

Interim report

Fourth quarter 2021

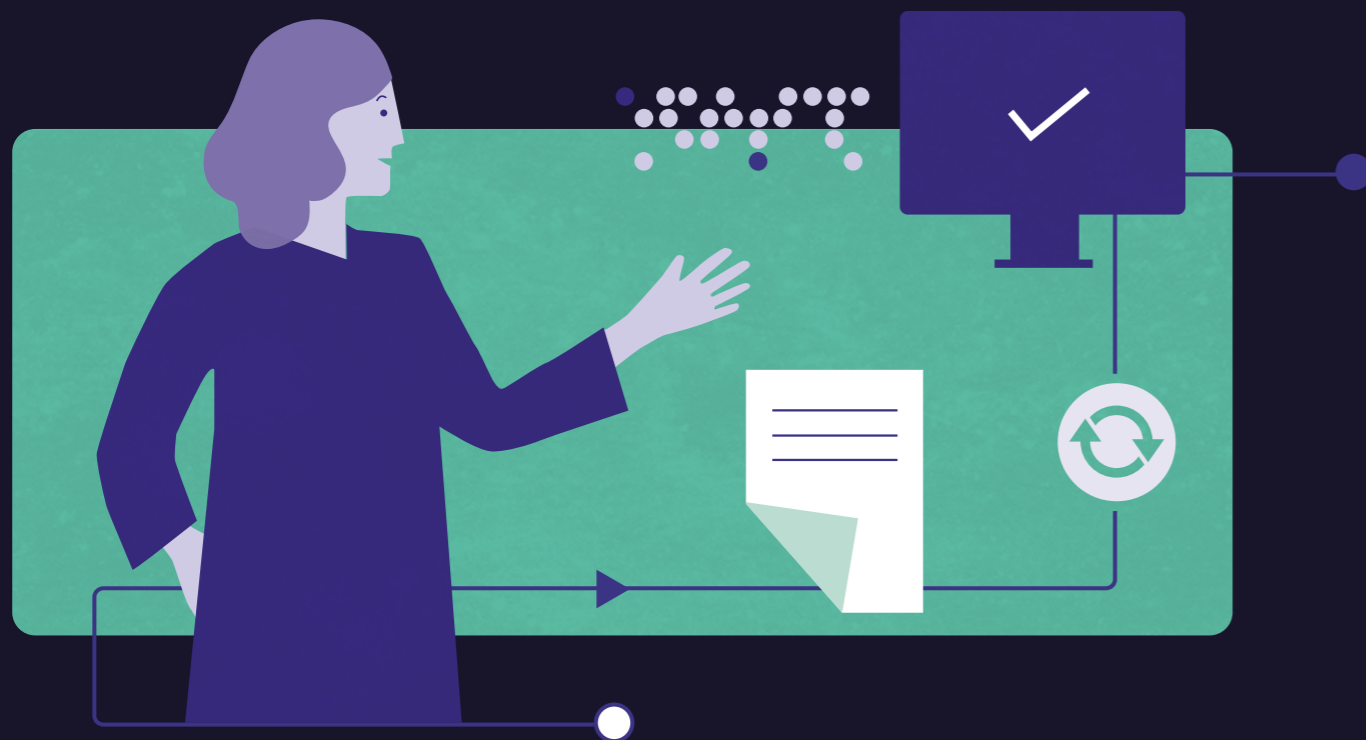
Merzell Holding ASA

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Merzell at a glance

A leading SaaS-platform for public e-tendering



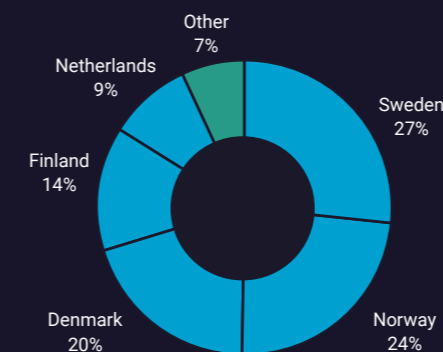
Merzell is a leading marketplace for public eTendering and eProcurement, with a total base of close to 30 000 customers in both the pre-award and post-award markets.

Merzell'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. We also ensure that suppliers find relevant business opportunities and offer tools for digital receipt and handling of purchases from public and private buyers. Merzell delivers services in 15 countries with an aim to become the leading software-as-a-service (SaaS) platform for eTendering and eProcurement in Europe.

- Positioned to be a consolidator in the European eTendering and eProcurement market
- Scalable and profitable business model with proven organic and M&A growth ability
- Multiple growth opportunities through new sales and upselling, broadening of the product portfolio, and geographical expansion

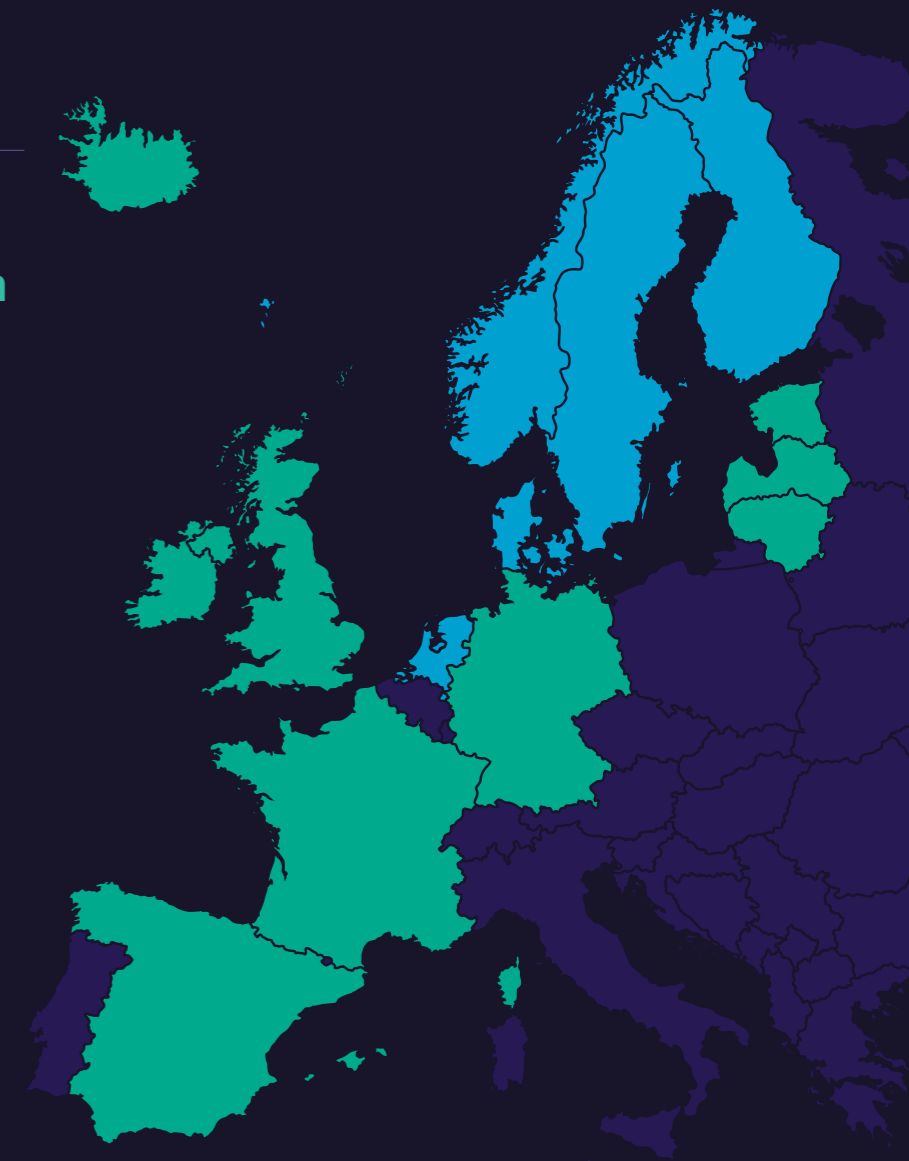
We have established a unique market position

- Merzell leading player
- Merzell foothold



ARR split Q4 2021

NOK 793m



Highlights fourth quarter 2021

Continued ARR growth

- ARR of NOK 793 million per year-end 2021, +44 per cent year-on-year with organic growth of 18 per cent
- Solid underlying growth in the pre-award business, with continued strength in Merzell Commerce
- Flat development for post-award, with renewed growth expected from 2022 onwards

Revenue of NOK 199m and EBITDA of NOK 60m in Q4

- Reported revenue +83 per cent to NOK 199 million in Q4 and +126 per cent to NOK 706 million in 2021
- Reported EBITDA of NOK 59.7 million in Q4 and NOK 105.0 million for 2021
- Earn-out reversed after downward revision of initial ARR in Cludia
- Adjusted EBITDA of NOK 35.5 million in Q4 and NOK 172.9 million for the full year 2021

Focus on platform development and integrating acquisitions

- Sharp focus on integrating acquisitions and developing a common Merzell platform
- Gradual launch of new Merzell Source-to-Contract and Merzell Tender Finder
- Merzell Source-to-Pay post-award solution being introduced in 2022
- Total R&D spending including maintenance set to decline 10-15 per cent to NOK 200-210 million in 2022

Ambitious long-term strategy

- Current focus on enabling continued strong and profitable growth in the existing businesses
- Expecting improved EBITDA-margins in 2022, and solid free cash flow after investments from 2022 onwards
- Putting the M&A strategy on hold in the current market
- On track for more than doubling of ARR in existing markets in 2020-2025

Key figures

IFRS accounting standard	Q4 2020	Q4 2021	Δ%	2020	2021	Δ%
Total revenue	108 698	199 196	83%	311 906	706 296	126%
Operating costs	-89 024	-163 704		-242 793	-533 402	
M&A cost and special items	-62 757	24 256		-92 837	-67 889	
EBITDA	-43 083	59 749		-23 724	105 005	
<i>EBITDA-margin</i>	-40%	30%		-8%	15%	
Adjusted EBITDA	19 674	35 493	80%	69 113	172 894	150%
<i>Adjusted EBITDA-margin</i>	18%	18%		22%	24%	
Depreciation, amortization, impairment	-20 833	-46 289		-52 011	-188 678	
Operating profit/loss, EBIT	-63 916	13 459		-75 735	-83 672	
Net financial items	-40 137	-6 863		-78 539	-32 797	
Profit/loss before tax	-104 053	6 596		-154 275	-116 469	
Annual recurring revenue, ARR	552	793	44%	552	793	44%
ARR, pre-award buyers	145	320	120%	145	320	120%
ARR, pre-award suppliers	327	381	17%	327	381	17%
ARR, post-award	79	92	15%	79	92	15%
No. of buyer customers	2 427	3 726	54%	2 427	3 726	54%
No. of supplier customers	26 588	25 636	-4%	26 588	25 636	-4%

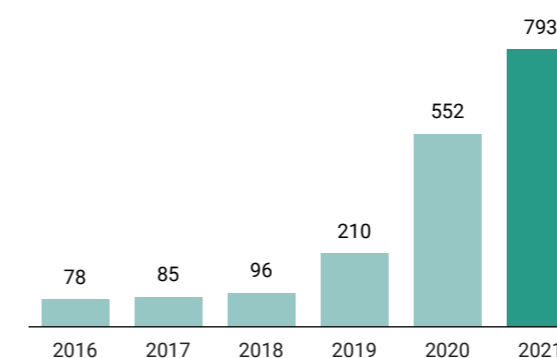
Adjusted EBITDA excludes M&A cost and special cost items. Organic ARR growth excludes ARR acquired at the time of acquisition.

From sourcing to payment (S2P)

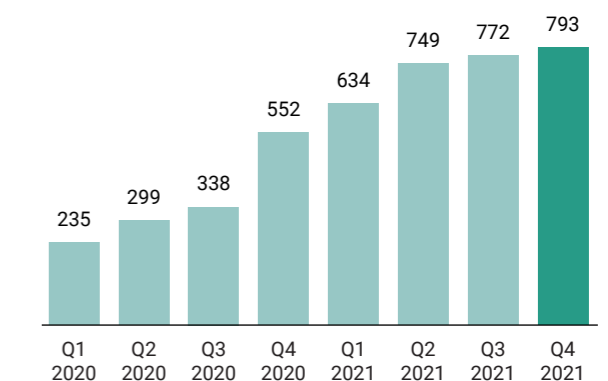
	Pre-award solutions		Post-award solutions
Target group	Buyers	Suppliers	Buyers and suppliers
Core value proposition	Tender process and contract management tools	Customized tender notifications, bid manager and value-added services	Contract management and eProcurement: <ul style="list-style-type: none"> · eCommerce · eCatalogue · Invoice & Payment · Spend analytics
Share of ARR YE 2021	40%	48%	12%

Source: Company data

ARR development annually (NOKm)



ARR development quarterly (NOKm)



Message from the CEO

Focus on profitable growth

The second half of 2021 is the first period in quite some time that we have not carried out any acquisitions, and I am glad to see the existing portfolio showing healthy organic growth in annual recurring revenue (ARR).

Measured in local currencies, ARR increased by 8 per cent in the second half of the year, or by 16 per cent annualized. This is within the 15–20 per cent growth range we have earlier indicated for the existing portfolio, and we believe there is potential to accelerate our growth going forward.

We ended 2021 with an ARR base of NOK 793 million. This was an increase of 44 per cent from the beginning of the year, despite that we have revised ARR in Cloudia downwards by approximately NOK 20 million after an invoice audit.

Finding that the ARR level in Cloudia was lower than originally indicated is obviously disappointing. As a result, we are withholding earn-out related to the ARR development, and are exploring other options to be compensated for the ARR shortfall. Luckily, we keep seeing good underlying growth in the business, supported by our initiatives to begin monetizing the supplier side of the Finnish market.

Looking into 2022, our focus will remain on profitable organic growth in our five core markets in Norway, Sweden, Denmark, Finland, and the Netherlands. We will be working to bring existing and new customers onto a new and common product platform and expect this to both build revenue and save costs. Succeeding in this task requires that we deploy and cultivate Merzell's success factors and sales strategies across all our markets.

We have highlighted the pre-award supplier markets as key growth drivers going forward. It is important for us to show that we can 'export' our successful Scandinavian model in these markets and build leading and profitable positions in the supplier markets also in our two newest core markets in Finland and the Netherlands.

We also expect to revive growth in the post-award markets in the years to come, and look forward to begin cross-selling these products and services to our large customer bases in the pre-award markets once the projects and services are available on a new platform.



I have earlier said that we see a major market opportunity in consolidation of the European market for e-Tendering and e-Procurement, and we maintain our strategic, long-term ambitions. However, we find it challenging to make accretive acquisitions that will create shareholder value in the current market environment.

We will therefore refrain from making any major acquisitions in 2022, and rather deploy our resources into profitable growth of the existing asset base.

This business plan will enable us to generate solid positive free cash flow from 2022 onwards and put us on a clear path towards our long-term EBITDA-margin target of 40 per cent +.

“We will refrain from making any major acquisitions in 2022, and rather deploy our resources into profitable growth of the existing asset base”.

*Terje Wibe
CEO, Merzell Holding*

Board of directors report

Operational review

Merzell is a solutions provider for the entire procurement value chain. In the pre-award phase, the company offers a marketplace matching public buyers and suppliers on its e-tendering platforms, with tendering workflow services for buyers and tender notification and bid manager services for suppliers.

The company's products ensure efficient, compliant, and transparent tendering processes, in alignment with EU regulations and national law. Software-as-a-Service licenses account for approximately 95 per cent of Merzell's revenue, with the remainder based on other non-recurring revenues. Approximately 40 per cent of ARR stems from pre-award buyers, 48 per cent from pre-award suppliers, and the remaining 12 per cent from post-award customers. The share of pre-award buyer revenue has increased in 2021 with the acquisitions of the buy-side companies Negometrix in the Netherlands and Cloudia in Finland. The post-award e-procurement business was added through a string of acquisitions in 2020, extending the product offering to include solutions for procurement and order management, invoicing, payment and accounting, and spend analytics.

Continued sharp focus on integration and technology development

Following a string of acquisitions of the past couple of years, Merzell operates and maintains a wide range of different platforms for both buyers and suppliers in both the pre-award and post-award markets. As described in earlier reports, the company is investing heavily into product development to move towards a common platform suite with new products and solutions for both buyers and suppliers.

The company continued to onboard selected customers in Denmark to the new Merzell Source-to-Contract platform for pre-award buyers and will scale the onboarding process with localized solutions in more markets in 2022. As previously communicated, the upgrade has started with buyer customers with relatively modest functionality requirements and will upgrade customers with more complex needs as the functionality gaps have been closed on the new Source-to-Contract platform.

The company is also moving forward with its new Merzell Tender Finder platform for pre-award supplier customers, which will offer greatly improved, 'Google-like' search and filtering solutions, and other 'best-of-breed' advantages that will make it much easier for suppliers to find relevant business opportunities. The solution will be rolled-out in volume through 2022. In Finland, the company has successfully started to make its existing supplier platform available for suppliers delivering bids through the Cloudia platform, whereas a roll-out in the Netherlands will await the launch of the new Merzell Tender Finder platform.

2021 was a transition year for the post-award segment. Work has been ongoing to build a new Merzell Procure-to-Pay solution based on Tricom's solutions, and the first customers will be upgraded early 2022.

Many pre-award buyer customers have shown strong interest in Merzell's post-award solutions and data analytics functionality, and the company expects cross-selling of the post-award solution to pick up after launch of the new Merzell Procure-to-Pay platform.

ARR development

Annual recurring revenue (ARR) was NOK 793 million at the end of 2021, an increase of 44 per cent compared to NOK 552 million at the end of 2020.

Following a full invoicing review after the acquisition of Cloudia, Cloudia's ARR per end of the second quarter 2021 has been downgraded from EUR 9.9 million to EUR 7.9 million and from EUR 10.4 million to EUR 8.5 million per the end of the third quarter 2021.

Taking the restatement of Cloudia's ARR into consideration, ARR increased by NOK 21.6 million in Q4, reflecting new sales of NOK 15.2 million, upselling and price increases of

NOK 31.4 million, and churn and contraction of NOK 14.6 million. Currency affected ARR negatively by NOK 10.2 million.

Annualized organic ARR growth in line with targets

The company has stated an ambition to grow its existing ARR portfolio by 15-20 per cent per year, and ARR increased by 18.2 per cent organically in local currencies in 2021.

The second half of 2021 has been the first period in quite a while where the company has not made any acquisitions and hence a period where the development reflects only organic growth.

In local currencies, ARR increased 7.7 per cent organically in the second half of the year and by 4.1 per cent in the fourth quarter, which corresponds to annualized organic growth of 16.0 per cent for the second half of the year and 17.6 per cent in the fourth quarter.

ARR by customer segment

ARR in the pre-award buyer segment increased from NOK 145 million to NOK 320 million in 2021, mainly driven by the acquisitions of Negometrix and CTM Solutions in the Netherlands and Cloudia in Finland. Excluding acquired ARR, the ARR for the segment increased by 18 per cent in 2021.

ARR in the pre-award suppliers segment increased from NOK 327 million to NOK 381 million in 2021, with ARR increasing by 16 per cent excluding acquired ARR. Growth is expected to increase as the company further explores the supply-side markets in Finland and the Netherlands and introduces new functionality with Merzell Tender Finder.

ARR in the post-award segment increased from NOK 79 million to NOK 92 million in 2021, with ARR increasing by only 1 per cent excluding the acquisition of Ibistic in May. This reflects slower than expected production development and lack of implementation capacity, and the company expects renewed growth with the introduction of a new post-award offering in 2022.

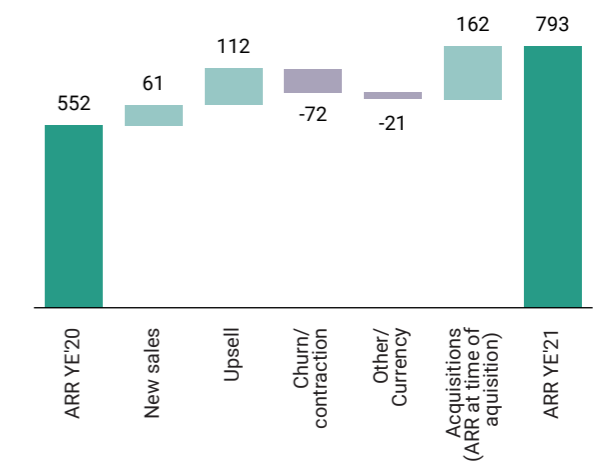
Number of customers

At the end of 2021, the company had 3 726 registered buyer customers and 25 636 supplier customers. This was a year-on-year increase of 54 per cent in the number of buyer customers, driven by the acquisitions of Negometrix and Cloudia. The number of supplier customers declined by 4 per cent from the end of 2020. This is explained by natural churn after the acquisition of Visma Commerce,

of customers with contracts with both Opic and Merzell Tender Systems in Sweden and/or Norway.

As described in the third quarter report, there is work ongoing to consolidate the number of customer accounts into one unique customer ID. Although this does not affect the underlying value of the customer contracts this is expected to lead to a decline in the number of registered customers.

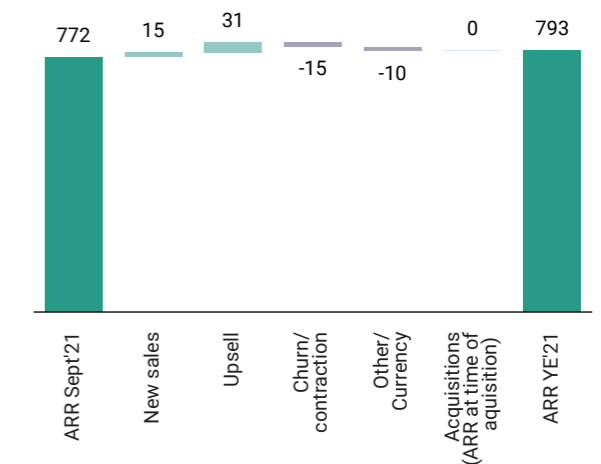
ARR development 2021 (NOKm)



Source: Company data

ARR from acquisitions has been restated following an invoice review after the acquisition of Cloudia

ARR development Q4 2021 (NOKm)



Source: Company data

Company data. ARR Sept'21 has been restated from NOK 792m to NOK 772m following an invoice review after the acquisition of Cloudia

Financial review

Results for the fourth quarter and full year 2021

Mercell showed 83 per cent growth in reported revenue for the fourth quarter and 126 per cent for 2021, mainly reflecting the effect of acquisitions. Special items affected the figures positively by NOK 24.3 million in the fourth quarter and negatively by NOK 67.9 million for the full year 2021. Reported EBITDA was NOK 59.7 million for the quarter and NOK 105.0 million for the full year. Adjusted EBITDA – excluding M&A cost and other special cost items - was NOK 35.5 million in the fourth quarter and NOK 172.9 million for the full year 2021, with adjusted EBITDA-margin of 18 per cent for the quarter and 24 per cent for the full year.

Profit and Loss account (IFRS unaudited)

NOK 1 000	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2020	2021
Total revenue	108 698	148 241	170 300	188 559	199 196	311 906	706 296
Operating costs	-89 024	-107 864	-122 597	-139 235	-163 704	-242 793	-533 402
M&A cost and special items	-62 757	-5 004	-49 848	-37 295	24 256	-92 837	-67 889
EBITDA	-43 083	35 373	-2 145	12 029	59 749	-23 724	105 005
EBITDA-margin	-40%	24%	-1%	6%	30%	-8%	15%
Adjusted EBITDA	19 674	40 377	47 703	49 324	35 493	69 113	172 894
Adjusted EBITDA-margin	18%	27%	28%	26%	18%	22%	24%
Depreciation, amortization, impairment	-20 833	-38 143	-58 500	-45 745	-46 289	-52 011	-188 678
Operating profit/loss, EBIT	-63 916	-2 770	-60 645	-33 716	13 459	-75 735	-83 672
Net financial items	-40 137	59 497	-64 449	-20 985	-6 863	-78 539	-32 797
Profit/loss before tax	-104 053	56 727	-125 094	-54 701	6 596	-154 275	-116 469

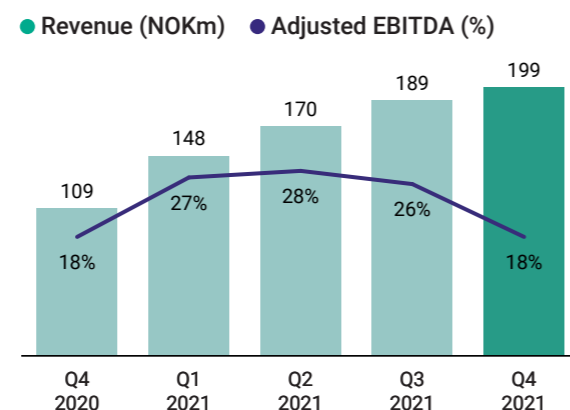
The company adopted IFRS as accounting standard with effect from the consolidation of the annual accounts for 2020, and figures in the table hence deviate from figures previously presented under NGAAP.

Revenue

Revenue in the fourth quarter 2021 amounted to NOK 199.2 million, corresponding to an increase of 83 per cent year-on-year and an increase of 6 per cent from the previous quarter. Software-as-a-Service licenses accounted for 94 per cent of revenue with the remainder transaction-based revenue.

Year-on-year growth in the quarter was supported by the acquisitions of Cloudia, Ibistic and CTM Solutions in Q2 2021, Negometrix in Q1 2021, and Visma Commerce from 1 December 2021.

Pre-award buyers accounted for 41 per cent and pre-award suppliers for 47 per cent of revenue in the fourth quarter, with post-award accounting for the remaining 12 per cent.



Source: Company data. EBITDA adjusted for M&A and special items

Mercell is the clear market leader in Sweden, Norway, Denmark, Finland and the Netherlands, which combined accounted for 93 per cent of revenue in the fourth quarter 2021.

Sweden was the largest revenue contributor with 30 per cent, followed by Norway with 22 per cent, Denmark with 19 per cent and the Netherlands and Finland with 21 per cent. Other markets accounted for 8 per cent of revenue. The company has offices in 13 countries and delivers services in 15 countries.

For the full year, revenue amounted to NOK 706.3 million. This was an increase of 126 per cent from the full year 2020, once again significantly affected by acquisitions in both periods.

Operating costs

Figures in brackets relate to IFRS Q4 2020 or full year 2020 figures.

Operating costs amounted to NOK 163.7 million in the fourth quarter (89.0), excluding special items which affected the results positively by NOK 24.3 million (-19.0).

The increase in operating costs is primarily explained by the acquisitions of Negometrix, Ibistic, CTM Solutions, and Cloudia in 2021. Furthermore, the large acquisition of Visma Commerce was only consolidated for one month in Q4 2020.

Special items in the fourth quarter mainly reflect reversal of earn-out provisions of NOK 30.4 million relating to the acquisition of Cloudia. Following an invoice audit, Mercell has revised the initial ARR of Cloudia down by EUR 2 million or approximately NOK 20 million. Following this revision, it is unlikely that Cloudia's future ARR will trigger payment of the earn-out, and Mercell has therefore reversed provision accumulated through the second half of 2021. The earn-out provision for CTMS in the Netherlands was increased by NOK 2.1 million in the fourth quarter due to overachievement of targets.

Other special items reflected NOK 5.7 million in advisory fees and some smaller items outlined under Key Performance Indicators at the end of this report.

Reported salaries and personnel expenses remained the largest cost items, at NOK 66.1 million in the fourth quarter. This was supported by the above-mentioned reversal of earn-out provisions. Underlying salary and personnel expenses increased by approximately NOK 14 million from

the third to the fourth quarter, reflecting mainly new hirings and year-end bonuses.

The number of employees declined to 692 from 698 at the end of the third quarter, mainly due to reduction in the number of consultants on R&D projects. The number of employees stood at 456 at the end of 2020.

For the full year 2021, operating costs amounted to NOK 533.4 million (242.8), excluding M&A cost and other special cost items of NOK 67.9 million (92.9).

EBITDA

Reported EBITDA was NOK 59.7 million in the fourth quarter 2021 (-43.1), with an EBITDA-margin of 30 per cent (-40 per cent). Adjusted EBITDA, excluding M&A cost and special items, was NOK 35.5 million (19.7), with an adjusted EBITDA-margin of 18 per cent (18 per cent).

For the full year 2021, reported EBITDA was NOK 105.0 million (-23.7). Adjusted EBITDA was NOK 172.9 million, compared to NOK 69.1 million in 2020, with the adjusted EBITDA-margin increasing to 24 per cent from 22 per cent in 2020.

Mercell expects EBITDA-margins to continue to increase in 2022. The company sees further upside potential in the EBITDA-margin in the years to come, driven by scale economics and improving efficiency. Operations in the well-established pre-award businesses in Norway and Sweden show significantly higher margin levels than the overall Group, which supports the ambition for long-term EBITDA-margins of 40 per cent +.

Operating results

Depreciation and amortization amounted to NOK 46.3 million in the fourth quarter (20.8), with the increased depreciation and amortization mainly reflecting amortization of acquired intangible assets and increased amortization of internally developed software and the technology platform.

The operating profit (EBIT) was hence NOK 13.5 million in the fourth quarter, compared to an operating loss of NOK 63.9 million in the fourth quarter 2020.

For the full year depreciation and amortization amounted to NOK 173.9 million (52.0), in addition to impairments of NOK 14.8 million incurred earlier in the year (0). This generated an operating loss of NOK 83.7 million for the full year, compared to a loss of NOK 75.7 million in 2020.

Net financials

Net financial items were a negative NOK 6.9 million (-40.1) in the fourth quarter 2021.

Financial income amounted to NOK 21.0 million (4.1), mainly due to foreign exchange gains reflecting a strengthening of NOK versus SEK. Financial expenses amounted to NOK 27.8 million (44.2). Interest expenses were NOK 27.6 million (11.0) and interest on lease liabilities NOK 1.1 million (0.9). This was partly offset by NOK 0.9 million positive effect on other finance expenses.

For the full year net financial items were a negative NOK 32.8 million (-78.5). Please see note 7 for more information.

Results

Profit before tax was hence NOK 6.6 million in the fourth quarter 2021 (-104.1), whereas the loss before tax was NOK 116.5 million for the full year (-154.3).

Net profit after tax was NOK 15.2 million in the fourth quarter 2021 (-98.5) and negative NOK 113.2 million for the full year (-146.3).

Cash flow

Figures in brackets relate to IFRS Q4 2020 or full year 2020 figures.

Cash flow from operating activities

Net cash flow from operating activities was NOK 25.6 million in the fourth quarter 2021 (-26.4). Net working capital had a slightly positive effect in the quarter, with a negative change in trade and other receivables mostly offset by prepayment of subscriptions increasing contract liabilities.

For the full year 2021, net cash flow from operating activities amounted to NOK 87.5 million (20.8).

Mercell's SaaS business model is built on pre-paid software subscriptions.

Cash flow from investing activities

Cash flow from investing activities was a negative NOK 39.5 million in the fourth quarter (-1 959.0), reflecting NOK 38.9 million development of software and other intangible assets and NOK 0.6 million purchase of property, plant, and equipment.

The company has no investments in acquisition of subsidiaries in the quarter, whereas the company in the fourth quarter 2020 paid net NOK 1.94 billion for Visma Commerce.

For the full year 2021, cash flow from investing activities was a negative NOK 1 318.4 million (-2 223.7), of which development of software and other intangibles accounted for NOK 160.6 million (54.2), purchase of property, plant, and equipment for NOK 1.7 million (3.5), and acquisitions for NOK 1 151.6 million (2 166.0). The latter reflects the acquisitions of Negometrix in the first quarter and CTMS, Ibistic and Cloudia in the second quarter.

The investments in development of software and other intangibles reflects a rapid pace of innovation and development of new products, and the ongoing work to move towards a common platform suite. The platform capex of NOK 160.6 million in 2021 were in the low end of the previously indicated software capex range of NOK 160-180 million for the full year. The company received government grants (SkatteFUNN) of NOK 4.4 million in 2021. Development capex is expected to decline to NOK 115-120 million in 2022.

Including R&D opex, the company spent approximately NOK 234 million on R&D in 2021. This is expected to decline to NOK 200-210 million in 2022, split between R&D opex of NOK 85-90 million and NOK 115-120 million in capitalized R&D. The R&D intensity is expected to decline significantly in the following year as measured by R&D spending in percent of revenue.

Cash flow from financing activities

Cash flow from financing activities was a negative NOK 24.5 million in the fourth quarter (+1 959.0). The main portion reflects interest paid with NOK 20.7 million, lease payments of NOK 5.6 million, payment of interest for the lease liability of NOK 1.1, and proceeds from a small share issue of NOK 2.9 million.

For the full year, cash flow from financing was a positive NOK 1 002.7 million (2 506.9), mainly reflecting proceeds from share issues and long-term debt used for acquisitions in the first half of the year.

Net change in cash and cash equivalents

Net change in cash and cash equivalents was a negative NOK 38.5 million in the fourth quarter (-26.4), and NOK 228.2 million for the full year (304.0).

Including foreign exchange effects, cash and cash equivalents hence declined to NOK 96.7 million at the end of 2021 (328.0), down from NOK 134.7 million at the end of the third quarter. The company expects significantly higher cash flow from operations in the first quarter 2022, reflecting customer payments of invoices issued in the fourth quarter. As per mid-February 2022 the company has a cash balance of approximately NOK 120 million.

The company's projections for operating cash flow and capital requirements for investments show that the organic growth plans for the existing business are fully funded, and that the company will generate a solid positive free cash flow after investments from 2022 onwards. This will in turn strengthen the financial position for accretive M&A at a later stage, or open for distribution to the shareholders in the form of future dividends or share buy-backs.

Financial position

Figures in brackets refer to IFRS YE 2020 figures

Assets

Total non-current assets amounted to NOK 4 213.5 million at the end of 2021, compared to NOK 3 037.8 million at the end of 2020. The increase mainly reflects the acquisitions of Negometrix, Ibistic, CTM Solutions and Cloudia during the first half 2021.

Goodwill account for NOK 3 045.8 million (2 114.8), intangible assets for NOK 1 033.6 million (811.4), and other non-current assets for NOK 134.1 million (111.5). Please see note 4 for more information.

The company has carried out a reallocation of the Purchase Price Allocation (PPA) related to the acquisitions of Cloudia, in which the value of customer contracts has been reduced by EUR 4 million and goodwill increased correspondingly. The value of the goodwill has been confirmed in a subsequent impairment test.

Current assets stood at NOK 279.5 million (446.2), comprising of trade and other receivables of NOK 180.9 (118.0), contract assets of NOK 1.9 million (0.1), and cash and cash equivalents of NOK 96.7 million (328.0).

Equity and liabilities

Total equity amounted to NOK 2 125.8 million (1 617.9), with the increase mainly reflecting share issues to fund acquisitions, partly offset by the losses in the period. The company carried out a private placement raising gross proceeds of approximately NOK 400 million in connection with the Cloudia acquisition in June 2021 and raised gross proceeds of approximately NOK 434 million in connection with the Negometrix acquisition in February. Please see note 5 for more information.

The equity ratio was 47 per cent at the end of 2021, marginally up from 46 per cent at the end of 2020.

Total liabilities amounted to NOK 2 367.3 million (1.866.0). Non-current liabilities were NOK 1 758.5 (1 301.4), mainly consisting of interest-bearing liabilities of NOK 1 578.2 (1 144.2). The increase during 2021 mainly reflects a tap issue increasing a bond maturing in December 2025 from SEK 1.1 billion to SEK 1.6 billion as part of the acquisition financing of Cloudia. Please see note 6 for more information. Other non-current liabilities include deferred tax liabilities of NOK 174.3 million, and other items totalling NOK 6.1 million.

In July Mercell entered into an agreement for a NOK 100 million Super Senior Revolving Credit Facility with Danske Bank, maturing in three years with a twelve-month extension option. The purpose of the facility is to finance general corporate needs and potential acquisitions. The company has not yet drawn on this facility.

Current liabilities amounted to NOK 608.7 million (564.6), of which NOK 23.2 million in current interest-bearing liabilities (15.7). Trade and other payables amounted to NOK 100.2 million, contract liabilities to NOK 360.7 million and other current financial liabilities to NOK 124.7 million.

Share information

Mercell was on 9 July transferred from the Euronext Growth trading platform to the main list on the Oslo Stock Exchange.

At the end of 2021 Mercell had 502.8 million shares outstanding.

The 20 largest shareholders hold 71 per cent of the shares.

20 largest shareholders 21 February 2022

	# of shares	Ownership
VIKING VENTURE AS	53 067 864	10.6%
STATE STREET BANK AND TRUST COMP	42 300 000	8.4%
CITIBANK, N.A.	31 141 588	6.2%
SKANDINAVISKA ENSKILDA BANKEN AB	29 247 857	5.8%
THE BANK OF NEW YORK MELLON SA/NV	24 465 816	4.9%
MORGAN STANLEY & CO. INT. PLC.	19 786 780	3.9%
VERDIPAPIRFONDET DNB NORGE	18 798 861	3.7%
BARCLAYS CAPITAL SEC. LTD. FIRM.	17 628 275	3.5%
J.P. MORGAN SECURITIES LLC	16 768 267	3.3%
MORGAN STANLEY & CO. LLC	15 050 977	3.0%
UBS SECURITIES LLC	13 286 621	2.6%
NORDNET BANK AB	11 051 264	2.2%
BANQUE DE LUXEMBOURG S.A.	10 529 567	2.1%
GRIEG HOLDINGS II AS	9 567 947	1.9%
EUROCLEAR BANK S.A./N.V.	8 716 968	1.7%
MYRLID AS	8 000 000	1.6%
UBS AG	7 294 878	1.5%
CAMIVEO AS	7 023 897	1.4%
GLABELLA AS	6 597 397	1.3%
CLEARSTREAM BANKING S.A.	5 953 200	1.2%
Top 20 shareholders	356 278 024	70.9%
Other shareholders	146 513 167	29.1%
Total number of shares	502 791 191	100.0%

Risk and uncertainty factors

Market and operational risks

Mercell is a marketplace matching buyers and suppliers on platforms for e-tendering and e-procurement. The company's customer base mainly consists of public customers on the buy-side and a wide variety of suppliers on the supply-side of the platforms. The level of activity on the platforms therefore depends on public spending levels, which may fluctuate over time.

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 company has seen continuous organic growth in the total number of paying buyers and suppliers as well as organic growth in revenue per customer over the past years. The company sees limited risk that sudden shifts in customer behavior should materially affect the financial performance.

The company considers M&A activities to be an integral part of the company's growth plans and has completed nine acquisitions over the past two years.

The largest of these was the acquisition of Visma Commerce in the fourth quarter 2020, which accounted for approximately 36 per cent of ARR at the end of 2020. Although the integration of such a large operation into Mercell could pose operational challenges, the company has seen positive effects on the operational and financial performance for both the existing and the acquired operations since the consolidation. Mercell has strengthened its organization considerably over the past year to ensure the capacity required to handle a growing organization, which increased further with the acquisition of Negometrix in the first quarter 2021 and the acquisitions of Ibistic, CTM Solutions and Cloudia in the second quarter of the year.

Acquisitions in the post-award market in 2020 led the company into a market space with other 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.

Liquidity risk

Mercell had a cash position of NOK 96.7 million at the end of 2021. The company has secured funding for its M&A activities mainly through equity issues generating gross proceeds of approximately NOK 836 million, and through an increase of the outstanding bond from SEK 1.1 billion to SEK 1.6 billion.

Mercell's SaaS business model is built on pre-paid software subscriptions. The company expects significantly higher cash flow from operating activities in the first quarter 2022 compared to the fourth quarter 2021.

Mercell has carried out a string of acquisitions over the past years. However, the company did not make any acquisitions in the second half of 2021 and does not intend to execute any major acquisitions in 2022. Based on the current cash position, and projections for the operating cash flow and capital requirements for the existing business, it is the Board of Directors' view that the company will have ample liquidity to support the operational and financial goals for the existing business activities going forward. The projections show a solid positive free cash flow generation and further strengthening of the financial position from 2022 onwards.

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 bond which was increased from SEK 1.1 billion to SEK 1.6 billion through a bond tap issue in the second quarter 2021. The interest rate is STIBOR +6 per cent p.a., with quarterly interest payments and maturity in December 2025. The Group does not currently hedge the base STIBOR interest rate. Net interest expenses amounted to NOK 95.4 million in 2021, excluding interest expense on lease liabilities.

Foreign exchange risk

Mercell is exposed to changes in exchange rates, both in the calculation of Annual Recurring Revenue (ARR) and for transactions and translation into the reporting currency NOK. The risk exposure mainly relates to net investments in foreign subsidiaries with functional currencies in SEK,

DKK, EUR, GBP, and USD, as well as to the SEK denominated debt with interest payable in SEK. In 2021, the company reported net foreign exchange gains of NOK 64.0 million, mainly reflecting unrealized gains on the SEK denominated debt. The Group does not hedge currency exposure with the use of financial instruments at the current time but monitors the net exposure over time.

Outlook

Merzell has grown into the leading platform for public e-tendering and one of the largest B2B SaaS companies in the Nordic region. From a starting point of less than NOK 100 million at the end of 2019, the company has in just three years grown annual recurring revenues (ARR) to NOK 793 million through a combination of acquisitions and organic growth.

Merzell has established clear market leadership in Sweden, Norway, Denmark, Finland, and the Netherlands. These markets hold great opportunities for organic growth through the roll-out of a common platform across all markets, opening up of the pre-award supplier markets in Finland and the Netherlands, and a structured sales strategy across all markets.

As described on the Capital Markets Update in May 2021, Merzell sees potential for 15-20 per cent average annual growth in ARR in its existing business from 2020 to 2025. While this target was given before the acquisition of Cloudia it holds true also for the current portfolio. The company is so far on track, with 18 per cent organic ARR growth in local currencies in 2021.

The growth must be expected to vary between quarters and years depending on product launches and market introductions.

The supplier segment holds particularly strong growth potential, as Merzell is in the process of introducing new and innovative product solutions in this segment. Over time, the company also expects to see revived growth in the post-award market after the introduction of a new common platform.

Credit risk

Merzell's main customers are public buyers and suppliers to these buyers, and Merzell's products and services are mainly subscription-based SaaS products with upfront payments.

For a more detailed review of risk and uncertainties, please see the Annual Report for 2020.

The company expects continued revenue growth and improving EBITDA in 2022, and retains its longer-term EBITDA-margin target of 40 per cent +.

Merzell has a stated vision to become the preferred e-tendering and procurement platform in Europe, and believes its position across multiple geographical markets, across both buyers and suppliers, and across both the pre-award and post-award markets makes the company a natural consolidator in this market.

However, acquisitive growth requires funding at competitive cost of capital, and in the current market environment it is challenging to find accretive acquisitions that create value for all shareholders. Merzell will therefore refrain from making any significant acquisitions in 2022 and rather deploy its resources into profitable growth in the existing markets.

Combined with lower investments into software development, this will enable Merzell to generate solid free cash flow from 2022 onwards, and further strengthen its financial position.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the condensed interim financial statements for the period from 1 January to 31 December 2021 have been prepared in accordance with 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.

We also confirm that, to the best of our knowledge, the interim report for the fourth quarter and full year 2021 gives a true and fair view of important events in the accounting period and their influence on the interim report for the full year, as well as the principal risks and uncertainties facing the business in the next accounting period.

The Board of Directors of Merzell Holding ASA

Oslo, 23 February 2022

Sign.

Joar Welde
Chair of the Board

Helge Nielsen
Board Member

Anne Lise Waal
Board Member

Berit Lid Scharff
Board Member

Erik Fjellvær Hagen
Board Member

Terje Wibe
CEO

Interim condensed consolidated financial statements

Condensed consolidated statement of comprehensive income

Merzell Group

All amounts in NOK 1 000	Note	Q4 2021	Q4 2020	YTD 2021	YTD 2020
		(01.10-31.12) Unaudited	(01.10-31.12) Unaudited	(01.01-31.12) Unaudited	(01.01-31.12) Audited
Revenues	2	199 196	108 698	706 296	311 906
Total operating revenue		199 196	108 698	706 296	311 906
Cost of goods sold		8 183	3 645	24 146	5 565
Salary and personnel expenses	8	66 064	68 609	304 393	187 015
Other operating expenses		65 202	35 772	242 374	94 300
M&A costs	8	-	43 755	30 379	48 751
Total operating expenses before depreciation and amortization		139 448	151 781	601 291	335 630
EBITDA		59 749	-43 083	105 005	-23 724
Depreciation and amortization	4	46 289	20 833	173 864	52 011
Impairment losses	4	-	-	14 814	-
Operating profit or loss		13 459	-63 916	-83 672	-75 735
Financial income	7	20 969	4 066	64 991	30 665
Financial expense	7	27 832	44 203	97 788	109 205
Net financial items		-6 863	-40 137	-32 797	-78 539
Profit/loss before tax		6 596	-104 053	-116 469	-154 275
Tax expense		-8 565	-5 595	-3 234	-8 025
Profit/ loss for the period		15 161	-98 458	-113 235	-146 250
Other comprehensive income					
<i>Items which may subsequently be reclassified to profit or loss:</i>					
Translation differences from subsidiaries		-75 772	-16 326	-185 538	8 477
Other comprehensive income or loss for the period		-75 772	-16 326	-185 538	8 477
Total comprehensive income or loss for the period		-60 611	-114 784	-298 773	-137 773
Net loss for the year attributable to:					
Equity holders of the parent company		15 161	-98 458	-113 235	-146 250
Non-controlling interest		-	-	-	-
Total comprehensive income attributable to:					
Equity holders of the parent company		-60 611	-114 784	-298 773	-137 773
Non-controlling interest		-	-	-	-
Earnings per share					
Basic earnings per share (NOK)		0.030	-0.300	-0.237	-0.552
Diluted earnings per share (NOK)		0.030	-0.300	-0.237	-0.552

Condensed consolidated statement of financial position

Merzell Group

All amounts in NOK 1 000	Note	2021	2020
		31.12	31.12
		Unaudited	Audited
Deferred tax assets		30 018	26 703
Goodwill	4	3 045 761	2 114 806
Intangible assets	4	1 033 642	811 442
Right-of-use assets		62 551	58 329
Property, plant & equipment		12 557	6 361
Other non-current assets		23 613	14 549
Other non-current receivables		5 388	5 600
Total non-current assets		4 213 531	3 037 789
Trade and other receivables		180 940	118 049
Contract assets		1 900	122
Cash and cash equivalents		96 691	327 984
Total current assets		279 531	446 155
Total assets		4 493 062	3 483 944
Share capital	5	100 533	82 720
Share premium		2 579 756	1 791 125
Other equity		-554 494	-255 916
Total equity		2 125 795	1 617 930
Non-current interest-bearing liabilities	6	1 578 206	1 144 186
Deferred tax liabilities		174 250	151 462
Other non-current liabilities		5 474	4 526
Other non-current financial liabilities		594	1 262
Total non-current liabilities		1 758 525	1 301 436
Current interest-bearing liabilities	6	23 187	15 713
Trade and other payables		100 188	88 705
Contract liabilities		360 685	235 682
Other current financial liabilities		124 682	224 478
Total current liabilities		608 742	564 578
Total liabilities		2 367 267	1 866 014
Total equity and liabilities		4 493 062	3 483 944

Condensed consolidated statement of changes in equity

Merzell Group

All amounts in NOK 1 000	Note	Paid-in equity		Other equity		Total equity
		Share capital	Share premium	Cumulative translation differences	Retained earnings	
Equity as at 1 January 2021		82 720	1 791 125	17 126	-273 041	1 617 930
Net loss for the period		-	-	-	-113 235	-113 235
Other comprehensive income or loss		-	-	-185 538	-	-185 538
Total comprehensive income or loss		82 720	1 791 125	-168 412	-386 277	1 319 157
Issuance of share capital 11 February 2021	5	8 272	426 010	-	-	434 282
Issuance of share capital 20 April 2021	5	106	690	-	-	796
Issuance of share capital 11 May 2021	5	77	504	-	-	581
Issuance of share capital 5 June 2021	5	9 249	390 751	-	-	400 000
Issuance of share capital 9 November 2021	5	108	2 804	-	-	2 913
Transaction costs		-	-32 129	-	-	-32 129
Share-based payments		-	-	-	195	195
Equity as at 31 December 2021		100 533	2 579 756	-168 412	-386 082	2 125 795
Equity as at 1 January 2020		44 596	190 715	8 650	-127 858	116 103
Net profit/loss for the period		-	-	-	-146 250	-146 250
Other comprehensive income or loss		-	-	8 476	-	8 476
Total comprehensive income or loss		44 596	190 715	17 126	-274 108	-21 671
Issuance of share capital 7 July 2020		13 340	436 885	-	-	450 225
Issuance of share capital 31 July 2020		22	144	-	-	166
Issuance of share capital 3 December 2020		24 762	1 275 243	-	-	1 300 005
Transaction costs		-	-111 862	-	-	-111 862
Share-based payments		-	-	-	1 066	1 066
Equity as at 31 December 2020		82 720	1 791 125	17 126	-273 041	1 617 930

Condensed consolidated statement of cash flows

Mercell Group

All amounts in NOK 1 000	Note	Q4 2021	Restated	Restated	Restated
		(01.10-31.12)	Q4 2020 ¹	YTD 2021	YTD 2020 ¹
		Unaudited	Unaudited	Unaudited	Audited
Cash flow from operating activities:					
Profit/loss before tax		6 596	-104 053	-116 469	-154 275
Income tax paid		-714	-218	-3 127	-382
Depreciation and amortization	4	46 289	20 833	173 864	52 011
Impairment losses	4	-	-	14 814	-
Share-based contingent remuneration arising from business combinations	8	-34 198	-	-	-
Net financial items	7	6 863	40 137	32 797	78 539
Extinguishment of government loan		-	-	-3 922	-
Working capital adjustments:					
Changes in trade and other receivables		-59 676	-13 717	-25 409	-2 006
Changes in trade and other payables		8 004	9 476	-689	19 027
Changes in contract liabilities		47 542	109 349	47 164	127 488
Changes in other non-current assets		-3 473	-1 639	-5 677	-6 179
Changes in other operating items		8 341	-86 566	-25 810	-93 394
Net cash flows from operating activities		25 574	-26 397	87 535	20 830
Cash flow from investing activities					
(Purchase of) / proceeds from property, plant and equipment		-589	-1 480	-1 745	-3 496
Development of software and other intangible assets	4	-38 921	-17 409	-165 019	-54 225
Acquisition of subsidiaries, net of cash acquired	8	-	-1 940 116	-1 151 614	-2 166 000
Net cash flows from investing activities		-39 510	-1 959 004	-1 318 378	-2 223 721
Cash flow from financing activities					
Proceeds from share issue	5	2 913	1 300 005	838 572	1 750 396
Repayments of borrowings		-	-312 142	-40 420	-312 142
Repayment of sellers credit including interest	9	-	-	-150 612	-
Proceeds from long term debt		-	1 087 526	495 392	1 252 348
Transaction costs on issue of shares		-	-72 350	-32 129	-111 862
Payments for the principal portion of the lease liability		-5 606	-3 460	-20 826	-9 479
Payments of interest for the lease liability		-1 111	-932	-4 570	-3 071
Interest paid	7	-20 723	-39 678	-82 323	-59 251
Other financing activities		-	-	-400	-
Net cash flows from financing activities		-24 528	1 958 970	1 002 684	2 506 939
Net change in cash and cash equivalents		-38 464	-26 431	-228 159	304 048
Foreign exchange effects on cash and cash equivalents		448	25	-3 134	100
Cash and cash equivalents at beginning of the period		134 706	354 389	327 984	23 836
Cash and cash equivalents at end of the period		96 691	327 984	96 691	327 984

¹ Restated to reflect the adjustments in presentation of sellers credit. References are made to note 9.

Notes to the interim condensed consolidated financial statements

Note 1 General information and basis for preparation

Mercell Holding ASA and its subsidiaries (collectively "the Group", or "Mercell") is a publicly listed company on the Oslo Stock Exchange (OSE), with the ticker symbol MRCEL. Mercell Holding ASA 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.

The interim condensed consolidated financial statements of Mercell for the three and twelve months ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 23 February 2022.

The interim consolidated financial statements for the three and twelve months ended 31 December 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by The European Union ("EU") and additional requirements in the Norwegian Securities Trading Act. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2020. The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020. For operating segments, there has been some changes in the presentation compared to the Group's annual consolidated financial statements for the year ended 31 December 2020. References are made to note 3 for further information.

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.

The interim condensed consolidated financial statements are unaudited.

Note 2 Revenue from contracts with customers

Disaggregated revenue information

The Group's revenue from contracts with customer per segment has been disaggregated and presented in the tables below:

Q4 2021 (01.10-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post-award	Total
SaaS license	76 248	90 107	21 311	187 666
Other services	5 047	2 920	3 564	11 531
Total revenue from contracts with customers	81 295	93 027	24 875	199 196
Geographical markets				
Norway	11 206	29 730	3 411	44 347
Denmark	4 527	12 090	21 464	38 081
Sweden	15 923	44 312	-	60 236
Finland	21 979	1 382	-	23 362
Baltics	1 427	4 692	-	6 120
UK	4 497	381	-	4 878
Netherlands	18 553	28	-	18 581
Other	3 182	411	-	3 593
Total revenue from contracts with customers	81 295	93 027	24 875	199 196
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	81 295	93 027	24 875	199 196
Total revenue from contracts with customers	81 295	93 027	24 875	199 196
Inter-segment revenue	-	-	-	-
Segment revenue as presented in note 3	81 295	93 027	24 875	199 196

Q4 2020 (01.10-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post-award	Total
SaaS license	25 235	50 740	23 910	99 886
Other services	1 462	5 937	1 413	8 812
Total revenue from contracts with customers	26 697	56 678	25 323	108 698
Geographical markets				
Norway	9 138	22 128	2 058	33 324
Denmark	3 435	12 388	23 266	39 089
Sweden	6 621	15 796	-	22 417
Finland	130	1 412	-	1 542
Baltics	1 591	4 689	-	6 280
UK	2 685	151	-	2 836
Netherlands	1 302	8	-	1 310
Other	1 795	104	-	1 899
Total revenue from contracts with customers	26 697	56 678	25 323	108 698
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	26 697	56 678	25 323	108 698
Total revenue from contracts with customers	26 697	56 678	25 323	108 698
Inter-segment revenue	-	-	-	-
Segment revenue as presented in note 3	26 697	56 678	25 323	108 698

YTD 2021 (01.01-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post-award	Total
SaaS license	251 047	341 225	78 625	670 896
Other services	14 215	9 818	11 367	35 400
Total revenue from contracts with customers	265 261	351 043	89 992	706 296
Geographical markets				
Norway	44 860	110 512	10 948	166 320
Denmark	17 911	47 995	79 044	144 950
Sweden	63 007	164 947	-	227 954
Finland	47 321	6 114	-	53 435
Baltics	4 807	18 846	-	23 654
UK	13 483	1 189	-	14 672
Netherlands	66 163	105	-	66 268
Other	7 710	1 334	-	9 044
Total revenue from contracts with customers	265 261	351 043	89 992	706 296
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	265 261	351 043	89 992	706 296
Total revenue from contracts with customers	265 261	351 043	89 992	706 296
Inter-segment revenue	-	-	-	-
Segment revenue as presented in note 3	265 261	351 043	89 992	706 296

YTD 2020 (01.01-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post-award	Total
SaaS license	74 441	174 904	45 765	295 111
Other services	4 125	8 449	4 221	16 795
Total revenue from contracts with customers	78 566	183 353	49 986	311 905
Geographical markets				
Norway	28 761	78 375	6 873	114 009
Denmark	12 219	50 271	43 112	105 603
Sweden	12 668	28 268	-	40 936
Finland	466	4 958	-	5 424
Baltics	4 133	18 313	-	22 446
UK	10 389	343	-	10 732
Netherlands	4 092	8	-	4 101
Other	5 837	2 818	-	8 654
Total revenue from contracts with customers	78 565	183 354	49 986	311 905
Timing of revenue recognition				
Goods transferred at a point in time	-	-	-	-
Services transferred over time	78 565	183 354	49 986	311 905
Total revenue from contracts with customers	78 565	183 354	49 986	311 905
Inter-segment revenue	-	-	-	-
Segment revenue as presented in note 3	78 565	183 354	49 986	311 905

Note 3 Operating Segments

Q4 2021 (01.10-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post award	Other	Eliminations/ Adjustments	Consolidated IFRS
Revenues	81 295	93 027	24 875	-	-	199 196
Total operating revenue	81 295	93 027	24 875	-	-	199 196
Salary and personnel expenses	35 346	32 605	7 291	-	-9 179	66 064
Other costs	28 897	27 245	33 155	-28 964	13 051	73 385
M&A-cost	-	-	-	-	-	-
Total operating expenses before depreciation and amortization	64 243	59 851	40 445	-28 964	3 872	139 448
EBITDA	17 052	33 176	-15 570	28 964	-3 872	59 748

Q4 2020 (01.10-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post award	Other	Eliminations/ Adjustments	Consolidated IFRS
Revenues	26 697	56 678	25 323	-	-	108 698
Total operating revenue	26 697	56 678	25 323	-	-	108 698
Salary and personnel expenses	9 588	32 623	26 089	-	311	68 609
Other costs	14 865	51 756	5 683	-32 892	4	39 416
M&A-cost	-	-	-	43 755	-	43 755
Total operating expenses before depreciation and amortization	24 453	84 379	31 772	10 863	315	151 781
EBITDA	2 244	-27 701	-6 448	-10 863	-315	-43 083

YTD 2021 (01.01-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post award	Other	Eliminations/ Adjustments	Consolidated IFRS
Revenues	265 261	351 043	89 992	-	-	706 296
Total operating revenue	265 261	351 043	89 992	-	-	706 296
Salary and personnel expenses	125 440	138 456	38 007	-	2 490	304 393
Other costs	91 406	96 847	63 417	36 727	-21 876	266 520
M&A-cost	-	-	-	30 379	-	30 379
Total operating expenses before depreciation and amortization	216 846	235 303	101 423	67 105	-19 386	601 291
EBITDA	48 415	115 740	-11 431	-67 105	19 386	105 005

In the Group's consolidated financial statements for the year ended 31 December 2020, operating segments (pre-award buyers, pre-award suppliers and post-award), were presented to the Board pre-IFRS adjustments. IFRS adjustments were made as an adjustment in the "eliminations/adjustments" column. In 2021, segment reporting is presented to the Board post-IFRS and IFRS adjustments are reflected in the Group's operating segments. Following the tables below shows the differences between presented EBITDA for operating segments in the Group's annual report 2020 (pre-IFRS) and operating segments presented post-IFRS.

YTD 2020 (01.01-31.12)

All amounts in NOK 1 000	Pre-award Buyers	Pre-award Suppliers	Post award	Other	Eliminations/ Adjustments	Consolidated IFRS
Revenues	78 565	183 354	49 986	-	-	311 905
Total operating revenue	78 565	183 354	49 986	-	-	311 905
Salary and personnel expenses	43 300	100 648	42 932	-	136	187 015
Other costs	27 917	89 034	14 372	-31 692	233	99 863
M&A-cost	-	-	-	48 751	-	48 751
Total operating expenses before depreciation and amortization	71 217	189 682	57 304	17 059	368	335 630
EBITDA (Post-IFRS)	7 349	-6 327	-7 318	-17 059	-368	-23 724
IFRS adjustments	8 915	-1 056	1 071	2 184	-11 114	-
EBITDA (Pre-IFRS)	-1 566	-5 271	-8 389	-19 243	10 746	-23 723

During the second quarter of 2021, NOK 5 548 million in revenues and NOK 7 140 million in costs were allocated within the pre-award suppliers segment which should both have been allocated to the pre-award buyers segment. The reclassification of these amounts is shown in the above YTD 2021 (01.01 - 31.12) table.

Note 4 Goodwill and Intangible assets

All amounts in NOK 1 000	Goodwill	Internally developed software	Technology platform	Customer relationship	Other intangible assets allocated from acquisition ¹⁾	Total
Acquisition cost 31.12.2020	2 114 806	236 079	112 656	612 380	33 204	3 109 125
Additions	-	152 029	-	-	-	152 029
Additions through acquisition	1 069 077	-	73 692	195 422	11 266	1 349 457
Translation differences	-138 122	-	-10 018	-38 751	-1 619	-188 509
Acquisition cost 31.12.2021	3 045 761	388 108	176 330	769 051	42 851	4 422 101
Acc. amort. & impairments 31.12.2020	-	161 067	5 686	13 381	2 744	182 878
Period's amortization	-	33 662	32 343	75 660	4 416	146 082
Period's impairments	-	14 814	-	-	-	14 814
Translation differences	-	-	-297	-745	-34	-1 076
Acc. amort. & impairments 31.12.2021	-	209 543	37 732	88 296	7 126	342 697
Carrying amount 31.12.2020	2 114 806	75 012	106 970	599 000	30 460	2 926 248
Carrying amount 31.12.2021	3 045 761	178 564	138 598	680 755	35 725	4 079 404

Economic life	Indefinite	5 years	5 years	5-10 years	4-7 years, Indefinite ¹⁾
Depreciation method	-	Linear	Linear	Linear	Linear

¹⁾ Other intangible assets allocated from business combination includes brand and backlog. Brand has indefinite useful life.

Impairment assessment of intangible assets with finite useful lives

At the end of each reporting period, the Group reviews for both external and internal indicators of impairment of intangible assets. The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. Significant non-budgeted churn, significant reduction in prices, material deviations in budgeted ARR growth or budgeted margins are some of the financial indicators being considered as indications of impairment. If such indications exist, impairment testing is performed. Based on an overall assessment of the relevant factors, no indicators of impairment have been identified as at 31.12.21.

The Group identified two R&D projects in the second quarter that were discontinued:

After the acquisition of Negometrix, the Group's approach within the pre-award buy side domain has recently shifted from building a new platform from scratch, to basing its common platform on a modified and enhanced version of the Negometrix NX4 platform. The Group identified that previously capitalized costs amounting to NOK 9 233 thousand were to be discontinued and therefore impaired.

The Group initiated a project to develop a common eProcurement platform in 2020. During the project one of the modules in Comcare was decided to be replaced by a module in Tricom. The Group identified that previously capitalized costs amounting to NOK 5 581 thousand were to be discontinued and therefore be impaired.

Impairment testing of goodwill and intangible assets with indefinite useful lives

Goodwill and intangible assets with indefinite useful lives are as a minimum tested annually even though no indications exist. The Group performed its annual impairment test of goodwill and intangible assets with indefinite useful lives in December 2021.

Impairment is determined by assessing the recoverable amount of each CGU to which goodwill relates. Impairment loss is recognized when the recoverable amount of the CGU is less than the carrying amount. The CGUs are equal to the defined operating segments: Pre-award supplier, Pre-award buyer and Post-award. The carrying amounts of each CGU are disclosed below.

Goodwill and brand with indefinite expected life specified on cash-generating units:

CGU	Carrying amount of goodwill		Carrying amount of brand	
	2021	2020	2021	2020
Pre-award supplier	1 891 890	1 570 961	6 154	6 558
Pre-award buyer	927 891	333 137	13 333	3 099
Post-award	225 981	210 708	2 410	1 805
Total	3 045 761	2 114 806	21 896	11 463

Recoverable amounts of each CGU are estimated based on value-in-use calculations. 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. Management approved forecasts have been applied for the first four years while a declining growth rate has been assumed from year five to year 10 and a terminal value, estimated by a Gordons growth formula, has been applied for the period following year 10. All forecasts have been analyzed on a CGU basis and on a combined basis.

The key assumptions applied to determine the recoverable amounts are summarised below:

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 10.2 per cent.

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 1.5 per cent for all CGUs.

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.

Pre-award supplier is expected to have the largest revenue potential among the segments as a consequence of the acquisitions, synergy effects and as a result of the initiatives which are put in place. The segment is expected to benefit from a combination of new sales, up-sale/cross-sales, price optimization and churn mitigating initiatives. The growth is expected to be lowest in Post-award due to a potential lower market maturity and a more competitive environment.

Note 5 Equity

On 11 February 2021 Mercell carried out a private placement raising gross proceeds of approximately NOK 434 282 thousand in new equity through issuance of 41 360 thousand shares at a subscription price of NOK 10.50 per share.

On 20 April and 11 May 2021, the share capital increased due to the exercise of share options. There were in total issued 918 thousand new shares at a strike price of NOK 1.5 per share.

On 5 June 2021 Mercell carried out a private placement raising gross proceeds of approximately NOK 400 000 thousand in new equity through issuance of 46 242 thousand new shares at a subscription price of NOK 8.65 per share.

On 9 November 2021, the share capital increased due to new shares subscribed in the Employment Share Ownership Program. There were in total issued 541 thousand new shares at a subscription price of NOK 5,4 per share.

As of 31 December 2021, the Company had 502 664 thousand shares outstanding.

The share capital in Mercell Holding ASA consists of the following:

Share capital in Mercell Holding ASA	Number of shares issued and fully paid	Par value per share (NOK)	Carrying amount (NOK 1000)
At 1 January 2020	222 981 653	0.2	44 596
Issuance of share capital 7 July 2020	66 700 000	0.2	13 340
Issuance of share capital 31 July 2020	110 670	0.2	22
Issuance of share capital 3 December 2020	123 810 000	0.2	24 762
At 31 December 2020	413 602 323	0.2	82 720
Issuance of share capital 11 February 2021	41 360 230	0.2	8 272
Issuance of share capital 20 April 2021	530 570	0.2	106
Issuance of share capital 11 May 2021	387 345	0.2	77
Issuance of share capital 5 June 2021	46 242 775	0.2	9 249
Issuance of share capital 9 November 2021	540 612	0.2	108
At 31 December 2021	502 663 855	0.2	100 533

Shareholders in Mercell Holding ASA at 31 December 2021	Total shares	Ownership	Voting rights
STATE STREET BANK AND TRUST COMP	42 300 000	8%	8%
CITIBANK, N.A.	31 061 034	6%	6%
SKANDINAVISKA ENSKILDA BANKEN AB	29 247 857	6%	6%
BARCLAYS CAPITAL SEC. LTD FIRM	27 531 921	5%	5%
VIKING VENTURE 16B AS	25 912 103	5%	5%
THE BANK OF NEW YORK MELLON SA/NV	25 349 288	5%	5%
VIKING VENTURE 16 AS	21 291 748	4%	4%
VERDIPAPIRFONDET DNB NORGE	16 812 196	3%	3%
J.P. MORGAN SECURITIES LLC	16 289 141	3%	3%
UBS SECURITIES LLC	15 000 000	3%	3%
MORGAN STANLEY & CO. LLC	14 773 417	3%	3%
MORGAN STANLEY & CO. INT. PLC.	14 242 622	3%	3%
BANQUE DE LUXEMBOURG S.A.	10 541 567	2%	2%
NORDNET BANK AB	10 151 870	2%	2%
GRIEG HOLDINGS II AS	9 567 947	2%	2%
EUROCLEAR BANK S.A./N.V.	8 716 968	2%	2%
MYRLID AS	8 600 000	2%	2%
CAMIVEO AS	7 023 897	1%	1%
UBS AG	6 970 000	1%	1%
GLABELLA AS	6 542 397	1%	1%
Other shareholders	154 737 882	31%	31%
Total	502 663 855	100%	100%

Note 6 Interest-bearing liabilities

Specification of the Group's interest-bearing liabilities:

All amounts in NOK 1 000	31.12.2021	31.12.2020
Interest-bearing bond debt	1 518 402	1 098 920
Other interest-bearing debt	16 690	-
Lease liability	43 114	45 266
Non-current interest-bearing liabilities	1 578 206	1 144 186
Interest-bearing debt, due within 12 months	-	-
Lease liability, due within 12 months	23 187	15 713
Current interest-bearing liabilities	23 187	15 713

In December 2020, the Group signed a SEK 2 billion callable open bond issue and completed an initial bond issue of SEK 1.1 billion for the financing of the acquisition of Visma Commerce. The bond carries an interest of STIBOR + 6 per cent, payable on a quarterly basis and matures in December 2025. The bond was also used to refinance Mercell's previous outstanding EUR 14.5 million and SEK 153 million senior secured floating rate note issuance, which originally had maturity on 6 May 2023.

In June 2021, the Company completed a tap issue of SEK 500 million additional bonds for the financing of the Cloudia acquisition. The issuance was completed under the existing SEK 1.1 billion five-year senior secured bond issue with identical terms.

On 6 July 2021, the Company entered into an agreement for a NOK 100 million Super Senior Revolving Credit Facility (the "SSRCF") with Danske Bank, Norway Branch as lender. As at 31 December 2021 no part of this facility had been utilised.

The Group's interest-bearing bond debt is presented in the table below:

Interest-bearing bond debt (All amounts in NOK)	Interest rate	Maturity	31.12.2021	31.12.2020
Interest-bearing bond debt - MSEK 1 100 + carried interest	6.00%	08.12.2025	1 034 212	1 098 920
Interest-bearing bond debt - MSEK 500 + carried interest	6.00%	08.12.2025	484 191	-
Total interest-bearing bond debt			1 518 402	1 098 920

Set out below is information on fair value of the Group's interest bearing bond debt which is traded publicly on the Oslo Børs:

All amounts in NOK 1 000	Date	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities disclosed at fair value						
Interest-bearing bond debt	31.12.2021	1 518 402	1 582 588	X		
Interest-bearing bond debt	31.12.2020	1 098 920	1 147 850	X		

There are no changes in the classification and measurement of Mercell's financial assets and liabilities. There were no transfers between the levels during the three months ended 31 December 2021. There were no changes in the Group's valuation process, valuation techniques and types of inputs used in the fair value measurements during the period.

Note 7 Financial income and expenses

All amounts in NOK 1 000	Q4 2021 01.10-31.12.2021	Q4 2020 01.10-31.12.2020	YTD 2021 01.01-31.12.2021	YTD 2020 01.01-31.12.2020
Finance income				
Interest income	758	506	971	1 290
Foreign exchange gains	20 211	3 560	64 021	29 375
Total financial income	20 969	4 066	64 991	30 665
Finance expenses				
Interest expenses	27 642	10 967	95 405	62 322
Interest expense on lease liabilities	1 111	932	4 570	3 071
Foreign exchange losses	-	30 900	-	34 133
Other finance expenses	-920	1 405	-2 187	9 679
Total financial expenses	27 832	44 203	97 788	109 205

Foreign exchange currency gain/loss

Foreign exchange currency gain/loss relates mainly to the Group's SEK 1.6 million bond debt.

Note 8 Business combinations

Negometrix B.V

On 10 February 2021, The Group acquired 100 per cent of the voting shares of Negometrix B.V., a Netherland-based company providing e-tendering solutions in the Netherlands, with an established foothold in the US market and an integrated technology hub in Bulgaria.

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 ASA obtained control of the legal entities, 10 February 2021. For tax and economic purposes, the effective date was 10 February 2021.

The acquisition-date fair value of the total consideration transferred was NOK 273 667 thousand in cash and estimated contingent consideration of NOK 15.7 million (not yet paid). Transaction costs of NOK 5 832 thousand were expensed and are included in M&A costs. From the date of acquisition, Negometrix has contributed NOK 59 894 thousand of revenue and NOK 6 511 thousand to the net profit before tax.

CTMS B.V.

On 11 May 2021, the Group acquired 100 per cent of the shares in CTM Solution B.V, a Netherland-based software-as-a-service distributor company providing e-procurement software that includes sourcing, tendering, and contract management.

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 ASA obtained control of the legal entities, 11 May 2021. For tax and economic purposes, the effective date was 11 May 2021.

The acquisition-date fair value of the total consideration transferred was NOK 17 919 thousand in cash. Transaction costs of NOK 1 097 thousand were expensed and are included in M&A costs. From the date of acquisition, CTMS has contributed NOK 4 670 thousand of revenue and NOK -77.2 thousand to the net profit before tax.

In relation to the acquisition of CTMS, there are no conditional earnout liability included in the purchase price. However, pursuant to the terms of the share purchase agreement, a conditional earnout amount is payable by the Group conditional upon the retention of key employees, which is regarded as remuneration and matures 12 months from the closing of the acquisition. Assuming that all conditions are met, the total earnout amount will be EUR 500 thousand. If none of the relevant conditions are met, the total earnout amount will be zero. As at 31 December 2021, all conditions are met and a total amount of EUR 500 thousand has been accrued.

Ibistic International A/S

On 11 May 2021, the Group acquired 100 per cent of the shares in Ibistic International A/S, an Danish-based software-as-a-service distributor company which provides invoice and expense management.

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 ASA obtained control of the legal entities, 11 May 2021. For tax and economic purposes, the effective date was 11 May 2021.

The acquisition-date fair value of the total consideration transferred was NOK 37 526 thousand in cash, deferred payment and estimated contingent consideration of NOK 8.3 million (not yet paid). Transaction costs of NOK 835 thousand were expensed and are included in M&A costs. From the date of acquisition, Ibistic has contributed NOK 14 891 thousand of revenue and NOK 3 081 thousand to the net profit before tax.

Cloudia Oy

On 08 June 2021, the Group acquired 100 per cent of the shares in Cloudia Oy, a Finland-based software-as-a-service distributor company that provides sourcing, contract, and supplier management.

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 ASA obtained control of the legal entities, 08 June 2021. For tax and economic purposes, the effective date was 08 June 2021.

The acquisition-date fair value of the total consideration transferred was NOK 905 928 thousand in cash. Transaction costs of NOK 22 615 thousand were expensed and are included in M&A costs. From the date of acquisition, Cloudia has contributed NOK 47 012 thousand of revenue and NOK 6 110 thousand to the net profit before tax.

In relation to the acquisition of Cloudia Oy, a conditional earnout amount is payable by the Group conditional upon satisfaction of retention and performance targets for key employees for 2021. This element is regarded as remuneration and accrued over the vesting period, lasting one year from the acquisition date. Assuming that all conditions are met, the total earnout amount will be EUR 10 million, paid in Shares during 2022 (based on the Share price at the time of the share issue). If none of the conditions are met, the total earnout amount will be zero. Based on the Group's forecast as of 31 December 2021, the conditions will not be met. An amount of NOK 34 198 thousand that have been accrued as salary and personnel expenses in the second and third quarter of 2021 are reversed in the fourth quarter.

Based on a provisional purchase price allocation (PPA), the below table illustrates the fair values of the identifiable assets in Negometrix, CTMS, Ibistic and Cloudia at acquisition dates:

Acquisitions during the twelve months ended 31 December 2021	10.02.2021 Negometrix B.V.	11.05.2021 CTMS B.V.	11.05.2021 Ibistic International A/S	08.06.2021 Cloudia Oy
Technology	30 803	-	2 443	40 445
Brand	1 683	-	688	8 895
Customer relationship	60 246	7 084	18 208	109 884
Deferred tax assets	1 403	-	51	19 668
Other non-current assets	3 387	678	420	4 156
Total non-current assets	97 522	7 762	21 811	183 048
Current assets				
Accounts receivables	17 433	1 129	3 929	12 858
Other current assets	2 244	-	279	1 389
Cash and cash equivalents	14 971	9 313	846	25 831
Total current assets	34 647	10 442	5 054	40 078
Total assets	132 169	18 203	26 865	223 125
Deferred tax liability	13 516	1 063	2 486	30 585
Other non-current liabilities	8 675	-	1 347	40 160
Total non-current liabilities	22 191	1 063	3 833	70 745
Accounts payable	2 047	4 930	661	1 033
Other current liabilities	38 959	5 089	9 567	74 271
Total current liabilities	41 005	10 018	10 229	75 304
Total liabilities	63 196	11 081	14 062	146 049
Total identifiable net assets at fair value	68 973	7 122	12 803	77 076
Purchase consideration	273 677	17 919	37 526	905 928
Goodwill arising on acquisition	204 705	10 796	24 723	828 851
Purchase consideration				
Cash consideration paid	257 967	17 919	20 760	905 928
Deferred consideration	-	-	8 476	-
Estimated contingent consideration (not yet paid)	15 700	-	8 290	-
Total consideration	273 667	17 919	37 526	905 928

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	Negometrix B.V	CTMS B.V.	Ibistic International A/S	Cloudia Oy
Net cash acquired (included in the cash flow from investing activities)	14 971	9 313	846	25 831
Cash paid (included in the cash flow from investing activities)	257 967	17 919	20 760	905 928
Net cash flow from acquisition	-242 996	-8 606	-19 914	-880 097

Acquisition of Cloudia in July 2021

The net assets recognised for Cloudia in the interim financial statements for the second quarter 2021, were based on a provisional assessment of their fair value while the Group was finalizing the review and measurement of customer base. This review had not been completed by the date of interim financial statements for the second quarter 2021 were approved for issue by the Board of Directors. By the end of December 2021, the review was completed and customer-related assets were remeasured due to new information obtained related to facts and circumstance that existed at the date of acquisition. As a result, a reallocation between customer relationships and goodwill have been performed by an decrease in customer relationship of NOK 39 968 thousand and an increase in goodwill of NOK 31 975 thousand adjusted for an decrease in deferred tax liabilities of NOK 7 994 thousand.

The Company acquired Aksekk Innkjøp AS, TrueLink A/S, Tricom ApS, Comcare A/S, Visma Commerce AB and Visma Commerce AS in the period from 1 January to 31 December 2020. For more details on acquisitions for the twelve months ended 31 December 2020, references are made to the Company's annual consolidated financial statements for the year ended 31 December 2020.

The table below shows the Group's revenue and profit before tax for the twelve months period ended 31 December 2021 and 2020 if the business combinations had taken place at the beginning of the year:

All amounts in NOK 1 000	YTD 2021 (01.01-31.12)	YTD 2020 (01.01-31.12)
Revenue	706 296	311 906
Revenue from acquired entities pre acquisition	47 051	19 746
Pro forma revenue	753 347	331 652
Loss before tax	-120 622	-154 275
Loss before tax from acquired entities pre acquisition	-930	-28 434
Pro forma profit before tax	-121 552	-182 709

Government grants

To offset revenue losses and finance salary costs during the COVID-19 pandemic, the Mercell Group received government support in the US during the third quarter. A government assisted loan was also partly forgiven (50 %) during the quarter in Finland. The total amount of approximately NOK 4.9 million has been presented as a reduction in salary and personnel expenses in accordance with IAS 20.

Note 9 Adjustment in cash flow presentation of seller's credit

The cash flow for the fourth quarter 2020 and following the year-ended 2020 have been restated due to adjustment in the presentation of sellers credit related to acquisitions in 2020. In the consolidated statement of cash flows for 2020, the cash flow effect related to the sellers credit was included in operating activities as a part of changes in other operating items, and was offset by a similar amount under investing cash outflows related to acquisitions of subsidiaries. A more appropriate presentation would have been to present the investing cash flows related to investments in subsidiaries net of the sellers credit.

Note 10 Subsequent events

The Group has no subsequent event to report.

Key performance indicators (KPI)

This section includes information about Key performance indicators applied by the Group.

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) and organic ARR growth

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. Organic ARR growth is used to measure the Group's ability to grow by increased ARR from existing and new customers, as opposed to growth through acquisitions. Organic ARR growth is defined as ARR adjusted for the effects from acquisitions, divestments and foreign currency effects. Organic ARR growth excludes ARR acquired at the time of acquisition. ARR growth in acquired companies are included from the subsequent months they have been acquired.

ARR is calculated based on monthly subscriptions fee for the ending period 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. Organic growth is an important key figure to Merzell and to stakeholders as it illustrates the underlying operational growth by excluding effects related to acquisitions and other non-operational items.

All amounts in NOK 1 000	31.12.2021	31.12.2020
Annual recurring revenue	793 234	551 629
Organic ARR growth	18%	32%

* Organic ARR growth 2020 is not adjusted for foreign currency effects

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 Merzell and to stakeholders as it illustrates the underlying operational growth by excluding effects related to acquisitions and other non-operational items.

All amounts in NOK 1 000	Q4 2021 (01.10-31.12)	YTD 2021 (01.01-31.12)
Revenue 31 December 2020	108 698	311 906
Pro forma adjustment for companies acquired before 31 December 2020	34 364	224 205
Sum revenue 2020	143 062	536 111
Revenue 31 December 2021	199 196	706 296
Excluding companies acquired after 31 December 2020	-46 717	-126 466
Sum revenue 31 December 2021 excluding companies acquired	152 480	579 830
Organic revenue growth 2021	7%	8%

All amounts in NOK 1 000	Q4 2020 (01.10-31.12)	YTD 2020 (01.01-31.12)
Revenue 31 December 2019	47 555	154 251
Pro forma adjustment for companies acquired before 31 December 2019	-	33 796
Sum revenue 31 December 2019	47 555	188 047
Revenue 31 December 2020	108 698	311 906
Excluding companies acquired after 31 December 2019	-43 516	-68 179
Sum revenue 31 December 2020 excluding companies acquired	65 181	243 727
Organic revenue growth 2020	37%	30%

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 Merzell, includes total operating revenue. It excludes depreciation, amortization and impairment loss. Merzell's definition of EBITDA may differ from 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. Merzell's definition of adjusted EBITDA may differ from other companies.

EBITDA Margin is defined as EBITDA as a percentage of revenues. EBITDA Margin is a non-IFRS financial measure that the Group considers to be an APM, and which should not be viewed as a substitute for any IFRS financial measure. The Group presents this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of profit generation in the Group's operating activities.

Adjusted EBITDA Margin is defined as Adjusted EBITDA as a percentage of revenues. Adjusted EBITDA Margin is a non-IFRS financial measure that the Group considers to be an APM, and which should not be viewed as a substitute for any IFRS financial measure. The Group presents this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of profit generation in the Group's operating activities.

EBITDA and Adj. EBITDA

All amounts in NOK 1 000	Q4 2021 (01.10-31.12)	Q4 2020 (01.10-31.12)	YTD 2021 (01.01-31.12)	YTD 2020 (01.01-31.12) Restated
Revenue	199 196	108 698	706 296	311 906
EBITDA	59 749	-43 083	105 005	-23 724
EBITDA Margin	30%	-40%	15%	-8%
M&A cost ¹	-	43 755	30 379	48 751
Other items ²	-24 256	19 002	37 511	44 086
Adjusted EBITDA	35 493	19 674	172 895	69 113
Adjusted EBITDA Margin	18%	18%	24%	22%

¹ Specification of M&A cost:

All amounts in NOK 1 000	Q4 2021 (01.10-31.12)	Q4 2020 (01.10-31.12)	YTD 2021 (01.01-31.12)	YTD 2020 (01.01-31.12)
Legal due diligence	-	7 830	10 398	10 952
Technical due diligence	-	33 844	1 325	33 844
Financial due diligence	-	2 081	4 252	3 956
Financial M&A support	-	-	-	-
Transfer tax	-	-	14 404	-
M&A cost	-	43 755	30 379	48 751

² Specification of other items:

All amounts in NOK 1 000	Q4 2021 (01.10-31.12)	Q4 2020 (01.10-31.12)	YTD 2021 (01.01-31.12)	YTD 2020 (01.01-31.12) Restated
Advisory fees, listing process	-	9 129	28 875	17 319
Advisory fees, other	5 651	-	7 682	-
Severance pay	-	7 510	-	11 075
Management bonus IPO	-	1 236	-	6 941
Management compensation for acquired entities	-	-	-	3 115
Fees for admission to listing	-	-	-	749
Contingent remuneration arising from business combinations	-30 361	-	5 546	-
Revolving credit facility establishment fees	150	-	1 860	-
Systems implementation	260	-	390	-
Post merger integration	44	-	2 761	-
Effects of prior period adjustments	-	1 126	-9 604	4 887
Other items	-24 256	19 002	37 511	44 086

YTD 2020 has been restated to show the effects of prior period adjustment made in 2021 relating to this period.

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 management's belief that this measure is useful to present as it shows the actual financial indebtedness of the group.

All amounts in NOK 1 000	YTD 31.12.2021	Year ended 31.12.2020
Cash and cash equivalents	96 691	327 984
Less:		
Interest-bearing bond debt	1 518 402	1 098 920
Other interest-bearing debt	16 690	-
Non-current lease liability	43 114	45 266
Current lease liabilities	23 187	15 713
Other interest-bearing current liabilities - short term debt related to the acquisition of Visma Commerce	-	161 591
Net interest bearing debt	1 504 703	993 506



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