop the Group's customer base may result in a material adverse effect on the Group's business, results of operations, financial position, cash flows and/or prospects.

During 2020, the company saw organic growth in the number of paying buyers and suppliers as well as organic growth in revenue per customer. The company sees limited risk that sudden shifts in customer behavior should affect the financial performance significantly.

**Merger and acquisition risks**

Mercell considers merger and acquisition (M&A) activities to be an integral part of the company's growth plans. The Group's future growth and performance will partly depend on the ability to manage growth effectively, including the ability to successfully integrate acquired assets, businesses or companies. If the Company or another member of the Group acquires a company, it must be able to integrate into the Group, *inter alia*, the acquired company's personnel, operations, technology and financial set-up. There is no guarantee that such integration will not encounter difficulties whereby the contemplated effects will not be achieved. In addition, key personnel of the acquired company may decide to resign instead of working for the Group. These difficulties could disrupt the ongoing business, distract the Group's management



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and employees and increase its expenses and negate the desired effect of the acquisition.

For the above reasons and for other reasons, the acquisition of assets, businesses and companies and their integration into the Group may not be as financially successful as expected, obtain the intended synergies or growth as expected, or the acquisitions could require additional costs, risks or time to fully integrate the acquired assets into the Group. Any failure of successfully integrating acquired businesses or assets into the Group may have a material adverse effect on the Group's business, prospects, liquidity, financial condition and results of operation.

Mercell completed five acquisitions in 2020. The largest of these was the acquisition of Visma Commerce in the fourth quarter, which accounted for approximately 36% of ARR at the end of 2020. While the integration of such a large operation into Mercell may pose operational challenges, the company has not seen any negative effects on the operational or financial performance of either the existing or the acquired operations. Mercell has strengthened its organization considerably over the past year to ensure the capacity required to handle a larger organization. The other four acquisitions in 2020 were in the post-award market, which has other market characteristics and a different competitive landscape. While this may entail increased risk, the company has so far not seen any issues which should indicate that these acquisitions have increased the overall risk in the company.

**Technology risks**

Mercell operates in markets that are highly susceptible to technological developments and new technological solutions for eTendering are constantly developing within the markets that the company operates. Such technological developments have resulted in, and will likely continue to result in, substantial improvements in equipment functions and performance throughout the industry. As a result, the Mercell's future success and profitability will be dependent in part upon its ability to improve existing services and solutions, address the increasingly sophisticated needs of its customers and anticipate major changes in technology and industry standards and respond to technological developments on a timely basis.

Mercell is in the process of developing a new pre-award platform to be included as an integral part of its service offering for eTendering and procurement services. The Group has incurred, and is expected to continue to incur, significant expenses related to the development, implementation and launch of the new platform, and the costs related to the development, implementation and launch of the platform could be higher than what has been estimated by the Group. Additionally, the Group's development, implementation and launch of the new platform could be delayed because of numerous reasons associated with the development, implementation and launch of a new platform, several of which could be outside the Group's control, and any delay. Furthermore, there is a risk that the platform, when launched, may not meet the market's demand, criteria and/or expectations for such product. Thus, there is a risk that the Group's resources spent on the new pre-award platform may not be successful or completed in accordance with the Group's budgets, plans and/or expectations. If the development, implementation and/or launch of the new pre-award platform is not successful or completed in accordance with the Group's budgets, plans and/or expectations, it could have a material adverse effect on the Group's business, prospects, liquidity, financial condition and/or results of operation.

**IT risks**

Mercell relies heavily on information technology ("**IT**") systems in order to achieve its business objectives. The Group relies upon industry accepted security measures and technology such as access control systems to securely maintain confidential and proprietary information maintained on its IT systems, and market standard virus control systems. However, as a tech company, Mercell is constantly exposed to external threats associated with data security and is under constant pressure from different external players. There is a risk of virus attacks, attempts at hacking, social manipulation, and phishing scams, as well as theft of intellectual property or sensitive information belonging to the Group or its business partners.

The Group's portfolio of hardware and software products, solutions and services and its enterprise IT systems may be vulnerable to damage or disruption caused by circumstances beyond its control, such as catastrophic events, power outages, natural disasters, computer system or network failures, cyber-attacks or other malicious software programmes.

The failure or disruption of the Group's IT systems to perform as anticipated for any reason could disrupt the Group's business and result in decreased performance, significant remediation costs, transaction errors, loss of data, processing inefficiencies, downtime, litigation, and the loss of suppliers or customers. A significant disruption or failure could have a material adverse effect on the Group's business operations, financial performance and financial condition.

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## Outlook

Mercell is a leading platform provider for public eTendering in the pre-award market, and in 2020 fortified its leading position in the Nordic market with solid organic growth and the acquisition of Mercell Commerce – formerly Visma Commerce. The company also broadened its scope into eProcurement through a series of acquisitions in the post-award market during the year.

From a starting point of NOK 210 million at the end of 2019, Mercell grew annual recurring revenue (ARR) by 163% to NOK 552 million at the end of the year. Reflecting a combination of strong organic growth and successful acquisitions.

Mercell expects to continue to grow both organically and through acquisitions and followed up on its international ambitions with the acquisition of Negometrix in the Netherlands in February 2021. This also opens a potentially exciting opportunity in the US market.

With a larger scale, and proven organic growth and M&A capabilities, Mercell is in pole position to fulfil its strategic ambitions and grow profitably into a leading public eTendering and eProcurement platform in the large European market.

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# Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the financial statements for the period from 1 January to 31 December 2020 have been prepared in accordance to IFRS, and that the information in the financial statements gives a true and fair view of the group's assets, liabilities, financial position and profit or loss taken as a whole.

The Board of Directors confirms that the financial statements have been prepared under a going concern assumption, and the Group's liquidity position, solidity and ongoing cash flow from operations support the assessment that this assumption is realistic.

The Board of Directors of Mercell Holding AS
Oslo 24 March 2021

Sign.

| | | |
|---|---|---|
| Joar Welde<br>Chairman of the Board | Helge Nielsen<br>Board Member | Inge Arne Støve<br>Board Member |

| | | | |
|---|---|---|---|
| Ole-Bjørn Gjerde<br>Board Member | Bjørn-Thore Epland<br>Board Member | Erik Fjellvær Hagen<br>Board Member | Terje Wibe<br>CEO |

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# Consolidated Financial Statements – Mercell Group

## Consolidated statement of comprehensive income, 1 January- 31 December

| All amounts in NOK 1000 | Note | 2020 | 2019 |
|---|---|---|---|
| Revenues | 2.2 | 311 906 | 154 251 |
| **Total operating revenue** | | **311 906** | **154 251** |
| Cost of goods sold | | 5 565 | 9 277 |
| Salary and personnel expenses | 2.3 | 187 015 | 125 341 |
| Other operating expenses | 2.4 | 94 299 | 25 772 |
| M&A costs | 6.2 | 48 751 | 13 258 |
| **Total operating expenses before depreciation and amortization** | | **335 629** | **173 649** |
| **EBITDA** | | **-23 723** | **-19 397** |
| Depreciation and amortization | 3.1, 3.3, 3.4 | 52 012 | 26 281 |
| Impairment losses | 3.3 | - | 168 |
| **Operating profit or loss** | | **-75 735** | **-45 847** |
| Financial income | 4.5 | 30 665 | 2 269 |
| Financial expense | 4.5 | 109 205 | 17 392 |
| **Net financial items** | | **-78 539** | **-15 123** |
| **Profit or loss before tax** | | **-154 275** | **-60 970** |
| Tax income | 5.1 | -8 025 | -4 319 |
| **Net profit or loss for the year** | | **-146 250** | **-56 651** |
| | | | |
| **Other comprehensive income** | | | |
| *Items which may subsequently be reclassified to profit or loss:* | | | |
| Translation differences in subsidiaries | | 8 476 | 8 650 |
| **Other comprehensive income for the year** | | **8 476** | **8 650** |
| **Total comprehensive income for the year** | | **-137 774** | **-48 001** |
| | | | |
| **Earnings per share** | | | |
| Basic and diluted profit for the year attributable to ordinary equity holders of the parent (NOK) | 7.1 | -0.55 | -0.30 |
| | | | |
| **Net profit/loss for the year attributable to:** | | | |
| Equity holders of the parent company | | -146 250 | -56 651 |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Equity holders of the parent company | | -284 024 | -104 653 |

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## Consolidated Statement of financial position

| All amounts in NOK 1000 | Note | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|---|
| Deferred tax assets | 5.1 | 26 703 | 15 535 | 3 455 |
| Goodwill | 3.2 | 2 114 806 | 234 692 | - |
| Intangible assets | 3.1 | 811 442 | 86 520 | 32 425 |
| Right-of-use assets | 3.4 | 58 329 | 22 605 | 14 458 |
| Property, plant & equipment | 3.3 | 6 361 | 1 315 | 1 109 |
| Other non-current assets | 2.2 | 14 549 | 8 369 | 2 876 |
| Other non-current receivables | 2.3 | 5 600 | 5 208 | 4 331 |
| **Total non-current assets** | | **3 037 789** | **374 245** | **58 655** |
| Trade and other receivables | 2.5 | 118 049 | 46 142 | 18 935 |
| Other current assets | 4.1 | 122 | 13 081 | - |
| Cash and cash equivalents | 4.4 | 327 984 | 23 836 | 33 447 |
| **Total current assets** | | **446 155** | **83 059** | **52 382** |
| **Total assets** | | **3 483 944** | **457 304** | **111 037** |

| All amounts in NOK 1000 | Note | 31.12.2020 | 31.13.2019 | 01.01.2019 |
|---|---|---|---|---|
| Share capital | | 82 720 | 44 596 | 26 561 |
| Share premium | | 1 791 125 | 190 715 | 73 685 |
| Other equity | | -255 916 | -119 208 | -73 822 |
| **Total equity** | 4.6 | **1 617 930** | **116 103** | **26 424** |
| Non-current interest-bearing liabilities | 4.2 | 1 144 186 | 164 598 | 10 432 |
| Deferred tax liabilities | 5.1 | 151 462 | 10 019 | - |
| Other non-current liabilities | 6.3 | 4 526 | - | - |
| Other non-current financial liabilities | 4.1 | 1 262 | 4 096 | - |
| **Total non-current liabilities** | | **1 301 436** | **178 712** | **10 432** |
| Current interest-bearing liabilities | 4.2 | 15 713 | 6 745 | 4 026 |
| Trade and other payables | 2.6 | 88 705 | 23 456 | 8 553 |
| Contract liabilities | 2.7 | 235 682 | 108 194 | 33 467 |
| Other current financial liabilities | 2.6 | 224 478 | 24 093 | 28 135 |
| **Total current liabilities** | | **564 578** | **162 489** | **74 181** |
| **Total liabilities** | | **1 866 014** | **341 201** | **84 613** |
| **Total equity and liabilities** | | **3 483 944** | **457 304** | **111 037** |

The Board of Directors of Mercell Holding AS
Oslo 24 March 2021

Sign.

| | | |
|---|---|---|
| Joar Welde<br>Chairman of the Board | Helge Nielsen<br>Board Member | Inge Arne Støve<br>Board Member |

| | | | |
|---|---|---|---|
| Ole-Bjørn Gjerde<br>Board Member | Bjørn-Thore Epland<br>Board Member | Erik Fjellvær Hagen<br>Board Member | Terje Wibe<br>CEO |



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## Consolidated statement of cash flow

| All amounts in NOK | Note | 2020 | 2019 |
|---|---|---|---|
| **Cash flow from operating activities:** | | | |
| Profit/loss before tax | | -154 275 | -60 970 |
| Income tax paid | 5.1 | -382 | 711 |
| Depreciation and amortization | 3.1, 3.3, 3.4 | 52 012 | 26 449 |
| Interest expenses | 4.5 | 62 322 | 9 411 |
| Changes in trade and other receivables | | -2 006 | -12 958 |
| Changes in trade and other payables | | 19 027 | 5 544 |
| Changes in contract liabilities | 2.7 | 127 488 | 74 727 |
| Changes in other non-current assets | 2.2 | -6 179 | -5 493 |
| Changes in other operating items | | 83 823 | -22 103 |
| **Net cash flows from operating activities** | | **181 829** | **15 318** |
| | | | |
| **Cash flow from investing activities** | | | |
| Purchase of property, plant and equipment | 3.3 | -3 496 | -840 |
| Development of software and other intangible assets | 3.1 | -54 225 | -25 582 |
| Acquisition of subsidiaries, net of cash acquired | 6.2 | -2 327 000 | -247 528 |
| **Net cash flows from investing activities** | | **-2 384 721** | **-273 950** |
| | | | |
| **Cash flow from financing activities** | | | |
| Proceeds from share issue | 4.6 | 1 750 396 | 115 000 |
| Repayments of borrowings | 4.3 | -312 142 | - |
| Proceeds from long term debt | 4.3 | 1 252 348 | 148 578 |
| Transaction costs on issue of shares | 6.2 | -111 862 | - |
| Payments for the principal portion of the lease liability | 3.4, 4.3 | -9 479 | -5 145 |
| Interest paid | 4.5 | -62 322 | -9 411 |
| **Net cash flows from financing activities** | | **2 506 940** | **249 021** |
| | | | |
| Net change in cash and cash equivalents | 4.4 | 304 048 | -9 611 |
| Foreign exchange effects on cash and cash equivalents | | 100 | - |
| Cash and cash equivalents as at 1 Jan | 4.4 | 23 836 | 33 447 |
| **Cash and cash equivalents as at 31 Dec** | | **327 984** | **23 836** |

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## Statement of changes in equity

| Amounts in NOK | | Paid-in equity | | Other equity | | |
|---|---|---|---|---|---|---|
| **2019** | **Note** | **Share capital** | **Share premium** | **Translation differences** | **Retained earnings** | **Total equity** |
| **Equity as at 1 Jan 2019 NGAAP** | | 26 561 | 73 685 | 1 437 | -73 036 | **28 647** |
| IFRS transition effects | 7.2 | | | -1 437 | -786 | **-2 223** |
| **Equity as at 1 Jan 2019 IFRS** | | **26 561** | **73 685** | - | **-73 822** | **26 424** |
| Net profit/loss for the year | | | | | -56 651 | **-56 651** |
| Other comprehensive income | | | | 8 650 | | **8 650** |
| **Total comprehensive for the year** | | **26 561** | **73 685** | **8 650** | **-130 473** | **-21 578** |
| Issue of share capital | 4.6 | 18 035 | 117 031 | | | **135 066** |
| Share-based payments | 6.3 | | | | 2 615 | **2 615** |
| **Equity as at 31 December 2019** | | **44 596** | **190 715** | **8 650** | **-127 858** | **116 103** |

| **2020** | **Note** | **Share capital** | **Share premium** | **Translation differences** | **Retained earnings** | **Total equity** |
|---|---|---|---|---|---|---|
| **Equity as at 1 January 2020** | | **44 596** | **190 715** | **8 650** | **-127 858** | **116 103** |
| Net profit/loss for the year | | | | | -146 250 | **-146 250** |
| Other comprehensive income | | | | 8 476 | | **8 476** |
| **Total comprehensive for the year** | | **44 596** | **190 715** | **17 126** | **-274 108** | **-21 671** |
| Issue of share capital 7 July 2020 | 4.6 | 13 340 | 436 885 | | | **450 225** |
| Transaction costs | | | -111 862 | | | **-111 862** |
| Issuance of share capital 31 July 2020 | 4.6 | 22 | 144 | | | **166** |
| Issuance of share capital 3 December 2020 | 4.6 | 24 762 | 1 275 243 | | | **1 300 005** |
| Share based payments | 6.3 | | | | 1 066 | **1 066** |
| **Equity as at 31 December 2020** | | **82 720** | **1 791 125** | **17 126** | **-273 041** | **1 617 930** |

Translation differences arise in connection with exchange-rate differences of consolidated foreign entities.

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# Notes

## Section 1

## General information, significant accounting policies, judgements, estimates and assumptions

### Note 1.1 Corporate information

Mercell Holding AS and its subsidiaries (collectively "the Group", or "Mercell") is a publicly listed company on the Euronext Growth, with the ticker symbol MRCEL. Mercell Holding AS was admitted to trading on Euronext Growth (formerly known as Merkur Market) 9 July 2020. Mercell Holding AS is incorporated and domiciled in Norway. The Company's principal offices are located in Askekroken 11, N-0277 Oslo Norway.

Mercell is a digital platform for public procurement, where buyers and suppliers meet in a unique, web-based marketplace. Mercell makes public procurement safe and transparent and contributes to effective and fair competition in the full tender process.

### Note 1.2 Basis for preparation

The consolidated financial statements of the Group comprise of the consolidated statement of comprehensive income, financial position, cash flow and changes in equity and related notes.

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"). The consolidated financial statements of the Group represent the first financial statements in accordance with IFRS. For information about effects of transition to IFRS reference is made to note 7.2.

The consolidated financial statements have been prepared on a historical cost basis. Further, the financial statements are prepared based on the going concern assumption. All figures are presented in NOK thousands (000), except when otherwise stated.

The Group presents an additional statement of financial position at the date of transition to IFRS on 1 January 2019.

### Note 1.3 General accounting policies

Mercell has selected a presentation in which the description of accounting policies as well as estimates, assumptions and judgmental considerations are disclosed in the notes to which the policies relate. A summary of the Group's general accounting policies not disclosed in the notes, are therefore summarized below:

**Presentation and functional currency:**

The consolidated financial statements are presented in NOK, which is also the functional currency in the parent company.

The functional currency is determined in each entity in the Group based on the currency within the entity's primary economic environment. Transactions in foreign currency are translated to functional currency using the exchange rate at the date of the transaction. Monetary items in foreign currency are at the end of the reporting period translated to functional currency using the closing rate. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

For presentation purposes, balance sheet items are translated from functional currency to presentation currency by using exchange rates at the reporting date. Items within comprehensive income are translated from functional currency to presentation currency by applying monthly average exchange rates. If currency rates are fluctuating significantly, transaction date exchange rates are applied for significant transactions. Translation differences are recognised in other comprehensive income ("OCI").



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**Basis of consolidation**
The consolidated financial statements comprise the financial statements of Mercell Holding AS and its subsidiaries as at 31 December 2020. References are made to note 6.1 for consolidated subsidiaries.

The subsidiaries are consolidated when control is achieved as defined by IFRS 10. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

**Current versus non-current classification**
The Group presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:
- Expected to be realised or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period,
- All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in the normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Group classifies all other liabilities as non-current.

**Equity**
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the proceeds.

**Statement of cash flows**

The consolidated statement of cash flows is prepared using the indirect method.

**Distribution to shareholders**

The Group recognises a liability to make distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Group. As per the corporate laws of Norway, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

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**Government grants**

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Operating grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Investment grants are capitalised and recognised systematically over the asset's useful life. Investment grants are recognised as a deduction of the asset's carrying amount.

**New IFRS standards**

New and amended accounting standards and interpretations issued by the IASB may affect the Group's future financial reporting. The Group has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

## Note 1.4 Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with IFRS and applying the chosen accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are listed below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Significant estimates and judgement:

- Impairment considerations of goodwill (see note 3.2 for relevant disclosures)
- Business combinations (See note 6.2 for relevant disclosures)
- Capitalisation of internal development costs and useful life of intangible assets (See note 3.1 for relevant disclosures)
- Judgement of deferred tax assets (see note 5.1 for relevant disclosures)

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## Section 2 Operating performance

### Note 2.1 Operating Segments

**Accounting policies**
An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenues and incur expenses,
b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
c) for which discrete financial information is available.

The operating segments represents the business units for which the chief operating decision maker (CODM), defined as the Board, monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. The Group operates within three segments; Pre-award suppliers, Pre-award Buyers and Post award. Segment performance is evaluated based on EBITDA.

**Reporting segments: Pre -award buyer and supplier and post-award**

Mercell provides workflow services for public procurement officers and their suppliers. The workflow systems for the public buyer cover the entire user journey from when the need to purchase arises until the payment has been performed. Mercell provides enables suppliers to find relevant tenders and submit bids to tenders in addition to supporting the post award workflow process with e.g. catalogue management and invoice management. These services cover the entire procurement process and are divided into our three segments pre-award buyer, pre-award suppliers and post-award.

**Pre-award buyer and supplier**

Our pre-award service is a marketplace matching pre-award buyers and suppliers, with workflow solutions aimed at public buyers needing to create, publish, evaluate bids and finally award tenders. In addition, we enable suppliers to find relevant tenders and to submit bids for tenders. Our solutions in the pre-award market are delivered on a marketplace matching buyers with relevant suppliers, by making sure that the buyers conduct the tender process fully compliant to the EU-directives, making the process efficient, transparent, and secured. These services simplify and streamline the entire sourcing to contract – or sourcing to contract (S2C) phase, for both sides of the platform.

**Post-award**

Our post-award services are cloud-based eProcurement workflow solutions covering the procure to pay (P2P) process. The services enable public buyers to manage contracts, call of on contracts using e-commerce solutions and manage the invoice process. In addition, the buyer can analyze their procurement operations using Mercell spend analytics tools. Towards the suppliers we enable them to upload catalogues of their products and services and manage the ordering and invoice flow.

No operating segments have been aggregated to form the reportable operating segments.

**Other and Eliminations/adjustments**

The remaining of the Group's activities and business are shown in the "Other" column below. These activities mainly relate to the administrative and financial components of the Group. The "Eliminations/Adjustments" column consists of inter-segment transactions and IFRS adjustments that are not included as part of the segment reporting to the Board. As such revenue per segment will not reconcile to note 2.2 Revenue from contracts with customers.

Transactions between the segments are made as a part of the day-to-day operating business and the applicable business terms. The management group monitors the segments' operating profit regularly and is using the information to generate analyzes of the different segments' performance as well as making decisions with regards to allocation of resources.

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**Geographical markets**

For information on the Group's geographical markets refer to note 2.2. Revenue.

**Information about major customers**

The Group does not have any customers that amount to 10 % or more of the Group's total revenues.

**For the year ended 31 December 2020**

| All amounts in NOK 1000 | Pre-award Buyers | Pre-award Suppliers | Post award | Other | Eliminations/ Adjustments | Consolidated IFRS |
|---|---|---|---|---|---|---|
| **Revenues** | **74 598** | **187 322** | **49 986** | - | - | **311 906** |
| Salary and personnel expenses | 45 422 | 100 128 | 42 932 | - | -1 468 | **187 015** |
| Other costs | 25 049 | 86 216 | 11 739 | -29 508 | -9 278 | **84 218** |
| Allocated other cost | 5 692 | 6 249 | 3 704 | - | - | **15 645** |
| M&A-cost | - | - | - | 48 751 | - | **48 751** |
| **Total operating expenses** | **76 164** | **192 593** | **58 375** | **19 243** | **-10 746** | **335 629** |
| **EBITDA** | **-1 566** | **-5 271** | **-8 389** | **-19 243** | **10 746** | **-23 723** |

**For the year ended 31 December 2019**

| All amounts in NOK 1000 | Pre-award Buyers | Pre-award Suppliers | Post award | Other | Eliminations/ Adjustments | Consolidated IFRS |
|---|---|---|---|---|---|---|
| **Revenues*** | **58 438** | **141 812** | - | **19 628** | - **65 627** | **154 251** |
| Salary and personnel expenses | 34 903 | 99 433 | - | 2 411 | - 11 406 | 125 341 |
| Other costs | 26 190 | 50 334 | - | 6 894 | - 56 000 | 27 418 |
| Allocated other cost | 3 449 | 4 182 | - | - | - | 7 631 |
| M&A-cost | - | - | - | 13 258 | - | 13 258 |
| **Total operating expenses** | **64 542** | **153 949** | - | **22 563** | - **67 406** | **173 649** |
| | - | - | | - | | - |
| **EBITDA** | **6 104** | **12 137** | - | **2 936** | **1 779** | **19 397** |

* Revenue eliminations in 2019 relate to internal sale within the group.

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## Note 2.2 Revenue from contracts with customers

Mercell Group is a software platform provider for public e-tendering in the Nordic region. The Group has a two-sided SaaS platform that provides workflow solutions to both buyers and supplier resulting in significant network effects. Revenue comprise of license/subscription-based revenue, which is almost exclusively recurring. Other sources of revenue include consulting and training, courses, seminars and integration and improvements services.

The Group's revenue from contracts with customers are reported in three main segments as describe in note 2.1: pre-award buyers, pre-award suppliers and post-award.

**Accounting policies**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in all its revenue arrangements (and recognise revenue gross).

The Group's revenue mainly relates to license fees, which are typical SaaS contracts consisting of a software licensing model where software is licensed on a subscription basis and centralized on Mercell's platform. Revenue from SaaS arrangements, where the customer cannot take possession of the software licence and where the software licence cannot be separated from its related hosting services are considered as "right to access" licenses and revenue is recognised over time (i.e. the subscription period).

Revenue from workshops/training and other services is over time using an input method to measure progress towards completion of the services, because the customer simultaneously receives and consumes the benefits provided by the Group.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service type warranties). In determining the transaction price for the sale of a system, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and any consideration payable to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal, in the amount of cumulative revenue recognised, will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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**Specification of revenue from contracts with customers per segment 2020:**

| In NOK 1000 | Pre-award Buyers | Pre-award Suppliers | Post-award | Total |
|---|---|---|---|---|
| SaaS license | 71 614 | 179 829 | 32 757 | **284 200** |
| Other services | 2 984 | 7 493 | 17 229 | **27 706** |
| **Total revenue from contracts with customers** | **74 598** | **187 322** | **49 986** | **311 906** |
| **Geographical markets** | | | | |
| Norway | 29 537 | 71 686 | 6 873 | **108 097** |
| Denmark | 11 804 | 45 058 | 43 112 | **99 975** |
| Sweden | 10 534 | 35 383 | - | **45 917** |
| Finland | 402 | 4 987 | - | **5 389** |
| Baltics | 2 185 | 18 363 | - | **20 548** |
| UK | 12 834 | 10 112 | - | **22 946** |
| Other | 7 302 | 1 733 | - | **9 035** |
| **Total revenue from contracts with customers** | **74 598** | **187 322** | **49 986** | **311 906** |
| **Timing of revenue recognition** | | | | |
| Services transferred at a point in time | - | - | - | - |
| Services transferred over time | 74 598 | 187 322 | 49 986 | 311 906 |
| **Total revenue from contracts with customers** | **74 598** | **187 322** | **49 986** | **311 906** |
| Inter-segment revenue | - | - | - | - |
| **Segment revenue as presented in note 2.1** | **74 598** | **187 322** | **49 986** | **311 906** |

**Specification of revenue from contracts with customers per segment 2019:**

| In NOK 1000 | Pre-award Buyers | Pre-award Suppliers | Post-award | Total |
|---|---|---|---|---|
| SaaS license | 38 320 | 108 219 | - | **146 539** |
| Other services | 2 017 | 5 696 | - | **7 713** |
| **Total revenue from contracts with customers** | **40 337** | **113 915** | - | **154 251** |
| **Geographical markets** | | | | |
| Norway | 17 782 | 50 219 | - | **68 002** |
| Denmark | 9 015 | 25 461 | - | **34 476** |
| Sweden | 4 337 | 12 249 | - | **16 586** |
| Finland | 867 | 2 450 | - | **3 317** |
| Baltics | 3 903 | 11 024 | - | **14 927** |
| UK | 3 352 | 9 467 | - | **12 819** |
| Other | 1 078 | 3 045 | - | **4 124** |
| **Total revenue from contracts with customers** | **40 337** | **113 915** | - | **154 251** |
| **Timing of revenue recognition** | | | | |
| Services transferred at a point in time | - | - | - | - |
| Services transferred over time | 40 337 | 113 915 | - | 154 251 |
| **Total revenue from contracts with customers** | **40 337** | **113 915** | - | **154 251** |
| Inter-segment revenue | 18 102 | 27 898 | - | 46 000 |
| **Segment revenue as presented in note 2.1** | **58 438** | **141 812** | - | **200 251** |

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*SaaS license fee:*
The Group's performance obligation is satisfied over time (as "right to access" licenses). The customer receives the right to access Mercell's intellectual property throughout the license period for which revenue is recognized over the license period. The software is run on Mercell's platform and the customer may only access the software through a network (cloud). The customer cannot take possession of the software/code and is not able to run the software on its own server.

*Other services:*
Other services mainly consist of workshops/training, integrations/development and other support services provided by the Group in connection with the SaaS license. Generally, these services are not included in the license fee. Revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group. The Group recognises revenue normally on the basis of hours incurred.

*Contract balances:*
Contract liabilities relate to remuneration received in advance for SaaS license. The SaaS license is normally pre-paid by the customer for 12 months. As such, the balance of account at the end of the year represents the Group's deferred revenue related to performance obligations that will be satisfied within 12 months. The Group contract liabilities is disclosed in note 2.7.

The Group has not recognized any contract assets during the periods.

*Significant financing components:*
As most of the customers only pays in advance 12 months or less, the Group does not have any significant financing components.

**Contract costs (accounting policies):**
Under IFRS 15, the incremental costs of obtaining a contract (i.e., costs that would not have been incurred if the contract had not been obtained) is recognized as an asset if the Group expects to recover them either directly through reimbursement or indirectly through the margin inherent in the contract. For costs incurred exceeding the expected inherent margin, only the recoverable amount is capitalised as an asset and the remaining amount expensed as incurred.

Contract costs recognized as an asset is amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Those goods or services could be provided under a specific contract or a specifically anticipated (i.e. future) contract.
The amortization period for capitalized sales commission in the Group is determined based on the anticipated contract to which the costs relate to (i.e., the initial contract term plus any expected renewals periods).

The Group has incremental costs to obtain contracts such as sales commissions. Sales commissions is recognised as an asset and amortized on a straight-line basis over the anticipated contract period. The Group has determined that the anticipated contract period is normally five years.

In the statement of financial position, costs of obtaining a contract is presented separately from any contract assets or contract liabilities. The costs are presented under the line other non-current assets. In the income statement, the costs are classified as other operating expenses.

**In NOK 1000**

| **Costs to obtain a contract** | **2020** | **2019** |
|---|---|---|
| Balance as of 1 January | 8 369 | 2 876 |
| Costs to obtain contracts during the year | 9 180 | 6 809 |
| Amortization for the period | -3 000 | -1 316 |
| **Balance as of 31 December** | **14 549** | **8 369** |

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## Note 2.3 Salary and personnel expenses

**Accounting policies**
Salary and personnel expenses comprise of all types of remuneration to personnel employed by the Group (i.e. not contracted manpower) and are expensed when incurred. Ordinary salaries can be both fixed pay and hourly wages and is earned and paid periodically. Holiday pay is earned on the basis of ordinary pay and is normally paid in the holiday months of the following year. The employer's national insurance contribution (social security) is calculated and expensed for all payroll related costs including pensions. Pension contributions are earned on a monthly basis.

Norwegian entities within the Group have a defined contribution pension plan for its employees which satisfies the statutory requirements in the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon").

The scheme is a defined contribution plan. Contributions are paid to pension insurance plans and charged to the income statement in the period to which the contributions relate. Once the contributions have been paid, there are no further payment obligations.

| In NOK 1000 | 2020 | 2019 |
|---|---|---|
| Salaries | 142 485 | 105 093 |
| Social security costs | 16 083 | 9 025 |
| Pension costs | 14 561 | 6 593 |
| Other employee expenses | 13 885 | 4 630 |
| **Salary and personnel expenses** | **187 015** | **125 341** |
| Numbers of FTEs | *264* | *187* |

**In NOK 1000**

| Remuneration to Management 2020: | Salary | Bonus | Pension | Share based options* | Other compensation | Total remuneration |
|---|---|---|---|---|---|---|
| Terje Wibe (CEO) | 2 400 | 4 800 | 192 | 856 | - | **8 248** |
| Fredrik Eeg (CFO) | 1 500 | 2 400 | 120 | 1 416 | 45 | **5 482** |
| Arild Nilsen (CPO) | 2 120 | 2 400 | 170 | 569 | 51 | **5 310** |
| Geir Henning Pettersen (CTO) | 1 092 | 2 400 | 87 | 82 | 34 | **3 695** |
| Lars Vangen Jordet (CCO) | 625 | 450 | 31 | 1 293 | - | **2 399** |
| Katy Agahd (Head of HR) | 1 132 | 306 | 91 | 82 | - | **1 611** |
| | **8 869** | **12 756** | **691** | **4 299** | **131** | **26 745** |

*Share based options are reported on an expensed basis. References are made to note 6.3. One external consultant is included in the share-based option program.

**In NOK 1000**

| Remuneration to Board 2020: | Board remuneration |
|---|---|
| Joar Welde (Chariman of the Board) | **200** |
| Helge Nielsen ((Member of the Board) | **125** |
| Inge Arne Støve (Member of the Board) | **125** |
| Bjørn-Thor Epland (Member of the Board) | **125** |
| Ole-Bjørn Gjerde (Member of the Board) | **125** |
| Erik Fjellvære Hagen (Member of the Board) | **125** |

A loan of MNOK 4 has been granted to the CEO's holding company Camiveo AS. The loan is interest calculated in 2020 and has a balance equal to MNOK 4,2 as of 31 December 2020 included accrued interest. The amount is recognised as a non-current receivable.

The company has no obligations to board members or the CEO in the event of termination or changes in employment/positions.



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## Note 2.4 Other operating expenses

Other operating expenses are recognised when they occur and represent a broad range of operating expenses incurred by the Group in its day-to-day activities. Other operating expenses consist of expenses that are not classified on the lines for cost of goods, salary and personnel expenses, depreciation and amortisation.

**Other operating expenses**

| **NOK 1000** | **2020** | **2019** |
|---|---|---|
| Audit and accounting services | 9 680 | 6 260 |
| Consulting fees | 34 351 | 11 192 |
| Office equipment | 5 254 | 2 696 |
| IT costs | 9 684 | 5 624 |
| Other operating expenses | 35 330 | - |
| **Other operating expenses** | **94 299** | **25 772** |

**In NOK 1000**

| **Auditor fees** | **2020** | **2019** |
|---|---|---|
| Statutory auditing services | 1 932 | 1 660 |
| Attestations according to auditing | 415 | 31 |
| Technical preparation accounts and tax papers | 525 | 137 |
| Other services | 1 193 | 320 |
| **Total remuneration to the auditor** | **4 065** | **2 148** |

The amounts above are excluding VAT.

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## Note 2.5 Trade and other receivables

**Accounting policies**
The Group's trade receivables consist solely of amounts receivable from revenue from contracts with customers. Trade receivables are generally on terms of 30 days.

Trade receivables are financial assets which are initially recognized at transaction price determined under IFRS 15 and in later periods measured at amortised cost using the effective interest rate method adjusted for an allowance for expected credit losses.

The Group recognises an allowance for expected credit losses (ECLs) for its financial assets. ECLs are based on the cash flows that the Group expects to receive. For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors (or Group's of debtors) and the economic environment.

| In NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Trade receivables from customers at nominal value - external | 92 905 | 38 390 | 14 448 |
| Allowance for expected credit losses | -2 022 | -1 638 | - |
| **Trade receivables** | **90 883** | **36 752** | **14 448** |
| Receivable government grants | 4 750 | - | - |
| Other receivables and prepaid expenses | 22 416 | 9 390 | 4 488 |
| **Other receivables** | **27 166** | **9 390** | **4 488** |
| **Total trade and other receivables** | **118 049** | **46 142** | **18 935** |

| In NOK 1000<br>Allowance for expected credit losses | 31.12.2020 | 31.12.2019 |
|---|---|---|
| **At the beginning of the period** | 1 638 | - |
| Provision for expected credit losses | 384 | 1 638 |
| **At the end of the period** | **2 022** | **1 638** |

Set out below is the information about the credit risk exposure on the Group's trade receivables:

| | | Days past due | | | |
|---|---|---|---|---|---|
| **31.12.2020** | **Current** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 55 625 | 26 485 | 7 231 | 3 564 | 92 905 |

| | | Days past due | | | |
|---|---|---|---|---|---|
| **31.12.2019** | **Current** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 23 310 | 8 337 | 4 376 | 2 367 | 38 390 |

| | | Days past due | | | |
|---|---|---|---|---|---|
| **01.01.2019** | **Current** | **< 30 days** | **31-90 days** | **Over 90 days** | **Total** |
| Trade receivables | 7 252 | 5 625 | 1 134 | 438 | 14 448 |

For details regarding the Group's procedures on managing credit risk, reference is made to note 4.8



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## Note 2.6 Trade and other current financial liabilities

**Accounting policies**
Trade payables and other current financial liabilities are present contractual obligations arising from a result of past events where settlement is expected to result in an outflow of resources (payment).

Trade payables and other current financial liabilities are measured at fair value of their transaction price upon initial recognition and subsequently at amortized cost. Trade payables and other current liabilities are expected to be settled within the normal operating cycle within twelve months after the reporting period.

| In NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Trade payables | 26 407 | 9 212 | 2 427 |
| Public duties payable | 45 598 | 13 863 | 6 126 |
| Tax payable | 16 700 | 382 | - |
| **Trade and other payables** | **88 705** | **23 456** | **8 553** |
| Salary payable and vacation accruals | 30 446 | 8 007 | 9 057 |
| Accrued expenses | 26 015 | 9 944 | - |
| Other current liabilities | 168 017 | 6 142 | 19 078 |
| **Other current financial liabilities** | **224 478** | **24 093** | **28 135** |

Other current liabilities as of 31.12.2020 includes a short-term debt of MNOK 161 related to the acquisition of Visma Commerce.
For trade and other payables ageing analysis, reference is made to note 4.3.

## Note 2.7 Contract assets and liabilities

**Accounting policies**
*Contract assets*
A contract asset is initially recognized for revenue earned from rendering of services because the receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amount recognized as contract assets is reclassified to trade receivables.

All of the Group's contracts with customer are generally prepaid 12 months or less in advance. Hence, the Group has not recognised any contract assets for the periods presented. Reference is made to note 2.2.

*Contract liabilities*
A contract liability is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract liabilities relate to remuneration received in advance for revenue from contracts with customers. Revenue is recognized when the group fulfils the performance obligations in the contract. Contract liabilities are shown in the table below:

| In NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Contract liabilities related to SaaS subscription | 235 682 | 108 194 | 33 467 |
| **Total** | **235 682** | **108 194** | **33 467** |
| Current contract liabilities | 235 682 | 108 194 | 33 467 |
| Non-current contract liabilities | - | - | - |

| Changes in contract liabilities related to performance obligations | 31.12.2020 | 31.12.2019 |
|---|---|---|
| Amounts included in contract liabilities at the beginning of the year | 108 194 | 33 467 |
| New contract liabilities | 439 384 | 228 978 |
| Performance obligations satisfied in the period | -311 906 | -154 251 |
| **At 31 December** | **235 672** | **108 194** |

The Group's contract liabilities are mainly related to revenue from SaaS subscription which are generally prepaid 12 months or less in advance. The Group's contract liabilities are classified as current as the related performance obligations will be satisfied generally within 12 months. References are made to note 2.2. for further descriptions.



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## Section 3 Fixed assets

### Note 3.1 Intangible assets

**Accounting policies**
The Group's intangible assets mainly comprise of technology, customer relationships and other intangible assets acquired through the acquisition of subsidiaries. Additionally, intangible assets comprise capitalized development costs related to development of Mercell's platform and other solutions part of the Group's intellectual property.

**Intangible assets acquired**
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value on the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

**Capitalization of internal development costs**
Development expenditures on an individual project, which represents new applications/technology, are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Other costs are classified as research and are expensed as incurred.
Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when the asset is available for use and is amortized over the period of expected future benefit.

**Significant accounting estimates, assumptions and judgements**
*Capitalization of internal development costs*
Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project, discount rates to be applied and the expected period of benefits. The assessment of when product development is capitalized is highly subjective, as the outcome of these projects may be uncertain.

*Useful lives of intangibles assets*
Intangible assets with finite useful lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The initial assessment and review of economic useful lives requires management to make estimates and assumptions on the Group's IP, technological developments and competition in the future.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of comprehensive income in the line for depreciation and amortization.

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| NOK 1000 | Internally developed software | Technology | Customer relationships | Other intangible assets allocated from acquisition* | Total |
|---|---|---|---|---|---|
| **Acquisition cost 1 January 2019** | 156 271 | - | - | - | 156 271 |
| Additions | 25 582 | - | - | - | 25 582 |
| Additions through acquisitions | - | 10 955 | 35 552 | 1 006 | 47 513 |
| Disposals | - | - | - | - | - |
| Translation differences | - | 612 | 872 | 64 | 1 547 |
| **Acquisition cost 31 December 2019** | **181 854** | **11 567** | **36 424** | **1 069** | **230 914** |
| Additions | 54 225 | - | - | - | 54 225 |
| Additions through acquisitions | - | 100 635 | 572 452 | 32 489 | 705 576 |
| Disposals | - | - | - | - | - |
| Translation differences | - | 455 | 3 504 | - 354 | 3 605 |
| **Acquisition cost 31 December 2020** | **236 079** | **112 656** | **612 380** | **33 204** | **994 320** |
| **Acc.dep. & write-downs 1 January 2019** | 123 846 | - | - | - | 123 846 |
| Year's depreciation | 16 762 | 1 256 | 2 411 | 79 | 20 508 |
| Year's write-downs | - | - | - | - | - |
| Translation differences | - | 25 | 12 | 2 | 39 |
| **Acc.dep. & write-downs 31 December 2019** | **140 609** | **1 280** | **2 424** | **81** | **144 394** |
| Year's depreciation | 20 458 | 4 489 | 10 998 | 2 715 | 38 661 |
| Year's write-downs | - | - | - | - | - |
| Translation differences | - | - 84 | - 41 | - 52 | - 178 |
| **Acc.dep. & write-downs 31 December 2020** | **161 067** | **5 686** | **13 381** | **2 744** | **182 878** |
| **Carrying amount 01.01.2019** | **32 425** | - | - | - | **32 425** |
| **Carrying amount 31.12.2019** | **41 245** | **10 286** | **34 000** | **988** | **86 520** |
| **Carrying amount 31.12.2020** | **75 012** | **106 970** | **599 000** | **30 460** | **811 442** |
| Economic life | 3 years | 5-10 years | 5-10 years | 4-7 years | |
| Depreciation method | Linear | Linear | Linear | Linear | |

**Other intangible assets allocated from business combination include brand and backlog.*

**Internally developed software**

The Group performs a range of research and development projects related to the Mercell's platform and various solutions. Research and development expenses that were not capitalized are included in the consolidated statement of comprehensive income as other operating expenses.



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**Acquisitions during 2020 and 2019.**

Technology, customers relationships and other intangible assets allocated from business combination during 2019 is acquired through business combination of Udbudsvagten, Backup team and EU-supply. Technology, customers relationships and other intangible assets allocated from business combination during 2020 is acquired through business combination of Aksess Innkjøp, Truelink, Comcare and Visma Commerce. References are made to note 6.2.

No impairment charge was recognized for intangible assets in the periods, and no impairment indicators were identified.

**Technology**

The economic life of technology is assumed to range between 5-10 years. This is based on the valuation of technology where 25% of EBIT margin has been applied as royalty rate.

**Customer relationship**

The economic life of customer relationship is assumed to range between 5-10 years. This is based on historical data such as churn a sales pattern.

**Other intangible assets**

The economic life of other intangible assets is assumed to range between 4-7 years. The determined range in economic life is based on the value of the brand name and the backlog depending on the secured ARR revenue from the current portfolio for customers based on their contract expiry dates.

## 3.2 Goodwill

**Accounting policies**
Goodwill is an intangible asset which may not individually be recognised as an intangible asset due to the requirements in IAS 38. The value of goodwill is primarily related to synergies, assembled workforce and their competency to generate and commercialize new technology as well as high growth expectations. Goodwill also arises due to the requirement to recognise deferred tax liabilities for the difference between the assigned values and the tax bases of assets acquired and liabilities assumed in a business combination at amounts that do not reflect fair value.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

For the group's principles related to impairment of Goodwill, see below.

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| In NOK 1000 | Goodwill |
|---|---|
| **Acquisition cost 1 January 2019** | - |
| Additions through acquisitions | 229 289 |
| Translation differences | 5 402 |
| **Acquisition cost 31 December 2019** | **234 692** |
| Additions through acquisitions | 1 864 589 |
| Translation differences | 15 526 |
| **Acquisition cost 31 December 2020** | **2 114 806** |
| | |
| **Acc. Impairment 1 January 2019** | - |
| Year's impairment | - |
| Translation differences | - |
| **Acc. Impairment December 2019** | - |
| Year's impairment | - |
| Translation differences | - |
| **Acc. Impairment December 2020** | - |
| | |
| **Carrying amount 01.01.2019** | - |
| **Carrying amount 31.12.2019** | **234 692** |
| **Carrying amount 31.12.2020** | **2 114 806** |

References are made to note 6.2 for goodwill arising on business combination in 2019 and 2020.

**Impairment of goodwill (accounting policies)**
Goodwill is not amortized, but subject to impairment testing. The testing is performed annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of each CGU (or group of CGUs) to which goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

**Group's cash-generating units (CGUs)**
Goodwill is tested for impairment by groups of cash-generating units (CGU) equal to the defined operating segment in accordance with note 2.1 - Operating Segments.

Pre-award buyer, pre-award supplier and post-award is defined as separate Group's of cash-generating unit (CGU) within the Group.

| In NOK 1000<br>Carrying amount of goodwill allocated to the CGU | Pre-award buyer | Pre-award supplier | Post-award |
|---|---|---|---|
| Carrying amount of goodwill as at 1 January 2019 | - | - | - |
| Carrying amount of goodwill as at 31 December2019 | 80 422 | 154 270 | - |
| Carrying amount of goodwill as at 31 December 2020 | 333 137 | 1 570 961 | 210 708 |



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The majority of the goodwill presented in the table above derives from recent acquisitions, which are expected to have a positive development. MNOK 1.649,736 in goodwill was recognized as part of the acquisition of Visma Commerce in December 2020. For more details refer to note 6.2.

The recoverable amounts of CGUs Pre-award suppliers, Pre-award Buyers and Post award have been determined based on their value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The cash flows are derived from approved budgets, covering a five-year period. The projected cash flows are based on historical numbers and adding a moderate growth in the total market, our market share and the prices of our licenses and services. Subsequent to the five year period a reducing growth rate has been applied until the terminal year in year 10 in which a steady rate of 1 % has been applied. Had a 1 % growth been applied from year 6 the conclusion would have been unaffected and a significant headroom on all CGUs would have remained. Management believes that no reasonably possible change in the key assumptions above would cause the carrying amount of the CGU to materially exceed its recoverable amount.

**Key assumptions applied to determine the recoverable amount**

*Discount rate*

The discount rate reflects the current market assessment of the risks specific to the CGU. The discount rate for the Group is estimated based on the weighted average cost of capital (WACC). The main components of the WACC are the risk-free rate, the market equity premium, the CGU's Beta, interest cost of debt, expected debt/enterprise value ratio and the corporate tax rate. The pre-tax discount rate is determined by an iterative computation so that value in use determined using pre-tax cash flows and a pre-tax discount rate equals value in use determined using post-tax cash flows and a post-tax discount rate (WACC). The applied average pre-tax discount rate is 9.8 %.

*Terminal revenue growth rate*

The terminal growth rate is the estimated long-term rate of growth in the economy where the business operates, aligned with long term global inflation targets. The applied terminal growth rate is 1 %

*Long term Cash EBITDA margin*

The long-term cash EBITDA margin is determined from an analysis of historical levels before tax, adjusted for expected changes to salary, other expenses, capital expenditures and changes to working capital.

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## Note 3.3 Property, plant and equipment

**Accounting policies**
Property, plant and equipment ("PP&E") is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the PP&E and borrowing costs for similar construction projects if they meet the recognition criteria. The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset.

| NOK 1000 | Furniture and equipment | Total |
|---|---|---|
| **Acquisition cost 1 January 2019** | 9 938 | 9 938 |
| Additions through acquisition | 1 011 | 1 011 |
| Disposals | -171 | -171 |
| **Acquisition cost 31 December 2019** | **10 778** | **10 778** |
| Additions through acquisition | 3 106 | 3 106 |
| Additions/disposals | 3 496 | 3 496 |
| **Acquisition cost 31 December 2020** | **17 379** | **17 379** |
| | | |
| **Acc.dep. & write-downs 1 January 2019** | 8 829 | 8 829 |
| Year's depreciation | 466 | 466 |
| Year's impairments | 168 | 168 |
| **Acc.dep. & write-downs 31 December 2019** | **9 463** | **9 463** |
| Year's depreciation | 1 556 | 1 556 |
| Year's impairments | - | - |
| **Acc.dep. & write-downs 31 December 2020** | **11 019** | **11 019** |
| | | |
| **Carrying amount 01.01.2019** | **1 109** | **1 109** |
| **Carrying amount 31.12.2019** | **1 315** | **1 315** |
| **Carrying amount 31.12.2020** | **6 360** | **6 360** |
| Economic life | 5-8 years | |
| Depreciation method | Linear | |

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The useful lives and methods of depreciation of PP&E are reviewed at each financial year end and adjusted prospectively, if appropriate. Furniture and equipment have an estimated lifetime of 5-8 years.

The Group assess, at each reporting date, whether there is an indication that property, plant and equipment may be impaired. If such indication exists, the Group estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. No indicators for impairment of property, plant and equipment were identified in 2020.

Right-of-use assets are presented in note 3.4.

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## Note 3.4 Leases

**Accounting policies**
The Group account for its leases according to IFRS 16 *Leases.*

The Group as a lessee recognises its leases in the financial position as a lease liability with a corresponding right-of use asset, except for leases with a lease term of twelve months or less or leases where the underlying asset is considered to have a "low value". Lease contracts is only accounted for in accordance with IFRS 16 to the extent that the contract conveys the Group the right to control the use of an identified asset for a period of time in exchange for consideration. Leases held by subsidiaries acquired through a business combination are recognised at acquisitions date.

The lease liability is initially measured at the present value of the lease payments for the right to use the underlying asset during the lease term, that are not paid at the commencement date. The lease payments are discounted using the Group's incremental borrowing rate. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option, and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in and index or rate.

The right-of-use asset is initially measured at cost being the corresponding amount of the initial measurement of the lease liability. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment losses, applying the same policies for impairment as for property, plant and equipment (Note 3.3).

The Group uses its incremental borrowing rate (IBR) to measure the lease liability. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating). The Group uses a revised discount rate when lease payments are updated for a change in the lease term or a revised assessment of a purchase option.

**The Group leased assets**

The Group leases several assets, mainly office buildings and cars. Other assets consist of rent of server and collocation/racks. Leases of office buildings generally have lease terms between 2 and 10 years, while motor vehicles and collocation/racks generally have lease terms between 2 and 5 years. The Group also leases some office spaces, cars, hardware and other equipment that are expensed as incurred as they are either considered short term or of low value. For leases of office buildings, non-lease components (i.e., service elements) are excluded from the lease payments. The Group has chosen the practical expedient to not separate non-lease components from the lease payments for motor vehicles and other leased assets.

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The Group's right-of-use assets are recognised in the consolidated statement of financial position separately from PPE and presented in the table below:

| Right-of-use assets (in NOK 1000) | Office Buildings | Motor vehicles | Other assets | Total |
|---|---|---|---|---|
| **Balance as at 1 January 2019** | 10 884 | 143 | 3 431 | **14 458** |
| Additions | - | 199 | - | **199** |
| Additions through acquisitions | 13 016 | 398 | - | **13 414** |
| Deprecation | -3 494 | -114 | -1 699 | **-5 307** |
| Translation differences | -143 | 17 | -32 | **-158** |
| **Carrying amount 31 December 2019** | **20 263** | **643** | **1 700** | **22 605** |
| Additions | 28 214 | 693 | 346 | **29 253** |
| Additions through acquisitions | 16 625 | 119 | - | **16 744** |
| Deprecation | -9 292 | -420 | -1 978 | **-11 690** |
| Translation differences | 1 219 | 10 | 187 | **1 416** |
| **Carrying amount 31 December 2020** | **57 030** | **1 044** | **255** | **58 329** |
| Remaining lease term or useful life | 2-10 years | 2-5 years | 2-5 years | |
| Depreciation plan | Straight-line | Straight-line | Straight-line | |

The Group presents its lease liabilities under non-current interest-bearing liabilities the statement of financial position. The Group's liabilities are presented in the table below:

| Change in the lease liabilities (in NOK 1000) | Total |
|---|---|
| **Balance as at 1 January 2019** | 14 458 |
| New leases recognised during the period (Additions) | 199 |
| New leases recognised during the period (Additions through acquisitions) | 13 414 |
| Cash payments | -6 173 |
| Accretion of interest | 1 028 |
| Translation differences | -160 |
| **Total lease liabilities 31 December 2019** | **22 765** |
| New leases recognised during the period (Additions) | 29 253 |
| New leases recognised during the period (Additions through acquisitions) | 17 009 |
| Cash payments | -12 550 |
| Accretion of interest | 3 071 |
| Translation differences | 1 430 |
| **Total lease liabilities 31 December 2020** | **60 979** |

| Classification non-current vs current (in NOK 1000) | 2020 | 2019 |
|---|---|---|
| Current lease liabilities in the financial position | 15 713 | 6 729 |
| Non-current lease liabilities in the financial position | 45 266 | 16 036 |
| **Total cash outflow during the period** | **- 9 479** | **- 5 145** |

Maturity of lease liabilities. For undiscounted lease liabilities and maturity of cash outflows, see note 4.3

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| Summary of other lease expenses recognised in profit or loss (in NOK 1000) | 2020 | 2019 |
|---|---|---|
| Variable lease payments expensed in the period | - | - |
| Operating expenses in the period related to short-term leases | 303 | 44 |
| Operating expenses in the period related to low value assets | 548 | 245 |
| **Total lease expenses included in other operating expenses** | **851** | **290** |

**Extension, termination and purchase options**

The Group has several lease contracts of office buildings that include extension and termination options. Management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, they consider all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

As of 31 December 2020, the Group has evaluated that it is reasonable to exercise extension options related to leases of two office buildings. The Group has also evaluated that it is reasonable to not exercise one termination option related to lease of one office building. The Group does not have any lease contracts that includes purchase options.

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options to that are not included in the lease term:

| Undiscounted potential future rental payments (in NOK 1000) | Total |
|---|---|
| Periods covered by extension options expected not to be exercised | 5 566 |
| Periods covered by termination options expected to be exercised | 8 940 |
| **Total undiscounted potential future rental payments as of 31.12.2020** | **14 507** |

**The Group as a lessor**

The Group has two sublease arrangements of office buildings. Subleases where the Group is the intermediate lessor, are considered finance leases when the head leases and the subleases have corresponding or similar terms. At initial recognition, the right-of-use asset held the under sublease are derecognised and the net investment in the lease are recognised in the financial position as a receivable. Any differences between the net investment and the right-of-use asset held by the Group are recognised immediately in the profit or loss.

| Net investment held under sublease | 2020 | 2019 |
|---|---|---|
| Office buildings | 266 | - |

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## Section 4

### Note 4.1 Overview of financial instruments

**Classification of financial instruments**

The Groups' financial instruments are grouped in the following categories:

*Financial Assets at amortized cost*
Financial assets at amortized cost includes mainly trade and other receivables and cash and cash equivalent.

Trade and other receivables are part of the Group's business model with the sole objective to collect contractual cash flows. Additionally, the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, thereby passing the "SPPI test", constituting debt instruments measured at amortized cost.

*Financial Liabilities at amortized cost*
Financial liabilities at amortized cost includes the Group's interest-bearing liabilities, trade and other payables and other financial liabilities.

**Initial recognition and subsequent measurement**

The Group's financial assets and liabilities are initially recognised at fair value plus directly attributable transaction expenses. Subsequently, these instruments are measured at amortized cost using the effective interest method (EIR). Gains and losses are recognised in profit or loss upon impairment when the instruments are derecognised as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the consolidated statement of comprehensive income.

The Group's financial assets at amortized cost includes trade receivables. Trade receivables do not contain a significant financing component and are measured at the transaction price determined under IFRS 15 *Revenue from contracts with customers*.

*Impairment of financial assets*
Financial assets valued at amortized cost are subsequently impaired by recognising an allowance for expected credit losses (ECLs). The Group's financial assets consist mainly of trade and other receivables and hence, the Group applies a simplified approach in calculating ECLs where the Group does not track changes in credit risk but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group bases its ECLs on its historical losses, adjusted for forward-looking factors specific to the debtors (or Group of debtors) and the economic.

*Derecognition of financial instruments*
A financial asset is derecognized when the rights to receive cash flows from the asset have expired, the Group has transferred its rights to receive cash flows from the asset or The Group has assumed an obligation to pay the received cash flows in full under a "pass-through" arrangement.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

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| 31.12.2020 | Note | Financial instruments at amortized cost | Total |
|---|---|---|---|
| Trade and other receivables | | 118 049 | **118 049** |
| Other non-current receivables | | 5 600 | **5 600** |
| Cash and cash equivalents | | 327 984 | **327 984** |
| **Total financial assets** | | **451 634** | **451 634** |
| Interest-bearing liabilities | | 1 159 899 | 1 159 899 |
| Other financial liabilities | | 225 739 | 225 739 |
| Trade and other payables | | 88 705 | 88 705 |
| **Total financial liabilities** | | **1 474 344** | **1 474 344** |

| 31.12.2019 | Note | Financial instruments at amortized cost | Total |
|---|---|---|---|
| Trade and other receivables | | 46 142 | **46 142** |
| Other non-current receivables | | 5 208 | **5 208** |
| Cash and cash equivalents | | 23 836 | **23 836** |
| **Total financial assets** | | **75 186** | **75 186** |
| Interest-bearing liabilities | | 171 343 | **171 343** |
| Other financial liabilities | | 28 189 | **28 189** |
| Trade and other payables | | 23 456 | **23 456** |
| **Total financial liabilities** | | **222 988** | **222 988** |

| 01.01.2019 | Note | Financial instruments at amortized cost | Total |
|---|---|---|---|
| Trade and other receivables | | 18 935 | **18 935** |
| Other non-current receivables | | 4 331 | **4 331** |
| Cash and cash equivalents | | 33 447 | **33 447** |
| **Total financial assets** | | **56 713** | **56 713** |
| Interest-bearing liabilities | | 14 458 | **14 458** |
| Other financial liabilities | | 28 135 | **28 135** |
| Trade and other payables | | 8 553 | **8 553** |
| **Total financial liabilities** | | **51 146** | **51 146** |

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## Note 4.2 Interest-bearing liabilities

Specification of the Group's interest-bearing liabilities:

| In NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Interest-bearing debt | 1 098 920 | 148 562 | - |
| Lease liability (note 3.4) | 45 266 | 16 036 | 10 432 |
| **Non-current interest-bearing liabilities** | **1 144 186** | **164 598** | **10 432** |

| In NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Interest-bearing debt, due within 12 months | - | 16 | - |
| Lease liability, due within 12 months (note 3.4) | 15 713 | 6 729 | 4 026 |
| **Current interest-bearing liabilities** | **15 713** | **6 745** | **4 026** |

On 20 March 2020 and 17 June 2020, the Group issued new debt of MEUR 9 and MEUR 5.5 respectively to finance further growth and development. On December 8, 2020, the Group issued a senior secured bond of MSEK 1 100 for financing the acquisition of Visma Commerce (see note 6.1). The senior secured bond was also used to refinance Mercell's previous outstanding debt. The Group's interest-bearing debt is presented in the table below:

| Interest-bearing debt | Interest rate | Maturity | 31.12.2020 | 31.12.2019 |
|---|---|---|---|---|
| Interest bearing debt - MSEK 153 + carried interest | 9,50 % | 06.05.2023 | - | 148 562 |
| Interest bearing debt - MSEK 1 100 + carried interest | 6,00 % | 08.12.2025 | -1 098 920 | - |

**Covenant requirements**

The Group have no maintenance covenants for its interest-bearing debt. As of 31 December 2020, there are two incurrence tests that regulates the Groups ability to distribute dividends and issue new debt.

For reconciliation of changes in liabilities incurred as a result of financing activities, see note 4.3. For undiscounted liabilities and maturity of cash outflows, see note 4.3.

**Assets pledged as security for secured liabilities**

The Group's bond debt is secured in (i) stocks in Material Group Companies* (i.e. subsidiaries which has 10 % of total EBITDA or income including possible additional entities that are necessary to ensure that the sum of all the Material Group Companies include in total at least 80 % of total EBITDA and income) with exception of issuer, (ii) in bank accounts belonging to Material Group Companies, (iii) in Accounts Receivables (factoring pant) to Material Group Companies, (iv) in internal loans that have a duration of at least 12 months and minimum MSEK 20 and (v) guaranties from Material Group Companies.

*Material Group Companies as of 31.12.2020 consists of Mercell Holding AS, Mercell Midco AS, Mercell Norge AS, Mercell Svenska AB, EU-Supply Holding AB, Udbudsvagten A/S, Tricom Aps, Comcare A/S and EUS Holdings Limited.

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## Note 4.3 Ageing of financial liabilities

Contractual undiscounted cash flows from financial liabilities, including interest payments is presented below:

| 31.12.2020 | Less than 1 year | 1-2 years | 2-3 years | 3-4 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing debt | 66 917 | 66 917 | 66 917 | 67 100 | 1 166 917 | **1 434 767** |
| Trade and other current financial liabilities | 224 478 | - | - | - | - | **224 478** |
| Lease liabilities | 19 353 | 17 183 | 7 620 | 5 577 | 25 870 | **75 603** |
| **Total financial liabilities** | **310 747** | **84 100** | **74 537** | **72 677** | **1 192 787** | **1 734 847** |

| 31.12.2019 | Less than 1 year | 1-2 years | 2-3 years | 3-4 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing debt | 6 829 | 7 316 | 7 652 | 180 408 | - | **202 205** |
| Trade and other current financial liabilities | 24 093 | - | - | - | - | **24 093** |
| Lease liabilities | 7 627 | 6 056 | 5 481 | 3 623 | 5 437 | **28 224** |
| **Total financial liabilities** | **38 550** | **13 372** | **13 132** | **184 030** | **5 437** | **254 521** |

| 01.01.2019 | Less than 1 year | 1-2 years | 2-3 years | 3-4 years | More than 5 years | Total |
|---|---|---|---|---|---|---|
| Interest-bearing debt | - | - | - | - | - | - |
| Trade and other current financial liabilities | 28 135 | - | - | - | - | **28 135** |
| Lease liabilities | 4 205 | 3 435 | 1 924 | 1 427 | 6 265 | **17 255** |
| **Total financial liabilities** | **32 340** | **3 435** | **1 924** | **1 427** | **6 265** | **45 390** |

Reconciliation of changes in liabilities incurred as a result of financing activities:

| | | Cash flow effects | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 January 2020 | Repayments of borrowings and lease liabilities | Proceeds from borrowings | Foreign exchange movement | New leases | Other | 31 December 2020 |
| Non-current interest-bearing debt | 148 562 | -312 126 | 1 252 348 | 5 152 | | 4 984 | 1 098 920 |
| Non-current lease liability (note 3.4) | 16 036 | - | - | 1 430 | 46 263 | -18 462 | 45 266 |
| **Non-current interest-bearing liabilities** | **164 598** | **-312 126** | **1 252 348** | **6 582** | **46 263** | **-13 478** | **1 144 186** |
| Current-interest-bearing debt | 16 | -16 | - | - | - | | - |
| Current lease liability (note 3.4) | 6 729 | -9 479 | - | - | - | 18 462 | 15 713 |
| **Current interest-bearing liabilities** | **6 745** | **-9 495** | - | - | - | **18 462** | **15 713** |

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| | | Cash flow effects | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 January 2019 | Repayments of borrowings and lease liabilities | Proceeds from borrowings | Foreign exchange movement | New leases | Other | 31 December 2019 |
| Non-current interest-bearing debt | - | - | 148 562 | - | - | | 148 562 |
| Non-current lease liability (note 3.4) | 10 432 | - | - | -160 | 13 613 | -7 849 | 16 035 |
| **Non-current interest-bearing liabilities** | **10 432** | - | **148 562** | **-160** | **13 613** | **-7 849** | **164 597** |
| Current-interest-bearing debt | - | - | 16 | - | - | | 16 |
| Current lease liability (note 3.4) | 4 026 | -5 145 | - | - | - | 7 849 | 6 730 |
| **Current interest-bearing liabilities** | **4 026** | **-5 145** | **16** | - | - | **7 849** | **6 746** |

The "other" column includes the effect of reclassification of non-current portion of the lease liabilities and accrued interest and amortization.

## Note 4.4 Cash and cash equivalents

**Accounting policies**
Cash and cash equivalents in the statement of financial position comprise cash at banks and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

| NOK 1000 | 31.12.2020 | 31.12.2019 | 01.01.2019 |
|---|---|---|---|
| Bank deposits, unrestricted | 326 534 | 22 251 | 33 187 |
| Bank deposits, restricted | 1 450 | 1 585 | 260 |
| **Total in the statement of financial position** | **327 984** | **23 836** | **33 447** |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The amount included in "Bank deposits, restricted" consists only of withholding payroll taxes.

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## Note 4.5 Financial income and expenses

**Accounting policies**
Interest income and interest expenses on interest-bearing debt and receivables is calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance expense.

Interest expenses on lease liabilities represents the interest rate implicit in the lease used to measure the lease liabilities recognized in the statement of financial position.

**In NOK 1000**

| **Finance income** | **2020** | **2019** |
|---|---|---|
| Interest income | 1 290 | 1 037 |
| Foreign exchange gains | 29 375 | 1 207 |
| Other financial income | - | 25 |
| **Total financial income** | **30 665** | **2 269** |

In NOK 1000

| **Finance expenses** | **2020** | **2019** |
|---|---|---|
| Interest expenses | 62 322 | 9 411 |
| Interest expense on lease liabilities | 3 071 | 1 028 |
| Foreign exchange losses | 34 133 | 5 116 |
| Other finance expenses | 9 679 | 1 837 |
| **Total financial expenses** | **109 205** | **17 392** |

**Other finance expenses**

Other finance expenses in 2020 mainly consists of expense related to exiting the loan of MSEK 153. See note 4.2 for more information.

**Interest income and expenses**

Interest income represents mainly interest income on cash deposits, and interest expenses represents mainly interest expenses on external financing and lease liabilities, measured and classified at amortized cost in the statement of financial position.

## Note 4.6 Share capital and shareholders information

On 3 July 2020 Mercell Holding AS raised approximately MNOK 450 in new equity through a share issue ("Private Placement"). The Company issued a total of 66.7 million new shares through the Private Placement at a price of NOK 6.75 per share, each with a per share value of NOK 0.2. The net proceeds will predominantly be used to fund the Group's many organic and inorganic growth opportunities as well as for product and technology development and general corporate purposes.

On 31 July 2020 the share capital was increased due to the exercise of share options from a former employee.

On 3 December 2020 Mercell carried out a private placement raising gross proceeds of approximately NOK 1.3 billion in new equity through issuance of 123.81 million shares at a subscription price of NOK 10.5 per share. At the end of the year the company had 413.6 million shares outstanding.



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**The share capital in Mercell Holding AS consists of the following:**

| Share capital in Mercell Holding AS | Number of shares issued and fully paid | Par value per share (NOK) | Carrying amount |
|---|---|---|---|
| **At 1 January 2019** | **132 804 241** | **0,2** | **26 550 847** |
| Share capital increase | 90 177 412 | 0,2 | 18 035 482 |
| **At 31 December 2019** | **222 981 653** | **0,2** | **44 596 331** |
| Issuance of share capital 7 July 2020 | 66 700 000 | 0,2 | 13 340 000 |
| Issuance of share capital 31 July 2020 | 110 670 | 0,2 | 22 134 |
| Issuance of share capital 3 December 2020 | 123 810 000 | 0,2 | 24 762 000 |
| **At 31 December 2020** | **413 602 323** | **0,2** | **82 720 465** |

| Shareholders in Mercell Holding AS at 31.12.2020 | Total shares | Ownership | Voting rights |
|---|---|---|---|
| Morgan Stanley & Co. LLC | 57 958 354 | 14,01 % | 14,01 % |
| VIKING VENTURE 16B AS | 41 463 436 | 10,02 % | 10,02 % |
| VIKING VENTURE 16 AS | 34 070 142 | 8,24 % | 8,24 % |
| State Street Bank and Trust Comp | 25 402 720 | 6,14 % | 6,14 % |
| Skandinaviska Enskilda Banken AB | 17 117 857 | 4,14 % | 4,14 % |
| VERDIPAPIRFONDET NORGE SELEKTIV | 15 769 009 | 3,81 % | 3,81 % |
| GRIEG HOLDINGS II AS | 14 567 947 | 3,52 % | 3,52 % |
| VERDIPAPIRFONDET DNB NORGE | 13 974 398 | 3,38 % | 3,38 % |
| Myrlid AS | 11 206 878 | 2,71 % | 2,71 % |
| JPMorgan Chase Bank, N.A., London | 9 174 897 | 2,22 % | 2,22 % |
| Goldman Sachs & Co. LLC | 8 522 661 | 2,06 % | 2,06 % |
| State Street Bank and Trust Comp | 8 392 179 | 2,03 % | 2,03 % |
| HSBC TRINKAUS & BURKHARDT AG | 7 493 000 | 1,81 % | 1,81 % |
| CAMIVEO AS | 7 023 897 | 1,70 % | 1,70 % |
| The Bank of New York Mellon SA/NV | 6 451 756 | 1,56 % | 1,56 % |
| VERDIPAPIRFONDET DNB SMB | 6 145 035 | 1,49 % | 1,49 % |
| HMH INVEST AS | 5 840 000 | 1,41 % | 1,41 % |
| Danske Bank A/S | 4 800 000 | 1,16 % | 1,16 % |
| VIKING VENTURE 16C AS | 4 453 334 | 1,08 % | 1,08 % |
| GLABELLA AS | 4 357 512 | 1,05 % | 1,05 % |
| Other shareholders | 109 417 311 | 26,01 % | 26,01 % |
| **Total** | **413 602 323** | **100 %** | **100 %** |

**Shares owned by members of the board and senior executives as 31.12.2020:**

| Name | No. of shares | Shareholding |
|---|---|---|
| Terje Wibe (Camiveo AS) - CEO | 7 023 897 | 1,70 % |
| Joar Welde - Chairman of the board | - | 0,00 % |
| Ole-Bjørn Gjerde (Kvasshovd AS) - Board Member | 2 010 000 | 0,49 % |
| Inge Arne Støve (Nero Invest AS) - Board Member | 500 000 | 0,12 % |
| Helge Nielsen (Helida AS) - Board Member | 2 000 000 | 0,48 % |
| Bjørn-Thore Epland - Board member | - | 0,00 % |
| Erik Fjellvær Hagen - Board member | - | 0,00 % |



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## Note 4.7 Fair value disclosures

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**Fair value disclosures**

Management has assessed that the fair values of cash and short-term deposits, trade and other receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments and the current risk-free interest rates.

The interest-bearing debt as of 31.12.2020 consists of a SEK 1,100 million bond issue which is traded publicly on the Frankfurt Open Market and intended to be listed on Oslo Børs.

The fair values of the Group's interest-bearing debt are determined by using the DCF method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The fair values of the Group's interest-bearing debt are in most cases similar to carrying amount, as the interest rates are floating and as the own non-performance risk as of 31 December 2020 was assessed to be insignificant.

Information on fair value for the Group's financial liabilities:

| In NOK 1000 | Date | Carrying amount | Fair value | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|---|---|
| **Liabilities disclosed at fair value** | | | | | | |
| Interest-bearing debt (note 4.2) | 31.12.2020 | 1 098 920 | 1 147 850 | X | | |
| Interest-bearing debt (note 4.2) | 31.12.2019 | 148 578 | 148 578 | | | X |

The Group had no interest-bearing debt as of 01.01.2019.

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## Note 4.8 Capital and Risk Management

**Capital management**

The primary objective of the Group's capital management is to maximize value creation over time. The Group seeks to optimize the capital structure by balancing risk and return on equity against collateral for lenders, requirements for liquidity and investment capacity.

The Group manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. The Group considers a solid equity ratio to be important to achieving its strategic goals in the future. Management regularly uses the ratio between net interest-bearing debt / earnings before interest, tax and depreciation & amortization (NIBD/EBITDA) to assess the Group's financial flexibility, as well as the ability to assume new debt. NIBD and EBITDA are also key ratios related to incurrence tests for the Group's non-current interest-bearing debt. See note 4.2 for further information.

Net interest-bearing debt (NIBD) corresponds to the sum of "Non-current interest-bearing liabilities", "Current interest-bearing liabilities" and "Cash and cash equivalents" in the statement of financial position. The equity ratio corresponds to the carrying amount of "Total equity" divided by the "total equity and liabilities" in in the consolidated statement of financial position. The NIBD was MNOK 993 506, and EBITDA was MNOK -23 723 as of 31.12.2020.

**Financial risk**

The Group's principal financial liabilities, comprise interest bearing debt, lease liabilities, and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, cash and short-term deposits that derive directly from its operations. The Group do not hold derivative financial instruments.

The Group is exposed to a range of risks affecting its financial performance, including market risk, credit risk and liquidity risk. The Group seeks to minimize potential adverse effects of such risks through sound business practice and risk management.

Risk management is carried out by Group management under policies approved by the Board. The Board reviews and agrees policies for managing each of these risks, which are summarized below:

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk for the Group comprises two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include interest bearing debt, cash and cash and cash equivalents, trade receivables, lease liabilities and trade and other payables.

*Interest rate risk*
Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing debt which have base interest rates in STIBOR. The Group does not currently hedge the base interest rates. The current interest rate environment is low, and the Group may enter into contracts to offset some of the risk depending on the future expected interest rates.

*Interest rate sensitivity*
The sensitivity to a possible change in interest rates related to the Group's interest-bearing debt, with all other variables held constant, on the Group's profit before tax, is illustrated below. In calculating the sensitivity analyses, the Group assumes that the sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective financial risks.

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**In NOK 1000**

| Interest rate sensitivity: (STIBOR 3 months) | Increase / decrease in basis points | Effect on profit after tax (+/-) | Effect on equity |
|---|---|---|---|
| 31 December 2020 | +/- 100 | 8 572 | 8 572 |
| 31 December 2019 | +/- 100 | 1 159 | 1 159 |
| **Interest-bearing liabilities** | **31.12.2020** | **31.12.2019** | **01.01.2019** |
| Interest-bearing debt (note 4.2) | 1 098 920 | 148 562 | - |

*Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates as the Group has foreign subsidiaries. The Group has investments in foreign subsidiaries which has functional currency in SEK, DKK, EUR and GBP. In addition, the Group interest-bearing debt is denominated in SEK. Interest is accumulated and paid quarterly. As these payments are in SEK, this represents a risk of exposure to foreign currency.

The Group does not hedge currency exposure with the use of financial instruments at the current time, but monitors the net exposure over time.

*Foreign currency sensitivity*

The following table illustrates the sensitivity for a hypothetical increase or decrease in the foreign exchange rates related to the Group's interest-bearing debt in the period, holding all other variables constant:

| Foreign currency sensitivity | Date | Change in FX rate | Effect on profit before tax | Effect on equity |
|---|---|---|---|---|
| Increase / decrease in NOK/SEK | 31.12.2020 | +/- 10% | 109 892 | 85 716 |
| Increase / decrease in NOK/SEK | 31.12.2019 | +/- 10% | 14 856 | 11 588 |

10 % is used as it is considered to be a reasonable fluctuation in SEK/ NOK based on calculations on previous years variance.

**Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group monitors its risk to a shortage of funds by monitoring its working capital, overdue trade receivables and establishing credit facilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of credit facilities and bond debt to finance working capital and capital investments, without incurring any significant economic losses. For overview of ageing of financial liabilities refer to note 4.3.

**Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables). As the counterparty to Cash and cash equivalents is respectable banks the credit risk associated is considered to be small.

The Group manages its credit risks by trading only with creditworthy third parties. It is the Group's policy that all customers wishing to trade on credit terms are subject to credit verification procedures, which include an assessment of credit rating and review of prior payment issues. The Group ensures that the outstanding amounts do not exceed the set credit limits as means of mitigating the risk of financial loss from defaults and receivable balances are monitored on an ongoing basis. In addition, the Group's customers are mainly public sector entities. As a result, the risk that counterparties do not have the financial ability to meet their obligations is considered low in the markets in which the group operates.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 4.1. No agreements have been entered into for set-off/netting of financial instruments.



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## Section 5

### Note 5.1 Tax expense

**Accounting policies:**
*Income tax expense*
Income tax expense consist of current income tax and change in deferred tax.

*Current income tax*
Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax relating to items recognized directly in equity is recognized in equity (OCI) and not in the statement of profit or loss.

*Deferred tax*
Deferred tax assets and deferred tax liabilities are calculated based on the differences between the basis for tax assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date, with the exception of:

- initial recognition of goodwill, initial recognition of an asset or liability in a transaction which is not a business combination, and is not at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

| **In NOK 1000** | |
|---|---|
| **Reconciliation Deferred tax assets** | |
| Deferred tax assets recognised in balance sheet 01.01.2019 | 3 455 |
| Tax recognized in the income statement | 12 080 |
| **Deferred tax assets recognised in balance sheet 31.12.2019** | **15 535** |
| Additions from acquisitions | 4 752 |
| Tax recognized in the income statement | 6 415 |
| **Deferred tax assets recognised in balance sheet 31.12.2020** | **26 703** |

| In NOK 1000 | |
|---|---|
| **Reconciliation Deferred tax liabilities** | |
| Deferred tax liabilities recognised in balance sheet 01.01.2019 | - |
| Additions from acquisitions | 2 427 |
| Tax recognized in the income statement | 7 379 |
| Translation differences | 213 |
| **Deferred tax liabilities recognised in balance sheet 31.12.2019** | **10 019** |
| Additions from acquisitions | 144 191 |
| Tax recognized in the income statement | -3 398 |
| Translation differences | 650 |
| **Deferred tax liabilities recognised in balance sheet 31.12.2020** | **151 462** |

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| In NOK 1000<br>**Current income tax expense:** | **2020** | **2019** |
|---|---|---|
| Tax payable recognised in the income statement | 1 789 | 382 |
| Change deferred tax/deferred tax assets (ex. OCI effects) | -9 814 | -4 701 |
| **Total income tax expense** | **-8 025** | **-4 319** |

| In NOK 1000<br>**Deferred tax assets:** | **2020** | **2019** | **2018** |
|---|---|---|---|
| Property, plant and equipment | 4 653 | 7 851 | 9 828 |
| Property, plant and equipment (IFRS 16) | 2 386 | 162 | - |
| Other current assets | 10 837 | 1 666 | 259 |
| Liabilities | 31 636 | 38 458 | 15 706 |
| Losses carried forward (including tax credit) | 397 222 | 95 560 | 62 182 |
| **Basis for deferred tax assets:** | **446 734** | **143 697** | **87 976** |
| | | | |
| **Calculated deferred tax assets** | 98 281 | 31 613 | 19 355 |
| - Deferred tax assets not recognised | 71 579 | 16 078 | 15 899 |
| **Net deferred tax assets recognised in balance sheet** | **26 703** | **15 535** | **3 455** |

| In NOK 1000<br>**Deferred tax liabilities:** | **2020** | **2019** | **2018** |
|---|---|---|---|
| Property, plant and equipment (including leased assets) | 665 232 | 37 834 | - |
| Other current assets | 15 989 | 6 809 | - |
| Liabilities | 296 | -343 | - |
| **Basis for deferred tax liabilities:** | **681 518** | **44 300** | - |
| | | | |
| **Deferred tax liabilities recognised in balance sheet** | **151 462** | **10 019** | - |

| In NOK 1000<br>**Reconciliation of income tax expense:** | **2020** | **2019** |
|---|---|---|
| Income tax expense at corporate income tax rate in Norway (22%) | -33 940 | -13 413 |
| Effect of tax rates outside Norway | 907 | 7 |
| Non-taxable and non-deductible items | 1 513 | 1 724 |
| Deferred tax assets not recognised current year | 23 495 | 7 364 |
| **Recognised income tax expense** | **-8 025** | **-4 319** |

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## Section 6

### Note 6.1 Group companies

The following subsidiaries are included in the consolidated financial statements 31.12.2020:

| Consolidated entities 31.12.2020 | Country | Ownership | Registered office |
|---|---|---|---|
| Mercell Suomi OY | Finland | 100 % | Et. Esplanadi 22, Helsinki |
| Mercell Latvia SIA | Latvia | 100 % | Dzirnavu iela 37-41, LV-1010 Riga |
| Mercell Estonia OÜ | Estonia | 100 % | Rävala 15, 10143 Tallinn |
| UAB Mercell Lithuania | Lithuania | 100 % | Zirmuny g. 139, Vilnius |
| Mercell Danmark A/S | Denmark | 100 % | Klosterbakken 12, 5000 Odense C |
| Mercell Svenska AB | Sweden | 100 % | Kampegatan 6, 41104 Goteborg |
| Mercell Norge AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Mercell Midco AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Backup Team Aps | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| Udbudsvagten A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| eLuence A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| Licitio A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| EU-Supply LTD | United Kingdom | 100 % | 10 Queen Street Place, London EC4R 1AG |
| EUS Holdings LTD | United Kingdom | 100 % | 10 Queen Street Place, London EC4R 1AG |
| EU-Supply Holding AB | Sweden | 100 % | Sveavägen 159, 113 46 Stockholm |
| DK filial av EU-Supply Holding AB | Denmark | 100 % | Algade 44, 4000 Roskilde |
| Aksess Innkjøp AS | Norway | 100 % | Furulund 40, 8230 Sulitjelma |
| Truelink A/S | Denmark | 100 % | Havneparken 1, 7100 Vejle |
| Tricom ApS | Denmark | 100 % | Holmbladsgade 133, 2300 København S |
| Comcare A/S | Denmark | 100 % | Ørestads Boulevard 108, 2300 København S |
| Visma Commerce AB | Sweden | 100 % | Lindhagensgatan 94, 112 18 Stockholm |
| Visma Commerce AS | Norway | 100 % | Karenslyst allé 56, 0277 Oslo |

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The following subsidiaries are included in the consolidated financial statements 31.12.2019:

| Consolidated entities 31.12.2019 | Country | Ownership | Registered office |
|---|---|---|---|
| Mercell Product & Technology AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Mercell Suomi OY | Finland | 100 % | Et. Esplanadi 22, Helsinki |
| Mercell Latvia SIA | Latvia | 100 % | Dzirnavu iela 37-41, LV-1010 Riga |
| Mercell Estonia OÜ | Estonia | 100 % | Rävala 15, 10143 Tallinn |
| UAB Mercell Lithuania | Lithuania | 100 % | Zirmuny g. 139, Vilnius |
| Mercell Danmark A/S | Denmark | 100 % | Klosterbakken 12, 5000 Odense C |
| Mercell Svenska AB | Sweden | 100 % | Kampegatan 6, 41104 Goteborg |
| Mercell Norge AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Mercell Midco AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Backup Team Aps | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| Udbudsvagten A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| eLuence A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| Licitio A/S | Denmark | 100 % | Øster Allé 48, 2100 København Ø |
| EU-Supply LTD | United Kingdom | 100 % | 10 Queen Street Place, London EC4R 1AG |
| EUS Holdings LTD | United Kingdom | 100 % | 10 Queen Street Place, London EC4R 1AG |
| EU-Supply Holding AB | Sweden | 100 % | Sveavägen 159, 113 46 Stockholm |
| DK filial av EU-Supply Holding AB | Denmark | 100 % | Algade 44, 4000 Roskilde |
| Safe Tag Norge AS | Norway | 100 % | Askekroken 11, 0277 Oslo |

The following subsidiaries are included in the consolidated financial statements 01.01.2019:

| Consolidated entities 01.01.2019 | Country | Ownership | Registered office |
|---|---|---|---|
| Mercell Product & Technology AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Mercell Suomi OY | Finland | 100 % | Et. Esplanadi 22, Helsinki |
| Mercell Latvia SIA | Latvia | 100 % | Dzirnavu iela 37-41, LV-1010 Riga |
| Mercell Estonia OÜ | Estonia | 100 % | Rävala 15, 10143 Tallinn |
| UAB Mercell Lithuania | Lithuania | 100 % | Zirmuny g. 139, Vilnius |
| Mercell Danmark A/S | Denmark | 100 % | Klosterbakken 12, 5000 Odense C |
| Mercell Svenska AB | Sweden | 100 % | Kampegatan 6, 41104 Goteborg |
| Mercell Norge AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Mercell Midco AS | Norway | 100 % | Askekroken 11, 0277 Oslo |
| Safe Tag Norge AS | Norway | 100 % | Askekroken 11, 0277 Oslo |

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## 6.2 Business combination

**Accounting policies**

A business combination is as a transaction or other event in which the Group obtains control of one or more businesses. A business consists of inputs and processes applied to those inputs that have the ability to create outputs. Determining whether a particular set of assets and activities is a business should be based on whether the integrated set is capable of being conducted and managed as a business by a market participant.

Business combinations are accounted for according to IFRS 3 using the acquisition method, also called purchase price allocation (PPA). The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value according to IFRS 13, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.
Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments: Classification, is measured at fair value with the changes in fair value recognised in the statement of comprehensive income.

Goodwill arises in a business combination when the fair value of consideration transferred exceeds the fair value of identifiable assets acquired less the fair value of identifiable liabilities assumed. Goodwill acquired in a business combination is allocated to each of the Group's cash-generating units that are expected to benefit from the combination irrespective of whether other assets or liabilities of the acquiree are assigned to those units, and tested subsequently for impairment. Reference is made to note 3.1 for an overview of the Group's goodwill and note 3.3 gives an overview of the Group's CGUs and annual impairment testing of the CGU to which goodwill is allocated.

**Significant accounting estimates, assumptions and judgements**

In a business combination, the assets acquired and liabilities assumed are valued at fair value at the time of acquisition. The various assets and liabilities are valued on the basis of different models, requiring estimates and assumptions to be made. Goodwill is the residual in this type of purchase price allocation. Errors in estimates and assumptions can lead to an error in the split of the value between the various assets and liabilities incl. goodwill, but the sum of the total excess values will always be consistent with the purchase price paid.

The useful lives of the intangible assets acquired in a business combination are assessed as either finite or indefinite and may in some cases involve considerable judgements. Intangible assets acquired with finite useful lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

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**Acquisitions during 2020**

| 2020 | Main business activity | Date of business combination | Proportion of voting equity acquired | Acquiring entity |
|---|---|---|---|---|
| Aksess Innkjøp AS | Post-Award | 28.02.2020 | 100 % | Mercell Holding AS |
| TrueLink A/S | Post-Award | 14.05.2020 | 100 % | Mercell Holding AS |
| Tricom ApS | Post-Award | 22.06.2020 | 100 % | Mercell Holding AS |
| Comcare A/S | Post-Award | 03.09.2020 | 100 % | Mercell Holding AS |
| Visma Commerce | Pre-Award | 10.12.2020 | 100 % | Mercell Holding AS |

**Aksess Innkjøp AS**
On 28 February 2020, The Group acquired 100% of the voting shares of Aksess Innkjøp A/S, a Norwegian-based company operating a portal for handling digital commercial documents. Aksess Innkjøp AS is part of the post-award segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 28 February 2020. For tax and economic purposes, the effective date was 28 February 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 10 in cash. Transaction costs of TNOK 249 were expensed and are included in M&A costs. From the date of acquisition, Aksess Innkjøp has contributed MNOK 6,9 of revenue and TNOK -100 to the net profit before tax.

**TrueLink A/S**
On 14 May 2020, the Group acquired 100% of the voting shares of TrueLink A/S, a Denmark-based company operating a portal for handling digital commercial documents. TrueLink Group is part of the post-award segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities,14 May 2020. For tax and economic purposes, the effective date was 14 May 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 58,2 in cash. Transaction costs of MNOK 1,56 were expensed and are included in M&A costs. From the date of acquisition, TrueLink Group has contributed MNOK 15,1 of revenue and MNOK 8,3 to the net profit before tax.

**Tricom ApS**
On 22 June 2020, The Group acquired 100% of the voting shares of Tricom A/S, a Denmark-based software-as-a-service ("SaaS") company which provides e-procurement solutions. Tricom A/S is part of the post-award segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 22 June 2020. For tax and economic purposes, the effective date was 20 June 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 114,5 in cash. Transaction costs of MNOK 1,76 were expensed and are included in M&A costs. From the date of acquisition, Tricom A/S has contributed MNOK 17,2 of revenue and MNOK -4,5 to the net profit before tax.

**Comcare A/S**
On 3 September 2020, The Group acquired 100% of the voting shares of Comcare A/S, a Denmark-based software-as-a-service ("SaaS") company which provides e-procurement solutions. Comcare A/S is part of the post-award segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 3 September 2020. For tax and economic purposes, the effective date was 3 September 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 91,6 in cash. Transaction costs of MNOK 1,43 were expensed and are included in M&A costs. From the date of acquisition, Comcare A/S has contributed MNOK 10,8 of revenue and MNOK -7,2 to the net profit before tax.

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**Visma Commerce**

On 10 December 2020, The Group acquired the Opic and TendSign product suites (the "Target Group"), which is currently situated in the three entities: Visma Commerce AB, Visma Commerce AS and Visma Labs AB. Opic is a leading Swedish procurement information portal/monitoring service, aimed at small/medium sized businesses in Sweden and Norway. Sales is mainly targeted towards the private sector. TendSign is a leading Swedish cloud services for digital procurement used by both public entities and private companies. Opic is part of the pre-award supplier segment and TendSign is part of the pre-award buyer segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 10 December 2020. For tax and economic purposes, the effective date was 10 December 2020.

The acquisition-date fair value of the total consideration transferred was MNOK 2.215,8 in cash. Transaction costs of MNOK 43,75 were expensed and are included in M&A costs. From the date of acquisition, Visma Commerce has contributed MNOK 18,2 revenue and MNOK 9,2 to the net profit before tax.

The below table illustrates the fair values of the identifiable assets in Aksess Innkjøp, Truelink, Tricom, Comcare and Visma Commerce at acquisition date:

| Acquisition during 2020 | 28.02.2020 Aksess Innkjøp AS | 14.05.2020 TrueLink A/S | 22.06.2020 Tricom ApS | 03.09.2020 Comcare A/S | 10.12.2020 Visma Commerce |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-Current Assets** | | | | | |
| Technology | 622 | 3 449 | 4 473 | 4 504 | 88 001 |
| Brand | - | 658 | 430 | 919 | 8 865 |
| Backlog | 1 005 | 4 469 | 6 843 | 9 930 | - |
| Customer relationship | 1 823 | 8 009 | 15 018 | 15 440 | 533 687 |
| Machines and equipment | 77 | - | 476 | 2 486 | - |
| Other non-current assets | 4 538 | 375 | - | - | - |
| **Total non-current assets** | **8 065** | **16 959** | **27 238** | **33 278** | **630 553** |
| **Current assets** | | | | | |
| Deposits | - | 282 | 340 | 784 | - |
| Accounts receivables | 1 643 | 3 222 | 5 212 | 2 966 | 50 888 |
| Other current assets | 10 | 1 381 | 440 | 4 246 | 433 |
| Cash and cash equivalents | 13 | 5 322 | 3 622 | -100 | 154 171 |
| **Total current assets** | **1 666** | **10 207** | **9 613** | **7 896** | **205 492** |
| **Total assets** | **9 731** | **27 166** | **36 852** | **41 174** | **836 045** |
| | | | | | |
| **LIABILITIES** | | | | | |
| **Non-Current liabilities** | | | | | |
| Deferred tax liability | - | 3 621 | 5 407 | 6 632 | 130 970 |
| **Total non-current liabilities** | - | **3 621** | **5 407** | **6 632** | **130 970** |
| **Current liabilities** | | | | | |
| Accounts payable | - | 273 | 1 169 | - | 11 582 |
| Other current liabilities | 3 833 | 7 114 | 10 665 | 16 902 | 127 428 |
| **Total current liabilities** | **3 833** | **7 387** | **11 834** | **16 902** | **139 010** |
| **Total liabilities** | **3 833** | **11 008** | **17 241** | **23 534** | **269 980** |
| | | | | | |
| **Total identifiable net assets at fair value** | **5 898** | **16 159** | **19 611** | **17 641** | **566 064** |
| Purchase consideration | 10 000 | 58 181 | 114 473 | 91 573 | 2 215 801 |
| **Goodwill arising on acquisition** | **4 102** | **42 022** | **94 862** | **73 933** | **1 649 736** |
| | | | | | |
| **Purchase consideration** | | | | | |
| Cash consideration paid | 10 000 | 58 181 | 114 473 | 91 573 | 2 215 801 |
| **Total consideration** | **10 000** | **58 181** | **114 473** | **91 573** | **2 215 801** |



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Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is goodwill. The remaining goodwill comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is deductible for income tax purposes.

| Analysis of cash flows on acquisition | Aksess Innkjøp AS | TrueLink A/S | Tricom ApS | Comcare A/S | Visma Commerce |
|---|---|---|---|---|---|
| Net cash acquired (included in the cash flow from operating activities) | 13 | 5 322 | 3 622 | -100 | 154 171 |
| Cash paid (included in the cash flow from investing activities) | 10 000 | 58 181 | 114 473 | 91 573 | 2 215 801 |
| **Net cash flow from acquisition** | **-9 987** | **-52 859** | **-110 851** | **-91 673** | **-2 061 630** |

**Acquisitions during 2019**

| Company/ Group | Main business activity | Date of business combination | Proportion of voting equity acquired | Acquiring entity |
|---|---|---|---|---|
| Udbudsvagten | Pre-Award | 09.05.2019 | 100 % | Mercell Holding AS |
| Backup Team ApS | Pre-Award | 03.05.2019 | 100 % | Mercell Holding AS |
| EU-Supply | Pre-Award | 10.07.2019 | 100 % | Mercell Holding AS |

**Udbudsvagten**

On 9 May 2019, the Group acquired 100% of the voting shares of Udbudsvagten A/S, eLuence A/S, and Licitio A/S, a Denmark-based group, which works as an information provider between buyers and sellers related to procurement. The Udbudsvagten Group is part of the pre-award supplier segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 9 May 2019. For tax and economic purposes, the effective date was 9 May 2019.

The acquisition-date fair value of the total consideration transferred was MNOK 87,2 in cash. Transaction costs of MNOK 2,6 were expensed and are included in M&A costs. From the date of acquisition, Udbudsvagten Group has contributed MNOK 15,2 of revenue and MNOK -1,6 to the net profit before tax.

**Backup Team ApS**

On 3 May 2019, the Group acquired 100% of the voting shares Backup Team ApS, a Denmark-based company which develops software to support suppliers in the implementation of electronic tenders and auctions. The Company is part of the pre-award supplier segment after the acquisition.

The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 3 May 2019. For tax and economic purposes, the effective date was 3 May 2019.

The acquisition-date fair value of the total consideration transferred was MNOK 7,8 in cash. Transaction costs of TNOK 328 were expensed and are included in M&A costs. From the date of acquisition, Backup Team ApS has contributed MNOK 2,4 of revenue and TNOK - 596 to the net profit before tax.

**EU-Supply Plc**

On 10 July 2019, the Group acquired 100% of the voting shares of EU-Supply Plc, an UK-based provider of electronic tender management and contract management solutions. The Company is part of the pre-award buyer and supplier segments after the acquisition.

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The transaction is recorded as a business combination in accordance with IFRS 3. The acquisition date for accounting purposes corresponds to the date when Mercell Holding AS obtained control of the legal entities, 10 July 2019. For tax and economic purposes, the effective date was 10 July 2019.

The acquisition-date fair value of the total consideration transferred was MNOK 169,1 in cash. Transaction costs of MNOK 10,3 were expensed and are included in M&A costs. From the date of acquisition, EU-Supply Group has contributed MNOK 28,6 of revenue and MNOK -8,3 to the net profit before tax.

The below table illustrates the fair values of the identifiable assets in Udbudsvagten, Backup Team ApS and EU-Supply at the acquisition date:

| All amounts in NOK 1000<br>Acquisition during 2019 | 09.05.2019<br>Udbudsvagten | 03.05.2019<br>Backup Team Aps | 10.07.2019<br>EU-Supply Plc |
|---|---|---|---|
| **ASSETS** | | | |
| Technology | 3 303 | 267 | 7 222 |
| Brand | 197 | - | 799 |
| Customer relationship | 6 618 | 799 | 27 570 |
| Machines and equipment | 14 | 420 | 399 |
| Other non-current assets | - | - | 151 |
| **Total non-current assets** | **10 132** | **1 486** | **36 141** |
| Deposits | 179 | 13 | - |
| Accounts receivables | 3 015 | 995 | 20 629 |
| Other current assets | 988 | 73 | - |
| Cash and cash equivalents | 118 | 2 523 | 13 839 |
| **Total current assets** | **4 300** | **3 603** | **34 467** |
| **Total assets** | **14 432** | **5 089** | **70 608** |
| | | | |
| **LIABILITIES** | | | |
| Deferred tax liability | 1 002 | 281 | 6 369 |
| **Total non-current liabilities** | **1 002** | **281** | **6 369** |
| Other current liabilities | 8 998 | 2 242 | 36 540 |
| **Total current liabilities** | **8 998** | **2 242** | **36 540** |
| **Total liabilities** | **10 000** | **2 523** | **42 909** |
| | | | |
| **Total identifiable net assets at fair value** | **4 432** | **2 566** | **27 699** |
| Purchase consideration | 87 189 | 7 774 | 169 045 |
| **Goodwill arising on acquisition (note 3.1)** | **82 757** | **5 208** | **141 346** |
| | | | |
| **Purchase consideration** | | | |
| Cash consideration paid | 87 189 | 7 774 | 169 045 |
| **Total consideration** | **87 189** | **7 774** | **169 045** |

Provision for deferred tax is made for the difference between acquisition cost and acquired tax base in accordance with IAS 12. Offsetting entry of this non-cash deferred tax is technical goodwill. The remaining goodwill comprises the value of expected synergies arising from the acquisition and assembled workforce, which is not separately recognised.

None of the goodwill recognised is deductible for income tax purposes.

| Analysis of cash flows on acquisition | Udbudsvagten A/S | Backup Team Aps | EU-Supply Plc |
|---|---|---|---|
| Net cash acquired (included in the cash flow from operating activities) | 118 | 2 523 | 13 839 |
| Cash paid (included in the cash flow from investing activities) | 87 189 | 7 774 | 169 045 |
| **Net cash flow from acquisition** | **-87 071** | **-5 251** | **-155 206** |



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The tables below shows the Group's revenue and profit before tax if the business combinations had taken place at the beginning of the year:

| In NOK 1000 | 2020 | 2019 |
|---|---|---|
| Revenue | 311 906 | 154 251 |
| Revenue from acquired entities pre acquisition | 225 138 | 31 950 |
| **Proforma revenue** | **537 044** | **186 201** |

| In NOK 1000 | 2020 | 2019 |
|---|---|---|
| Profit before tax | -154 275 | -60 970 |
| Profit before tax from acquired entities pre acquisition | -173 880 | -11 053 |
| **Proforma profit before tax** | **-328 155** | **-72 023** |

**Acquisitions after the reporting date**

In February 2021 Mercell signed a binding agreement to acquire 100% of the shares in Negometrix B.V. As of the date the financial statements are authorised for issue Mercell does not have the information needed to provide full disclosures about the acquisition. For further information refer to note 7.3.

## 6.3 Share based payment

**Accounting policies**
Key personnel of the Group receive remuneration in the form of share-based payments, which are settled both with shares (equity-settled program) and in cash (cash-settled transactions).

*Equity-settled programs:*
The equity -settled share option program gives the employee right to purchase shares. The program is measured at fair value at the date of the grant. The fair value of the issued options is expensed as an employee benefit cost with a corresponding increase in equity over the vesting period. Social security tax on the options is recorded as a liability and is recognized over the estimated vesting period.

*Cash-settled programs:*
A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. Social security tax on the options is recorded as a liability and is recognized over the estimated vesting period.

**Option program**

*Equity settled programs:*
In 2018, the Group entered into a share option program covering certain employees in senior positions (key personnel). As at 31.12.2020, 5 employees were included in the option program. A total of 8 632 274 options are included in the stock option program. In Q2 2020, there was an amendment to the original program, increasing the period the options be exercised over by two years. The amendment triggered a new valuation for the options as the time to maturity was increased. The options are divided into 36 tranches and will vest monthly.

*Cash-settled programs:*
In 2020, the Group entered into a share option program covering certain employees in senior positions (key personnel). As at 31.12.2020, 5 employees were included in the option program. A total of 3 500 000 synthetic options are included in the program. Options issued under the first tranche will be subject to monthly vesting with 1/12 vested each month commencing at 9 July 2020, (the "Initial Vesting Date"), and may consequently be exercised in full at the earliest after one year. The Synthetic Options issued under the second tranche will also be subject to monthly vesting, commencing one year after the Initial Vesting Date, and may consequently be exercised in full at the earliest two years after the Initial Vesting Date. The exercise period for the Synthetic Options issued in the first tranche will expire three years after the Initial Vesting Date, while the exercise period for the Synthetic Options issued in the second tranche will expire four years after the Initial Vesting Date.



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| Expense from share-based payment transactions | 2020 | 2019 |
|---|---|---|
| Expense arising from equity-settled share-based payment transactions | 1 066 | 2 615 |
| Expense arising from cash-settled share-based payment transactions* | 4 526 | - |
| **Total expense arising from share-based payment transactions** | **5 593** | **2 615** |

*expensed amount in 2020 represents the outstanding liability per 31.12.2020

*Equity-settled programs*

| Overview of outstanding options: | 2020 | 2019 |
|---|---|---|
| Outstanding options 1.1 | 9 296 295 | 9 296 295 |
| Options granted | - | - |
| Options forfeited | -553 351 | - |
| Options exercised* | -110 670 | - |
| Options expired | - | - |
| **Outstanding options 31.12** | **8 632 274** | **9 296 295** |
| Of which exercisable | 6 197 530 | 3 449 221 |

*One employee resigned in May 2020 and exercised a total of 110 670 options with a strike price of NOK 1.5. 553 351 options were forfeited at a strike price of NOK 1.5.

The strike price for all equity-settled options is NOK 1.5.

*Cash-settled programs*

| Overview of outstanding options: | 2020 | 2019 |
|---|---|---|
| Outstanding options 1.1 | - | - |
| Options granted | 3 500 000 | - |
| Options forfeited | - | - |
| Options exercised | - | - |
| Options expired | - | - |
| **Outstanding options 31.12** | **3 500 000** | - |
| Of which exercisable | 839 041 | - |

The outstanding options are subject to the following conditions:
*Cash-settled programs*

| Expiry date | Average weighted strike price (NOK) | Number of share options |
|---|---|---|
| 09.07.2023 | 7,38 | 1 750 000 |
| 09.07.2024 | 7,38 | 1 750 000 |
| **Number of options** | | **3 500 000** |

*Equity-settled programs*

| Expiry date | Average strike price (NOK) | Number of share options |
|---|---|---|
| 27.06.2025 | 1,5 | 4 316 137 |
| 07.01.2026 | 1,5 | 2 988 095 |
| 01.03.2026 | 1,5 | 664 021 |
| 01.08.2026 | 1,5 | 664 021 |
| **Number of options** | | **8 632 274** |

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The calculations are based on the following assumptions:

*Cash-settled programs*

- The share price is calculated using standard Black & Scholes conditions.
- The volatility is estimated using the historic volatility of similar listed companies. The expected volatility is therefore stipulated to be the same as the historic volatility of the abovementioned companies, which equals a volatility of 63 %.
- The estimated dividend per share is NOK 0 per annum.
- Risk-free interest rate is equal to the return on a Norwegian government bond on the allocation date. The duration of the stock option is matched against the maturity of the corresponding bond.

*Equity-settled programs*

- The share price is calculated using standard Black & Scholes conditions
- The volatility is estimated using the historic volatility of similar listed companies. The expected volatility is therefore stipulated to be the same as the historic volatility of the abovementioned companies, which equals a volatility between 35 % and 46 %.
- The estimated dividend per share is NOK 0 per annum.
- Risk-free interest rate is equal to the return on a Norwegian government bond on the allocation date. The duration of the stock option is matched against the maturity of the corresponding bond.

## 7.1 Earnings per share

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that might be issued under the equity -settled share-based option program.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

| NOK 1000 | 2020 | 2019 |
|---|---|---|
| Net profit for the year (controlling interest's share) | -146 250 | -56 651 |
| **No. of shares outstanding as at 1 Jan** | **222 982** | **132 804** |
| Share issue during the year (note 4.6) | 190 621 | 90 177 |
| **No. of shares (in 1000) outstanding as at 31 Des** | **413 602** | **222 982** |
| **Weighted average number of shares for the purpose of basic earnings per share** | **264 756** | **187 054** |
| **Basic and diluted*, profit for the year attributable to ordinary equity holders of the parent** | **-0,55** | **-0,30** |

*The Group has issued equity - settled share-based options (see note 6.3) that could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share because they are antidilutive for the periods presented.

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## Note 7.2 First time adoption of IFRS

***Reconciliation of consolidated financial position as of 1 January 2019***

| All amounts in NOK 1000 | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Deferred tax assets | | 3 455 | - | 3 455 |
| Goodwill | | - | - | - |
| Intangible assets | | 32 425 | - | 32 425 |
| Right-of-use assets | A | - | 14 458 | 14 458 |
| Property, plant & equipment | | 1 109 | - | 1 109 |
| Other non-current assets | B | - | 2 876 | 2 876 |
| Other non-current receivables | | 4 331 | - | 4 331 |
| **Total non-current assets** | | **41 321** | **17 334** | **58 655** |
| Trade and other receivables | | 18 935 | - | 18 935 |
| Other current assets | | - | - | - |
| Cash and cash equivalents | | 33 447 | - | 33 447 |
| **Total current assets** | | **52 382** | - | **52 382** |
| **Total assets** | | **93 703** | **17 334** | **111 037** |

| All amounts in NOK 1000 | Note | NGAAP | IFRS adjustments | IFRS |
|---|---|---|---|---|
| Share capital | | 26 561 | - | 26 561 |
| Share premium | | 73 685 | - | 73 685 |
| Other equity | B | -71 599 | -2 223 | -73 822 |
| **Total equity** | | **28 647** | **-2 223** | **26 424** |
| Non-current interest-bearing liabilities | A | - | 10 432 | 10 432 |
| Deferred tax liabilities | | - | - | - |
| Other non-current liabilities | | - | - | |
| Other non-current financial liabilities | | - | - | - |
| **Total non-current liabilities** | | - | **10 432** | **10 432** |
| Current interest-bearing liabilities | A | - | 4 026 | 4 026 |
| Trade and other payables | | 8 553 | - | 8 553 |
| Contract liabilities | B | 28 368 | 5 099 | 33 467 |
| Other current financial liabilities | | 28 135 | - | 28 135 |
| **Total current liabilities** | | **65 056** | **9 125** | **74 181** |
| **Total liabilities** | | **65 056** | **19 557** | **84 613** |
| **Total equity and liabilities** | | **93 703** | **17 334** | **111 037** |

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**Reconciliation of consolidated financial position as of 31 December 2019**

| All amounts in NOK 1000 | Note | NGAAP | IFRS Adjustments | IFRS |
|---|---|---|---|---|
| Deferred tax assets | C | 9 917 | 5 618 | 15 535 |
| Goodwill | D | 125 155 | 109 537 | 234 692 |
| Intangible assets | E | 175 637 | -89 117 | 86 520 |
| Right-of-use assets | F | - | 22 605 | 22 605 |
| Property, plant & equipment | | 1 315 | - | 1 315 |
| Other non-current assets | G | - | 8 369 | 8 369 |
| Other non-current receivables | H | 5 644 | -436 | 5 208 |
| **Total non-current assets** | | **317 669** | **56 576** | **374 245** |
| Trade and other receivables | | 46 142 | - | 46 142 |
| Other current assets | | 13 081 | - | 13 081 |
| Cash and cash equivalents | | 23 836 | - | 23 836 |
| **Total current assets** | | **83 059** | - | **83 059** |
| **Total assets** | | **400 728** | **56 576** | **457 304** |

| All amounts in NOK | Note | NGAAP | IFRS Adjustments | IFRS |
|---|---|---|---|---|
| Share capital | | 44 596 | - | 44 596 |
| Share premium | | 190 715 | - | 190 715 |
| Other equity | I | -126 539 | 7 331 | -119 208 |
| **Total equity** | | **108 773** | **7 331** | **116 103** |
| Non-current interest-bearing liabilities | J | 148 998 | 15 600 | 164 598 |
| Deferred tax liabilities | K | 2 083 | 7 935 | 10 019 |
| Other non-current liabilities | | - | - | - |
| Other non-current financial liabilities | | 4 096 | - | 4 096 |
| **Total non-current liabilities** | | **155 177** | **23 535** | **178 712** |
| Current interest-bearing liabilities | L | 16 | 6 729 | 6 745 |
| Trade and other payables | | 23 456 | - | 23 456 |
| Contract liabilities | M | 79 036 | 29 158 | 108 194 |
| Other current financial liabilities | N | 34 270 | -10 178 | 24 093 |
| **Total current liabilities** | | **136 778** | **25 710** | **162 489** |
| **Total liabilities** | | **291 956** | **49 245** | **341 201** |
| **Total equity and liabilities** | | **400 728** | **56 576** | **457 304** |

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**Reconciliation of consolidated statement of comprehensive income as of 31 December 2019**

| All amounts in NOK 1000 | Note | NGAAP | IFRS Adjustments | IFRS |
|---|---|---|---|---|
| Revenues | O | 166 215 | -11 964 | 154 251 |
| **Total operating revenue** | | **166 215** | **-11 964** | **154 251** |
| Cost of goods sold | | 9 277 | - | 9 277 |
| Salary and personnel expenses | P | 120 055 | 5 286 | 125 341 |
| Other operating expenses | Q | 30 065 | -4 293 | 25 772 |
| M&A costs | R | - | 13 258 | 13 258 |
| **Total operating expenses** | | **159 397** | **14 251** | **173 649** |
| **EBITDA** | | **6 818** | **-26 216** | **-19 397** |
| Depreciation and amortization | S | 50 852 | -24 571 | 26 281 |
| Impairment losses | | 168 | - | 168 |
| **Operating profit or loss** | | **-44 202** | **-1 645** | **-45 847** |
| Financial income | | 2 269 | - | 2 269 |
| Financial expense | T | 16 365 | 1 028 | 17 392 |
| **Net financial items** | | **-14 096** | **-1 028** | **-15 123** |
| **Profit or loss before tax** | | **-58 297** | **-2 673** | **-60 970** |
| Tax income | U | 565 | -4 884 | -4 319 |
| **Net profit or loss for the year** | | **-58 863** | **2 211** | **-56 651** |
| ***Other comprehensive income*** | | | | |
| *Items which may subsequently be reclassified to profit or loss* | | | | |
| Translation differences in subsidiaries | | - | 8 650 | 8 650 |
| **Other comprehensive income for the year** | V | - | **8 650** | **8 650** |
| **Total comprehensive income for the year** | | **-58 863** | **10 861** | **-48 001** |

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**Reconciliation of consolidated cash flow year ended 31 December 2019**

| All amounts in NOK | Note | NGAAP | NGAAP adjustments* | IFRS Adjustments | IFRS |
|---|---|---|---|---|---|
| **Cash flow from operating activities:** | | | | | |
| Profit/loss before tax | | -58 297 | - | -2 673 | -60 970 |
| Income tax paid | | 711 | - | - | 711 |
| Depreciation and amortization | 1 | 51 020 | - | -24 571 | 26 449 |
| Interest expenses | 2 | - | - | 9 411 | 9 411 |
| Changes in trade and other receivables | | 3 574 | -16 532 | - | -12 958 |
| Changes in trade and other payables | | 2 316 | 3 228 | - | 5 544 |
| Changes in contract liabilities | 3 | - | 67 512 | 7 215 | 74 727 |
| Changes in other non-current assets | 4 | - | - | -5 493 | -5 493 |
| Changes in other operating items | 5 | 30 346 | -83 117 | 30 668 | -22 103 |
| **Net cash flows from operating activities** | | **29 670** | **-28 908** | **14 557** | **15 318** |
| | | | | | |
| **Cash flow from investing activities** | | | | | |
| Purchase of property, plant and equipment | | -319 913 | 319 073 | - | -840 |
| Development of software and other intangible assets | | - | -25 582 | - | -25 582 |
| Acquisition of subsidiaries, net of cash acquired | | - | -247 528 | - | -247 528 |
| **Net cash flows from investing activities** | | **-319 913** | **45 963** | - | **-273 950** |
| | | | | | |
| **Cash flow from financing activities** | | | | | |
| Proceeds from share issue | | 115 000 | - | - | 115 000 |
| Repayments of borrowings | | - | - | - | - |
| Proceeds from long term debt | | 148 578 | - | - | 148 578 |
| Transaction costs on issue of shares | | - | - | - | - |
| Payments for the principal portion of the lease liability | 6 | - | - | -5 145 | -5 145 |
| Interest paid | 2 | - | - | -9 411 | -9 411 |
| **Net cash flows from financing activities** | | **263 578** | - | **-14 557** | **249 021** |
| | | | | | |
| Net change in cash and cash equivalents | | -26 665 | 17 054 | - | -9 611 |
| Foreign exchange effects on cash equivalents | | - | - | - | - |
| Cash and cash equivalents as at 1 Jan | | 33 447 | - | - | 33 447 |
| Net cash acquired through business combinations | | 17 054 | -17 054 | - | - |
| **Cash and cash equivalents as at 31 Dec** | | **23 836** | - | - | **23 836** |

*The NGAAP adjustments reflect a reclassification between operating activities and investing activities to be in line with the cash flow presented under IFRS.

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These financial statements for the year ended 31 December 2020 represents the first consolidated financial statements of Mercell Holding AS in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Accordingly, the financial statements are prepared to comply with IFRS applicable as of 31 December 2020, with comparative figures for the year ended 31 December 2019. In preparing the financial statements, the opening balance of financial position was prepared as of 1 January 2019, the date of transition to IFRS.

The following note explains the adjustments made by Mercell Holding AS in its transition to IFRS from NGAAP (Norwegian Generally Accepted Accounting Principles) as of 1 January 2019 and for the period ended 31 December 2019.

IFRS 1 includes selected optional exemptions upon transition to IFRS. The Group has chosen to apply the following exemptions:

1) Restate contract with customers
   The Group has decided to use the practical expedient in IFRS 15 Revenue from Contracts with Customers to not restate contracts that are completed at transition date, 1 January 2019. IFRS 1 defines a completed contract as a contract for which the entity has transferred all of the goods or services as identified in accordance with previous GAAP. The Group has applied the practical expedient for sales commission and hence, will not capitalize sales commission that has incurred in connection with completed contracts as of 1 January. Since the Group normally has one-year contracts, sales commission thar relates to obtaining contracts from February 2018 will be capitalized for the opening balance.

2) Cumulative translations differences
   As at 1 January 2019, the Group has set its cumulative translation differences that existed at the transition date to IFRS for all foreign operations as zero.

3) Leases
   The Group has decided to use the option of calculating the right-of-use asset and lease liability from 1 January 2019, using the incremental borrowing rate as at 1 January 2019. The leases where the lease period ends within 12 months at the transition date, are treated as short term leases.

**IFRS adjustments:**

**The main differences between NGAAP and IFRS relate to the following:**

- Recognition of lease liabilities in the balance sheet under IFRS, which was previously expensed as part of operating expenses
- Timing differences related to revenues from contracts with customers
- Differences in amount of capitalized sales costs under contracts with customers
- Treatment of transaction costs and allocation of goodwill and excess values under business combinations

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**IFRS adjustments of consolidated financial position as of 1 January 2019**

**A:** Upon transition to IFRS, the Group har implemented IFRS 16 *Leases* as of 1 January 2019 (Transition date).

The IFRS adjustment of MNOK 14,458 reflects the right-of-use asset with a corresponding lease liability of MNOK 14,458, split between non- current interest-bearing liabilities and current interest-bearing liabilities, related mainly to the lease of office buildings in accordance with IFRS 16. The lease agreement was previously accounted for as operating leases under NGAAP and expensed over the lease period.

**B:** Upon transition to IFRS, the Group has implemented IFRS 15 *Revenue from Contracts with Customers* as of 1 January 2019 (Transition date). In accordance with IFRS 15 incremental costs of obtaining a contract and certain costs to fulfil a contract should be recognised as an asset if certain criteria are met.

The IFRS adjustment of MNOK 2,876 reflect the capitalized contacts costs related to costs of obtaining a contract as of 1. January 2019. The contract costs were previously capitalized as part of current liabilities. Previous capitalized contract costs amounts to MNOK 5,099. The net amount, MNOK 2,223 reduces equity.

**C:** The IFRS adjustment of MNOK 5,618 in deferred tax assets consists of the income tax effect of IFRS adjustments related to costs to obtain a contract and amortization, IFRS 16 effects and amortization of intangible assets under IFRS.

**D:** Prior to transition to IFRS, goodwill was amortized. The IFRS adjustments of MNOK 109,537 consists of reversal of previously recognized goodwill and amortization under NGAAP of MNOK 125,155, and the recognition of goodwill under IFRS of MNOK 229,289 . In addition, a translation difference of MNOK 5,402 has been recognized.

**E:** The IFRS adjustment of negative MNOK 89,117 consists of a adjusted purchase price allocation performed under IFRS. In addition, a translation difference of MNOK 1,586 has been recognized.

**F:** The IFRS adjustment of MNOK 22,605 in right of use assets reflect the recognized right-of-use asset including additions in 2019 and depreciations of MNOK 5,307 .

**G:** The IFRS adjustment of MNOK 8,369 reflect the capitalized contacts costs related to costs of obtaining a contract and related amortization.

**H:** The IFRS adjustment of MNOK 0,436 reflect a reclassification of transaction costs related to interest bearing debt previously included as part other non-current financial receivables under NGAAP to non-current interest-bearing liabilities under IFRS.

**I:** The IFRS adjustment of MNOK 7,33 consists of the P&L effect of the years IFRS adjustments in addition to the IFRS adjustments in the opening balance of equity at the date of transition to IFRS.

**J:** The IFRS adjustment of MNOK 15,6 under non-current interest-bearing liabilities consist of lease liabilities of MNOK 16,036 and the reclassification of transaction costs related to interest bearing debt previously included as part other non-current financial receivables under NGAAP to non-current interest-bearing liabilities under IFRS.

**K:** The IFRS adjustment of MNOK 7,935 in deferred tax liabilities consist of the income tax effect of IFRS adjustments related to costs to obtain a contract and goodwill of MNOK 6, 988 recognized as part acquisitions in 2019 under IFRS.

**L:** The IFRS adjustment of MNOK 6,729 consists of lease liabilities recognized in the balance sheet in accordance with IFRS 16.

**M:** The IFRS adjustment of MNOK 29,158 relate to previously capitalized contracts costs under NGAAP that was classified as current liabilities, as well as changes in deferred revenue due to timing differences for revenue recognition.

**N:** The IFRS adjustment of MNOK 10,178 relate to differences in consideration for acquisitions.

**O:** The IFRS adjustment of MNOK 11,964 relates to changes in deferred revenue due to timing differences for revenue recognition.



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**P:** The IFRS adjustment of MNOK 5,286 relates to differences in amount of capitalized contract costs under NGAAP and IFRS.

**Q:** The IFRS adjustment of MNOK 4,293 consists of reversal of previously expensed leases under NGAAP of MNOK 6,173 and the amortization of sales commission under IFRS of MNOK 1,316 . In addition, adjustment of MNOK 0,565 related to acquired business recognised directly through equity in 2019.

**R:** The IFRS adjustment of MNOK 13,258 consists of acquisition related costs previously included in the aqcuisition cost under NGAAP that are expensed under IFRS.

**S**. The IFRS adjustment of MNOK 24,571 reflect the reversal amortization of goodwill and intangible assets under NGAAP of MNOK 33,624 offset by the amortization of intangible assets under IFRS of MNOK 3,746 and IFRS 16 depreciation of right of use assets of MNOK 5,307 .

**T:** The IFRS adjustment of MNOK 1,028 consists of interest expense on the IFRS 16 lease liability.

**U:** The IFRS adjustment of MNOK 4,88 reflect the tax income effect on the relevant IFRS adjustments.

**V:** The IFRS adjustment of MNOK 8,650 consist of translation differences mainly related to intangible assets and goodwill.

**IFRS adjustments of consolidated cash flow year ended 31 December 2019**

**1:** The IFRS adjustment of MNOK 24,571 reflect the reversal amortization of goodwill and intangible assets under NGAAP of MNOK 33,624 offset by the amortization of intangible assets under IFRS of MNOK 3,746 and IFRS 16 depreciation of right of use assets of MNOK 5,307.

**2:** The IFRS adjustment of MNOK 9,411 (+/-) reflect a change in the presentation of Cash Flow statement according to IFRS.

**3:** The IFRS adjustment of MNOK 7,215 reflect reversal of previously capitalised contract costs under NGAAP which where presented as a part of deferred revenue.

**4**: The IFRS adjustment of MNOK 5,49 reflect a change in contract costs consisting of incremental costs to obtain a contract under IFRS.

**5**: The IFRS adjustment of MNOK 30,6 reflect changes in operating items due to IFRS adjustments in the balance sheet.

**6:** The IFRS adjustment of negative MNOK 5,145 reflect cash payments of the IFRS 16 lease liability of MNOK 6,173 offset by accretion of interest MNOK 1,028.

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## Note 7.3 Subsequent events

Mercell on 10 February 2021 announced that it had signed a binding agreement to acquire 100% of the shares in Negometrix B.V. The company is the largest private provider of e-tendering solutions in the Netherlands, with an established foothold in the US market and an integrated technology hub in Bulgaria. Negometrix had revenues of approximately EUR 6 million in 2020, of which close to 90% recurring revenue.

Negometrix' leading position in the buy-side pre-award market in the Netherlands offers a unique opportunity to leverage Mercell's broad portfolio and expand the offering into the supply side and post-award segments. Mercell also believes the technology development team in Bulgaria will add to the company's technology capabilities going forward. The transaction was based on an enterprise value of EUR 27 million on a cash- and debt-free basis. Negometrix has 80 employees, of which 34 at the headquarters in Utrecht, 33 at the tech hub in Sofia, Bulgaria, and 13 people in the US.

On 9 February, Mercell carried out a private placement raising gross proceeds of approximately NOK 434 million, parts of which was used to finance the acquisition.

# Auditor's Report

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# Key Performance Indicators

**Key performance indicators (KPI)**
This section includes information about Key performance indicators applied by the Group.

These Key performance indicators are shown to improve the ability of stakeholders to evaluate the Group's financial performance.

The Group applies the following KPIs;

**Annual recurring revenue (ARR)**

ARR is the value of the contracted recurring revenue components of subscriptions at any given point in time, normalized to a one year period, including certain transaction based revenues tied to the subscriptions.

ARR is calculated based on monthly subscriptions fee per 31.12 multiplied by 12 in order to represent an annualized figure. The Group presents ARR because it considers it to be an important supplemental measure for stakeholders to understand the overall picture of revenue generation in the Group's operating activities.

| mNOK | 2020 | 2019 |
|---|---|---|
| **Annual recurring revenue** | **552 000** | **210 000** |

**Organic revenue growth**
Organic revenue growth is used to measure the Groups ability to grow by additional sales to existing and new customers as opposed to growth through acquisitions. Organic growth is defined as revenue adjusted for the effects from acquisitions, divestments and foreign currency effects. Organic growth is an important key figure to Mercell and to stakeholders as it illustrates the underlying operational growth by excluding effects related to acquisitions and other non-operational items.

| | mNOK |
|---|---|
| Revenue 2019 | 154 251 |
| Pro forma adjustment for companies acquired in 2019 | 31 950 |
| **Sum revenue 2019 including pro forma adjustments** | 186 201 |
| | |
| Revenue 2020 | 311 906 |
| Excluding companies acquired in 2020 | -68 179 |
| **Sum revenue 2020 excluding companies acquired in 2020** | 243 727 |
| | |
| **Organic revenue growth 2020** | **31 %** |
| | |
| Revenue 2018 | 104 704 |
| Pro forma adjustment for companies acquired in 2018 | - |
| **Sum revenue 2018 including pro forma adjustments** | 104 704 |
| | |
| Revenue 2019 | 154 251 |
| Excluding companies acquired in 2019 | -34 338 |
| **Sum revenue 2019 excluding companies acquired in 2019** | 119 913 |
| | |
| **Organic revenue growth 2019** | **15 %** |

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**EBITDA and Adjusted EBITDA**

The Groups earnings before interest, tax, depreciation and amortization (EBITDA) is used to provide consistent information on Mercells operating performance relative to other companies and frequently used by analysts, investors and other stakeholders. EBITDA, as defined by Mercell, includes total operating revenue. It excludes depreciation, amortization and impairment loss. Mercell's definition of EBITDA may differ from that of other companies.

For a reconciliation of EBITDA refer to the consolidated statement of comprehensive income.

Adjusted EBITDA is a measurement which is used in the internal reporting to management which is also considered to be relevant for external stakeholders. Adjusted EBITDA is used to better show the underlying performance, as it adjusts for certain items that are considered extraordinary, such as acquisitions and costs incurred related to its initial public offering. Mercell's definition of adjusted EBITDA may differ from that of other companies.

| **EBITDA and Adj. EBITDA** | **Year** | |
|---|---|---|
| **mNOK** | **2020** | **2019** |
| Revenue | 311 906 | 154 251 |
| **EBITDA** | **-23 723** | **-19 397** |
| **EBITDA Margin** | **-8 %** | **-13 %** |
| M&A cost* | 48 751 | 13 258 |
| Special cost items** | 39 581 | 16 972 |
| **Adjusted EBITDA** | **64 609** | **10 833** |
| **Adjusted EBITDA Margin** | **21 %** | **7 %** |

*M&A cost consists of costs related to acquisitions of companies.

**Special cost items consist of consulting fees, cost related to recruitment, severance pay, and costs incurred as a result of the initial public offering in 2020.

**Net interest bearing debt**

The Group defines net interest-bearing debt as cash and cash equivalents, reduced for current and non-current interest-bearing debt, including lease liabilities. It is managements belief that this measure is useful to present as it shows the actual financial indebtedness of the group.

| | **Year** | |
|---|---|---|
| **mNOK** | **2020** | **2019** |
| Cash and cash equivalents (note 4.1) | 327 984 | 23 836 |
| **Less:** | | |
| Interest-bearing debt to credit institutions (note 4.2) | 1 098 920 | 148 562 |
| Non-current lease liability (note 4.2) | 45 266 | 16 036 |
| Current interest bearing liabilities (note 4.2) | - | 16 |
| Current lease liabilities (note 4.2) | 15 713 | 6 729 |
| Other interest-bearing current liabilities - short term debt related to the acquisition of Visma Commerce (note 2.7) | 161 591 | |
| **Net interest bearing debt** | **993 506** | **147 507** |

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# Changes from interim figures reported under NGAAP

The consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by The European Union ("EU"). The consolidated financial statements of the Group represent the first financial statements in accordance with IFRS. Please see note 7.2 for details on first time adoption of IFRS.

The company on 24 February 2020 presented unaudited interim results prepared in accordance with NGAAP. Apart from the changes relating to the transition to IFRS, the company has restated two items affecting the unaudited profit and loss account that was presented under NGAAP in February. A financial expense item of NOK 15.2 million related to currency effects from the acquisition of Visma Commerce has been reversed and reclassified as other current financial liabilities in the balance sheet. This reduced the NGAAP loss before tax by NOK 15.2 million. Secondly, the company has adjusted the change in deferred tax by NOK 0.3 million. Combined these two items reduced the NGAAP loss after tax by NOK 15.5 million compared to the interim results presented under NGAAP in February.

The change in accounting standard to IFRS had no effects on revenue for 2020. Under IFRS, the profit and loss has been charged with acquisition related costs of NOK 48.8 million before tax, which were capitalized under NGAAP. Other operating expenses were reduced by NOK 11.1 million, mainly reflecting the accounting treatment of sales commissions and leases. The net effect from the transition from NGAAP to IFRS was hence a reduction of EBITDA of NOK 37.6 million.

Depreciation and amortization were NOK 99.0 million lower under IFRS, mainly reflecting less amortization of goodwill under IFRS. Please see notes 3.1-3.3 for more details. The net effect on from the transition from NGAAP to IFRS was hence a NOK 61.4 million lower operating loss (EBIT).

Net financial cost was NOK 3.1 million higher under IFRS than under NGAAP, mainly relating to the treatment of leases and sub-leases. Including the above-mentioned reversal of a financial expense item related to the acquisition of Visma Commerce, net financial items were NOK 12.1 million lower than previously reported in the interim report for the fourth quarter 2020.

Overall, the loss before tax for 2020 under IFRA was NOK 73.5 million lower than presented in the interim report in February.

Tax income was NOK 4.9 million higher under IFRS than under NGAAP. Including the above-mentioned change in deferred tax under NGAAP, the net loss for the year was hence NOK 78.4 million lower than presented in the interim report in February.

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## Reconciliation of consolidated statement of comprehensive income as of 31 December 2020

| | NGAAP YTD 2020 | IFRS adjustments | IFRS YTD 2020 |
|---|---|---|---|
| ***All amounts in NOK 1000*** | ***Unaudited*** | | |
| Revenues | 311 906 | - | 311 906 |
| **Total operating revenue** | **311 906** | - | **311 906** |
| Cost of goods sold | 5 565 | - | 5 565 |
| Salary and personnel expenses | 246 226 | -59 211 | 187 015 |
| Other operating expenses | 46 228 | 48 070 | 94 299 |
| M&A costs | - | 48 751 | 48 751 |
| **Total operating expenses before depreciation and amortization** | **298 019** | **37 610** | **335 629** |
| **EBITDA** | **13 887** | **-37 610** | **-23 723** |
| Depreciation and amortization | 151 052 | -99 040 | 52 012 |
| Impairment losses | - | | - |
| **Operating profit or loss** | **-137 165** | **61 430** | **-75 735** |
| Financial income | 30 665 | - | 30 665 |
| Financial expense | 121 311 | -12 106 | 109 205 |
| **Net financial items** | **-90 646** | **12 106** | **-78 539** |
| **Profit or loss before tax** | **-227 811** | **73 536** | **-154 275** |
| Tax income | -3 120 | -4 905 | -8 025 |
| **Net profit or loss for the year** | **-224 691** | **78 441** | **-146 250** |
| | | | |
| **Other comprehensive income** | | | |
| *Items which may subsequently be reclassified to profit or loss:* | | | |
| Translation differences in subsidiaries | - | 8 476 | 8 476 |
| **Other comprehensive income for the year** | - | **8 476** | **8 476** |
| **Total comprehensive income for the year** | **-224 691** | **86 917** | **-137 774** |

Penneo Dokumentnøkkel: 3YTUX-FHIZQ-ILJQT-EB8FT-JPFUG-IKJTO

**Salary and personnel expenses**
The IFRS adjustment of NOK 59.2 million reflect a reclassification of capitalised R&D costs of NOK 57.6 million which were recognised as a part of other operating expenses under NGAAP and reversal of sales commission of NOK 1.6 million capitalised as contract costs under IFRS.

**Other operating expenses**
The IFRS adjustments of NOK 48 million reflects a reclassification of R&D costs of NOK 57.6 million recognised as part of salary and personnel expenses under NGAAP, amortisation of sales commissions of NOK 3 million and reversal of previously expensed leases under NGAAP of NOK 12,5 million.

**M&A costs**
The IFRS adjustment of NOK 48.7 million consists of acquisition related costs previously included in the acquisition cost under NGAAP that are expensed under IFRS.

**Depreciation and amortization**
The IFRS adjustment of NOK 99 million reflects the reversal amortisation of goodwill and intangible assets under NGAAP of NOK 129 million, offset by the amortization of intangible assets under IFRS of NOK 18.2 million and IFRS 16 depreciation of right of use assets of NOK 11.7 million.

**Financial expense**
The IFRS adjustment of NOK 12.1 million consists of interest expense on the IFRS 16 lease liability of NOK 3 million and error in reported finance expenses of NOK 15.2 million in Q4.

**Tax income**
The IFRS adjustment of NOK 4,9 million reflects the tax income effect on the relevant IFRS adjustments.

**Translation differences in subsidiaries**
The IFRS adjustment of NOK 8.4 million consists of translation differences mainly related to intangible assets and goodwill.

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**Bjørn-Thore Epland**
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BDO AS
Munkedamsveien 45
Postboks 1704 Vika
0121 Oslo

# Independent Auditor's Report

## To the General Meeting in Mercell Holding AS

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Mercell Holding AS.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2020, income statement and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet as at 31 December 2020, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of Mercell Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group Mercell Holding AS as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Penneo Dokumentnøkkel: 83WK7-THAUY-LY4EE-PIDW4-Q8IIV-MJ0C1

### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and other information in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the financial statements for the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

## Report on Other Legal and Regulatory Requirements

### Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.



Penneo Dokumentnøkkel: 83WK7-THAUY-LY4EE-PIDW4-Q8IIV-MJ0C1

## Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's and the Group's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

BDO AS

Knut Nyerrød
State Authorised Public Accountant
(This document is signed electronically)

Penneo Dokumentnøkkel: 83WK7-THAUY-LY4EE-PIDW4-Q8IIV-MJ0C1



BDO AS, et norsk aksjeselskap, er deltaker i BDO International Limited, et engelsk selskap med begrenset ansvar, og er en del av det internasjonale nettverket BDO, som består av uavhengige selskaper i de enkelte land. Foretaksregisteret: NO 993 606 650 MVA.

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**Knut Nyerrød**
**Partner**
På vegne av: BDO AS
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| 800 80 000 | Din/Deres referanse | Telefon |
| Skatteetaten.no | AR393607212 | 32212244 |
| Org.nr | Vår referanse | Postadresse |
| 974761076 | 2020/5994614 | Postboks 9200 Grønland<br>0134 OSLO |

MERCELL HOLDING AS
Postboks 4139 Sjølyst
0217 OSLO

Att. Sorush Asgharnia

## Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk for Mercell Holding AS, org.nr. 980 921 565

Vi viser til deres brev av 14. oktober 2020 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk for Mercell Holding AS.

Skattekontoret gir på bakgrunn av en konkret helhetsvurdering Mercell Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning, inkludert konsernregnskap, på norsk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som danner grunnlaget for vedtaket ikke endres vesentlig.

Kopi av dette brevet må sendes til Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Den regnskapspliktige må selv dokumentere ved dette brev at tillatelse er gitt.

**Bakgrunn**
Mercell Holding AS er notert på Merkur Market og er en del av et internasjonalt konsern. Børsspråket på Merkur Market er engelsk, og selskapet utarbeider kvartalsrapporter på engelsk.

Selskapet yter tjenester til eget foretak/konsern innen databehandling, datalagring og tilknyttede tjenester. Konsernet er et multinasjonalt konsern som opererer i Norge, Danmark, Sverige, Finland, UK, Latvia, Litauen og Estland.

**Skattekontorets vurdering**
Etter regnskapsloven § 3-4 tredje ledd skal "årsregnskapet og årsberetningen [...] være på norsk. Departementet kan ved [...] enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap mv., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> "Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives,

f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til "informative regnskaper for ulike grupper av regnskapsbrukere". Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter skattekontorets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har skattekontoret lagt særlig vekt på at selskapet er notert på Merkur Market og inngår i et internasjonalt konsern. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Lars Waaltorp
seniorrådgiver
Brukerdialog, brukerkontakt
Skatteetaten

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# Annual Report 2020
# Mercell Holding AS

Income statement
Statement of financial position
Statement of cash flow
Notes

Penneo Dokumentnøkkel: HJ1OD-KBUIT-0PPEZ-TA5NC-XGUQL-KS2B3

Org.no.: 980 921 565

# Income statement

## Mercell Holding AS

| Operating income and operating expenses | Note | 2020 | 2019 |
|---|---|---|---|
| Revenues | 5 | 60 687 122 | 17 465 738 |
| **Total operating revenue** | | **60 687 122** | **17 465 738** |
| Personnel expenses | 1 | 36 131 401 | 13 225 588 |
| Other operating expenses | 1 | 40 831 864 | 15 271 774 |
| **Total operating expenses before depreciation** | | **76 963 265** | **28 497 362** |
| Deprecition of tangible and intanglible fixed assets | 2 | 20 480 324 | 16 692 000 |
| **Operating profit/loss** | | **-36 756 467** | **-27 723 624** |
| **Financial income and expenses** | | | |
| Income from subsidiaries | 5 | 2 531 778 | 8 357 162 |
| Interest income from group companies | 12 | 948 844 | 842 260 |
| Other interest income | | 588 317 | 259 040 |
| Other financial income | | 27 002 540 | 43 196 |
| Interest expense to group companies | 12 | 621 769 | 933 051 |
| Other interest expenses | 10, 12 | 59 808 855 | 9 083 277 |
| Other financial expenses | | 40 680 301 | 5 235 134 |
| **Net financial items** | **12** | **-70 039 446** | **-5 749 804** |
| **Result before tax** | | **-106 795 913** | **-33 473 428** |
| Tax expense | 11 | 0 | 0 |
| **Result for the year** | | **-106 795 913** | **-33 473 428** |
| **Allocation of result for the year** | | | |
| Allocated to other equity | 7 | -106 795 913 | -33 473 428 |
| **Total brought forward** | | **-106 795 913** | **-33 473 428** |

Penneo Dokumentnøkkel: HJ1OD-KBUIT-0PPEZ-TA5NC-XGUQL-KS2B3

# Balance sheet

## Mercell Holding AS

| Assets | Note | 2020 | 2019 |
|---|---|---|---|
| **Non-current assets** | | | |
| ***Intangible assets*** | | | |
| Technology platform | 2 | 67 851 093 | 36 262 626 |
| **Total intangible assets** | | **67 851 093** | **36 262 626** |
| ***Tangible assets*** | | | |
| Property, plant & equipment | 2 | 1 727 466 | 111 367 |
| **Total tangible assets** | | **1 727 466** | **111 367** |
| ***Financial fixed assets*** | | | |
| Investments in subsidiaries | 3 | 2 460 056 246 | 324 427 719 |
| Loan to group companies | 4 | 289 080 335 | 27 071 278 |
| Accrued establishment fee bonds | | 0 | 435 891 |
| Other long-term receivables | | 4 494 948 | 4 303 492 |
| **Total financial fixed assets** | | **2 753 631 529** | **356 238 380** |
| **Total non-current assets** | | **2 823 210 088** | **392 612 373** |
| **Current assets** | | | |
| ***Receivables*** | | | |
| Other short-term receivables | 4 | 14 287 482 | 9 111 470 |
| **Total receivables** | | **14 287 482** | **9 111 470** |
| ***Bank deposits, cash and cash equivalents*** | | | |
| Bank deposits, cash and cash equivalents | 6 | 120 896 483 | 4 055 787 |
| **Total bank deposits, cash and cash equivalents** | | **120 896 483** | **4 055 787** |
| **Total current assets** | | **135 183 965** | **13 167 257** |
| **Total assets** | | **2 958 394 053** | **405 779 630** |

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# Balance sheet

## Mercell Holding AS

| Equity and liabilities | Note | 2020 | 2019 |
|---|---|---|---|
| **Equity** | | | |
| ***Paid in equity*** | | | |
| Share capital | 7, 8 | 82 720 465 | 44 596 331 |
| Share premium | 7 | 1 791 125 128 | 190 715 341 |
| **Total paid-up equity** | | **1 873 845 593** | **235 311 672** |
| ***Retained earnings*** | | | |
| Other equity | 7 | -158 132 613 | -52 403 156 |
| **Total retained earnings** | | **-158 132 613** | **-52 403 156** |
| **Total equity** | | **1 715 712 980** | **182 908 516** |
| **Liabilities** | | | |
| ***Long-term liabilities*** | | | |
| Liabilities to group companies | 4, 12 | 118 365 729 | 63 746 720 |
| Non-current interest-bearing liabilities | 9, 10 | 1 098 919 985 | 148 997 797 |
| Other long term liabilities | 1 | 4 797 359 | 91 068 |
| **Total of long-term liabilities** | | **1 222 083 073** | **212 835 585** |
| ***Current debt*** | | | |
| Liabilities to financial institutions | 9 | 141 098 | 12 499 |
| Trade payables | | 9 636 509 | 3 286 844 |
| Public duties payable | | 2 949 839 | 2 307 099 |
| Liabilities to group companies | 4 | 11 773 | 640 600 |
| Other current debt | | 7 858 781 | 3 788 488 |
| **Total current debt** | | **20 598 000** | **10 035 530** |
| **Total liabilities** | | **1 242 681 073** | **222 871 115** |
| **Total equity and liabilities** | | **2 958 394 053** | **405 779 630** |

Penneo Dokumentnøkkel: HJ1OD-KBUIT-0PPEZ-TA5NC-XGUQL-KS2B3

# Balance sheet

**Mercell Holding AS**

Oslo, 24.03.2021

The board of Mercell Holding AS

| | | |
|---|---|---|
| Ole-Bjørn Gjerde<br>member of the board | Helge Nielsen<br>member of the board | Inge Arne Støve<br>member of the board |
| Bjørn-Thore Epland<br>member of the board | Erik Fjellvær Hagen<br>member of the board | Joar Welde<br>chairman of the board |

Terje Wibe
general Manager

Penneo Dokumentnøkkel: HJ1OD-KBUIT-0PPEZ-TA5NC-XGUQL-KS2B3

# Statement of cash flow

## Mercell Holding AS

| | 2020 | 2019 |
|---|---|---|
| Profit/ loss before tax | -106 795 913 | -33 473 428 |
| Gain/ losses sale shares and other investments | 482 971 | 0 |
| Depreciation and impairment | 29 743 382 | 16 692 000 |
| Income from subsidaries | 0 | -8 357 162 |
| Change in accounts payable | 6 349 665 | 2 058 126 |
| Change in other accrual items | 1 176 757 | 15 430 297 |
| **Net cash flows from operating activities** | **-69 043 138** | **-7 650 167** |
| | | |
| **Cash flows from investment activities** | | |
| Purchase of property, plant and equipment | -1 916 825 | -23 291 399 |
| Development of software and other intangible assets | -56 518 064 | 0 |
| Acquisition of subsidaries, net of cash aquired | -2 135 628 527 | -279 729 772 |
| Payments on sale of shares | 102 342 | 0 |
| Loans to subsidaries | -262 009 057 | 9 402 318 |
| **Net cash flows from investment activities** | **-2 455 970 131** | **-293 618 853** |
| | | |
| **Cash flows from financing activities** | | |
| Proceeds from long term debt | 1 003 387 400 | 144 462 000 |
| Net change in bank overdraft | 128 599 | 12 499 |
| Net change in other long-term liabilities | -195 955 | 19 563 876 |
| Proceeds from equity | 1 638 533 921 | 115 000 000 |
| **Net cash flows from financing activities** | **2 641 853 965** | **279 038 375** |
| | | |
| Net change in cash and cash equivalents | 116 840 696 | -22 230 645 |
| Cash and cash equivalents at the start of the period | 4 055 787 | 26 286 432 |
| **Cash and cash equivalents at the end of the period** | **120 896 483** | **4 055 787** |

Penneo Dokumentnøkkel: HJ1OD-KBUIT-0PPEZ-TA5NC-XGUQL-KS2B3

**Accounting principles**

The annual accounts have been prepared in accordance with the Accounting Act (regnskapsloven) and generally accepted accounting principles.

**Consolidation**
The consolidated financial statements include the parent company Mercell Holding AS and the wholly owned subsidiaries listed in note 3. The consolidated financial statements have been prepared as if the group were an economic entity. Transactions and balances between the companies in the Group have been eliminated. The consolidated financial statements have been prepared according to IFRS, in that the subsidiary follows the accounting principles of IFRS. The parent company follows NGAAP.

**Use of estimates**
In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

**Foreign currency**
Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to NOK using the exchange rate on the transaction date.

**Revenues**
In the parent company Mercell Holding AS, revenues consist of invoicing of joint costs to the subsidiaries. Services are posted as income as they are delivered.

**Tax**
The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

**Classification and valuation of fixed assets**
Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset.

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**Classification and valuation of current assets**
Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

**Intangible assets**
Intangible assets are the technology platform that consists of capitalized development costs that are amortized over their expected life.

**Subsidiaries and associated companies**
Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

**Receivables**
Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

**Financial income and expenses**
Interest income and interest expenses on interest-bearing debt and receivables is calculated using the effective interest method.

Foreign currency gains or losses are reported as gain or loss on foreign exchange within in finance income or finance expense.

**Cash flow statement**
The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

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Mercell Holding AS per 31.12.2020

**Note 1 Personnel expenses, number of employees, remuneration, loan to employees, audit fee**

| Payroll expenses | 2020 | 2019 |
|---|---|---|
| Salaries/wages | 24 833 596 | 10 283 500 |
| Skattefunn (R&D tax incentive scheme) | - | - |
| Social security fees | 4 496 832 | 1 868 637 |
| Pension expenses | 866 650 | 804 358 |
| Other remuneration | 5 934 323 | 269 093 |
| Total | 36 131 401 | 13 225 588 |

| | | |
|---|---|---|
| Average number of employees during the accounting year | 13 | 7 |

**OTP (Statutatory occupational pension)**
The company is required to have a pension scheme in accordance with the Norwegian law on required occupational pension ("lov om obligatorisk tjenestepensjon"
The company's pension scheme meets the requirement of this law.

**Option program**

Equity settled programs:
In 2018, the Group entered into a share option programme covering certain employees in senior positions (key personnel). As at 31.12.2020, 5 employees were included in the option program. A total of 8 632 274 options are included in the stock option program.
In Q2 2020, there was an amendment to the original program, increasing the period the options be exercised over by two years.
The amendment triggered a new valuation for the options as the time to maturity was increased. The options are divided into 36 tranches and will vest monthly.

Cash-settled programs:
In 2020, the Group entered into a share option programme covering certain employees in senior positions (key personnel). As at 31.12.2020, 5 employees were included in the option program. A total of 3 500 000 options are included in the program. Options issued under the first tranche will be subject to monthly vesting 1/12 vested each month commencing at 9 July 2020, (the "Initial Vesting Date"), and may consequently be exercised in full at the earliest after one year.
The Synthetic Options issued under the second tranche will also be subject to monthly vesting, commencing one year after the Initial Vesting Date, and may cons be exercised in full at the earliest two years after the Initial Vesting Date. The exercise period for the Synthetic Options issued in the first tranche will expire thr years after the Initial Vesting Date, while the exercise period for the Synthetic Options issued in the second tranche will expire four years after the Initial Vesting

| Remuneration to executives | Managing Director | Board |
|---|---|---|
| Salaries/wages | 2 400 000 | 800 000 |
| Bonus | 4 800 000 | |
| Pension expenses | - | |
| Other remuneration | 856 000 | |

The Managing Director has a pension agreement that includes pension accrual in addition to the company's general defined contribution pension.
Accrued liability per 31.12.2020 amounts to NOK 271 068.

A loan of NOK 4 million has been granted to the CEO's holding company Camiveo AS. The loan is interest calculated in 2020 and has a balance equal to NOK 4 198 500 as of 31.12.20. The company has no obligations to board members or the CEO in the event of termination or changes in employment/positions.

**Revisor**
Expenses paid to the auditor for 2020 amounts to NOK 1 876 068 excl. VAT.

| Mercell Holding AS: | |
|---|---|
| Statutory audit fee | 653 000 |
| Attestations according to auditing | 392 900 |
| Technical peparation accounts and tax | 450 000 |
| Other services | 380 168 |
| Total audit fees | 1 876 068 |

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Mercell Holding AS per 31.12.2020

**Note 2 Fixed assets and intangible assets**

**Mercell Holding AS**

| Fixed assets and intangible assets | Technology platform | Furniture, fixtures and equipment | Total |
|---|---|---|---|
| Acquisition cost 01.01.20 | 168 907 344 | 3 507 300 | 172 414 644 |
| Additions | 56 518 064 | 1 916 825 | 58 434 889 |
| Disposals | - | - | - |
| Skattefunn (R&D tax incentive scheme) | -4 750 000 | - | -4 750 000 |
| Acquisition cost 31.12.20 | 220 675 408 | 5 424 125 | 226 099 533 |
| Acc. depreciation/ impairment 31.12.20 | 152 824 313 | 3 696 658 | 156 520 971 |
| **Book value 31.12.20** | **67 851 095** | **1 727 466** | **69 578 559** |
| Depreciation in the year | 20 179 597 | 300 727 | 20 480 324 |
| Economic life | 5 år | 5-8 år | |

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Mercell Holding AS per 31.12.2020

**Note 3 Investmetns in subsidiaries**

Mercell Holding AS owns 7, wholly owned subsidiaries: Safe Tag Group, Mercell Midco, Mercell Suomi OY, Mercell Latvia, Aksess Innkjøp Mercell Estland and Mercell Litauen.

Mercell Midco AS owns 12, wholly owned subsidiaries: Ubudsvagten, eLuence, Licitio, Backup Team Aps, EU Supply, Mercell Danmark, Mercell Sverige, Mercell Norge, TrueLink, Tricom, Mercell Commerce, Comcare.

Mercell Holding AS directly owns as of 31.12.2020 the following companies:

| Company | Ownership/voting rights | Location | Acquisition cost | Book value | Annual net profit/loss | Equity |
|---|---|---|---|---|---|---|
| Mercell Estonia OÜ | 100 % | Tallin, Estonia | 7 175 378 | 2 175 378 | 110 736 | -1 145 773 |
| Mercell Latvia SIA | 100 % | Riga, Latvia | 23 580 | 23 580 | -226 682 | -24 136 439 |
| Mercell Lithuania UAB | 100 % | Vilnuis, Lithuania | 924 390 | 124 390 | -533 106 | -24 719 216 |
| Mercell Midco AS | 100 % | Oslo, Norway | 2 447 429 747 | 2 447 429 747 | -17 201 539 | 2 430 181 089 |
| Safe Tag Group AS | 100 % | Oslo, Norway | 2 358 739 | 30 000 | -1 135 312 | -9 161 487 |
| Mercell Suomi OY | 100 % | Helsinki, Finland | 24 284 | 24 284 | 10 117 393 | -13 460 513 |
| Aksess Innkjøp AS | 100 % | Oslo, Norway | 10 248 867 | 10 248 867 | 371 793 | 8 778 504 |
| **Total investments in subsidiaries** | | | **2 468 184 985** | **2 460 056 246** | | |

**Note 4 Inter-company balances**

**Mercell Holding AS has the following balances with companies in the Group:**

| Long-term loans to companies in the Group | 2020 | 2019 |
|---|---|---|
| Mercell Svenska AB | - | - |
| Mercell Estland OÜ | 2 292 774 | 1 829 474 |
| Mercell Latvia SIA | 7 999 586 | 6 576 575 |
| Mercell Lithuania UAB | 10 014 444 | 8 291 386 |
| Mercell Midco AS | 251 702 256 | 330 470 |
| Safe Tag Norge AS | -36 382 | - |
| Mercell Suomi OY | 9 470 608 | 7 763 848 |
| Ubudsvagten A/S | | 1 466 550 |
| EU-Supply Holding AB | - | 812 975 |
| Mercell Product & Technology AS | 39 830 | - |
| Licito | 5 357 650 | - |
| Aksess Innkjøp AS | 2 239 569 | - |
| **Total long-term loans to companies in the Group** | **289 080 335** | **27 071 278** |

The loans are calculated with interest.

| Long-term loans from companies in the Group | 2020 | 2019 |
|---|---|---|
| Mercell Svenska AB | 14 632 807 | 5 927 299 |
| Mercell Product & Technology AS | - | 760 571 |
| Mercell Danmark A/S | 19 204 069 | 15 532 444 |
| Mercell Norge AS | 42 311 271 | 41 526 406 |
| Mercell Sumi OY | 3 276 927 | - |
| Tricom Aps | 5 982 054 | - |
| Comcare A/S | 2 081 349 | - |
| Udbudsvagten A/S | 4 952 116 | - |
| EU-Supply Holding | 18 868 606 | - |
| Backup Team Aps (Ethics) | 1 022 145 | - |
| eLuence | 2 029 581 | - |
| Truelink A/S | 4 004 804 | - |
| **Total long-term loans from companies in the Group** | **118 365 729** | **63 746 720** |

| Receivables to companies in the Group | 2020 | 2019 |
|---|---|---|
| Mercell Norge AS (intra-group contribution) | 2 531 778 | 8 357 162 |
| **Total receivables to companies in the Group** | **2 531 778** | **8 357 162** |

| Current liabilities to companies in the Group | 2020 | 2019 |
|---|---|---|
| Safe Tag Group AS | 0 | 116 952 |
| Innovasion Aps | 0 | 214 349 |
| **Total current liabilities to companies in the Group** | **0** | **331 301** |

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Mercell Holding AS per 31.12.2020

**Note 5 Related party transaction**

Mercell Holding AS charges the subsidiaries for accrued joint costs. Please refer to note 4 for balances with subsidiaries as of 31.12.20.

| Transactions with subsidiaries | 2020 | 2019 |
|---|---|---|
| Joint cost & Distribution fee to subsidiaries | 60 687 122 | 17 465 738 |
| Interest income received from subsidiaries | 948 844 | 842 260 |
| Interest expense paid to subsidiaries | 621 769 | 933 051 |
| Purchase of IT-services from subsidaries | 48 073 350 | 15 908 118 |
| Marketing fee from subsidiaries | 2 337 854 | 0 |
| Other cost allocated to subsidaries | 4 599 273 | 0 |
| Received intra-group contributions from subsidiaries | 2 531 778 | 8 357 162 |

**Note 6 Restricted bank deposits**

**Mercell Holding AS**

| | 2020 | 2019 |
|---|---|---|
| Restricted funds deposited on the tax deduction account (withheld employee tax) | 1 450 102 | 1 585 257 |

Restricted funds deposited on the tax deduction account covers the tax employees tax obligation as of 31.12.

**Note 7 Equity**

**Mercell Holding AS**

| | Share capital | Share premium reserve | Retained earnings | Total Equity |
|---|---|---|---|---|
| Equity 31.12.2020 | 44 596 331 | 190 715 341 | -52 403 156 | 182 908 516 |
| Shareholder contribution | 38 124 134 | 1 712 128 000 | | 1 750 252 134 |
| Transaction cost | | -111 718 213 | | -111 718 213 |
| Share-based bonus/remuneration | | | 1 066 456 | 1 066 456 |
| Annual net profit/loss | | | -106 795 913 | -106 795 913 |
| **Equity 31.12.2020** | **82 720 465** | **1 791 125 128** | **-158 132 613** | **1 715 712 980** |

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**Note 8 Share capital and shareholder information**

**The share capital consists of**

| | Number of shares | | Nominal value | Book value |
|---|---|---|---|---|
| Ordinary shares | 413 602 323 | | 0,20 | 82 720 465 |

| Shareholders | Number of shares | Ownership | Voting rights |
|---|---|---|---|
| Morgan Stanley & Co. LLC | 57 958 354 | 14,01 % | 14,01 % |
| VIKING VENTURE 16B AS | 41 463 436 | 10,02 % | 10,02 % |
| VIKING VENTURE 16 AS | 34 070 142 | 8,24 % | 8,24 % |
| State Street Bank and Trust Comp | 25 402 720 | 6,14 % | 6,14 % |
| Skandinaviska Enskilda Banken AB | 17 117 857 | 4,14 % | 4,14 % |
| VERDIPAPIRFONDET NORGE SELEKTIV | 15 769 009 | 3,81 % | 3,81 % |
| GRIEG HOLDINGS II AS | 14 567 947 | 3,52 % | 3,52 % |
| VERDIPAPIRFONDET DNB NORGE | 13 974 398 | 3,38 % | 3,38 % |
| Myrlid AS | 11 206 878 | 2,71 % | 2,71 % |
| JPMorgan Chase Bank, N.A., London | 9 174 897 | 2,22 % | 2,22 % |
| Goldman Sachs & Co. LLC | 8 522 661 | 2,06 % | 2,06 % |
| State Street Bank and Trust Comp | 8 392 179 | 2,03 % | 2,03 % |
| HSBC TRINKAUS & BURKHARDT AG | 7 493 000 | 1,81 % | 1,81 % |
| CAMIVEO AS | 7 023 897 | 1,70 % | 1,70 % |
| The Bank of New York Mellon SA/NV | 6 451 756 | 1,56 % | 1,56 % |
| VERDIPAPIRFONDET DNB SMB | 6 145 035 | 1,49 % | 1,49 % |
| HMH INVEST AS | 5 840 000 | 1,41 % | 1,41 % |
| Danske Bank A/S | 4 800 000 | 1,16 % | 1,16 % |
| VIKING VENTURE 16C AS | 4 453 334 | 1,08 % | 1,08 % |
| GLABELLA AS | 4 357 512 | 1,05 % | 1,05 % |
| Other shareholders | 109 417 311 | 26,01 % | 26,01 % |
| **Total** | **413 602 323** | **100 %** | **100 %** |

| | |
|---|---|
| Camiveo AS, Terje Wibe (CEO) | 7 023 897 |
| Kvasshovd AS, Ole-Bjørn Gjerde (member of the board) | 2 010 000 |
| Nero Invest AS, Inge Arne Støve (member of the board) | 500 000 |
| Helida AS, Helge Nielsen (member of the board) | 2 000 000 |

Joar Welde (Chairman of the board) and Erik Hagen (member of the board) are partners in Viking Venture AS. In addition, Erik Hagen is the chairman of the board for Viking Venture 16 AS, Viking Venture 16B AS og Viking Venture 16C AS.

**Note 9 Long-term Liabilities, pledged assets and guarantees**

| | 2020 | 2019 |
|---|---|---|
| Bank overdraft | -141 088 | -12 499 |

The company has NOK 4,5 million in unused bank overdraft rights.

| | 2020 | 2019 |
|---|---|---|
| Liabilities secured by mortgage | 1 152 824 096 | 148 997 797 |
| **Registered pledges** | | |
| Furniture, fixtures and equipment | 0 | 19 500 000 |
| Inventories (SEK) | 0 | 180 000 000 |
| Furniture, fixtures and equipment (SEK) | 0 | 180 000 000 |
| Factoring agreement | 0 | 19 500 000 |
| Factoring agreement (SEK) | 0 | 180 000 000 |
| **Pledged assets** | | |
| Shares in subsidiaries | 2 961 438 835 | 322 020 087 |
| Accounts receivables | 0 | 0 |
| Fixed assets | 293 575 283 | 36 373 992 |
| Bank accounts | 120 896 483 | 0 |
| Intercompany loans | 289 080 335 | 0 |
| **Total** | **3 664 990 936** | **358 394 079** |

**Assets pledged as security for secured liabilities**

The Group's bond debt is secured in (i) stocks in Material Group Companies* (i.e. subsidiaries which has 10 % of total EBITDA or income including possible additional entities that are necessary to ensure that the sum of all the Material Group Companies include in total at least 80 % of total EBITDA and income) with exeption of issuer, (ii) in bank accounts belonging to Material Group Companies, (iii) in Accounts Receivables (factoringpant) to Material Group Companies, (iv) in internal loans that have a duration of at least 12 months and minimum MSEK 20 and (v) garanties from Material Group Companies.

*Material Group Companies as of 31.12.2020 consists of Mercell Holding AS, Mercell Midco AS, Mercell Norge AS, Mercell Svenska AB, EU-Supply Holding AB, Udbudsvagten A/S, Tricom Aps, Comcare A/S and EUS Holdings Limited.

**Guarantees**

| Type | Beneficiant | Currency | Amount |
|---|---|---|---|
| Tenant lease gurantee | Fabege AB | SEK | 400 000 |
| Tenant lease gurantee | Skøyen Atrium AS | NOK | 3 070 622 |

In addition, Mercell Holding AS has provided security for its subsidaries for NOK 4 million.

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Mercell Holding AS per 31.12.2020

**Note 10 Long-term liabilities**

| | 2020 | 2019 |
|---|---|---|
| Long-term liabilities | 1 147 850 000 | 144 462 600 |
| Accrued establishment fee bonds - | 53 904 111 | |
| Long-term interest added to loans | 4 974 096 | 4 535 197 |
| **Total long-term liabilities** | **1 098 919 985** | **148 997 797** |

**Covenant requirements**

The Group have no maintenance covenants for its interest-bearing debt. As of 31 December 2020, there are two incurrence tests that regulates the Groups ability to distribute dividends and issue new debt.

**Note 11 Tax**

| This year's tax expense | 2020 | 2019 |
|---|---|---|
| Tax payable | | |
| Changes in deferred tax assets, intra-group contribution | | |
| Changes in deferred tax assets, subsidiaries | | |
| **Tax expense on ordinary profit/loss** | - | - |

**Calculation of this year's tax base**

| | | |
|---|---|---|
| Profit/loss before tax | -106 795 913 | -33 473 428 |
| Permanent differences | -116 054 995 | 78 902 |
| Impairment of receivables, subsidiaries | | |
| Impairment of investments, subsidiaries | | |
| Changes in temporary differences | 10 279 890 | 72 817 |
| Allocation of loss to be brought forward | | |
| Basis for tax payable (taxable income) | -212 571 018 | -33 321 710 |
| Used tax loss carry-forwards | - | - |

**Deferred tax**

| Overview of the tax effect of temporary differences | 2020 | 2019 | Difference |
|---|---|---|---|
| Tangible assets | -4 682 772 | -318 206 | 4 364 566 |
| Receivables | -6 294 004 | -173 300 | 6 120 704 |
| Provisions | 296 448 | 91 068 | -205 380 |
| Total temporary differences | -10 680 328 | -400 438 | 10 279 890 |
| | | | |
| Accumulated loss to carry forward | -314 675 150 | -102 104 132 | 212 571 018 |
| Basis for deferred tax | -325 355 478 | -102 504 570 | 222 850 908 |
| | | | |
| Not included in the deferred tax calculations | 325 355 478 | 102 504 570 | -222 850 908 |
| **Deferred tax assets on the balance sheet, 22 %** | - | - | - |

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Mercell Holding AS per 31.12.2020

**Note 12 Financial income and financial expenses**

| Financial income | 2020 | 2019 |
|---|---|---|
| Intra-group contribution from subsidiaries | 2 531 778 | 8 357 162 |
| Intra-company interest income | 948 844 | 842 260 |
| Other interest income | 588 317 | 259 040 |
| Currency exchange rate gain (agio) | 27 002 540 | 24 948 |
| Realized gains from sales of shares | 0 | 18 248 |
| Other financial income | 0 | 0 |
| **Total financial income** | 31 071 479 | 9 501 658 |

| Financial expenses | | |
|---|---|---|
| Impairment of financial fixed assets | 0 | 0 |
| Intra-company interest expenses | 621 769 | 933 051 |
| Other interest expenses | 59 808 855 | 9 083 277 |
| Currency exchange rate loss (disagio) | 40 680 301 | 5 115 992 |
| Other financial expenses | 0 | 119 142 |
| **Total financial expenses** | 101 110 925 | 15 251 462 |

| | | |
|---|---|---|
| **Net financial income and expenses** | -70 039 446 | -5 749 804 |

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**Erik Fjellvær Hagen**
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*2021-03-24 17:51:35Z*
bankID

**Ole-Bjørn Gjerde**
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*IP: 77.18.xxx.xxx*
*2021-03-24 17:53:42Z*
bankID

**Terje Wibe**
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*2021-03-24 18:04:19Z*
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**Inge Støve**
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*Serienummer: 9578-5998-4-748439*
*IP: 185.206.xxx.xxx*
*2021-03-24 18:11:01Z*
bankID

**Bjørn-Thore Epland**
**Underskriver**
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