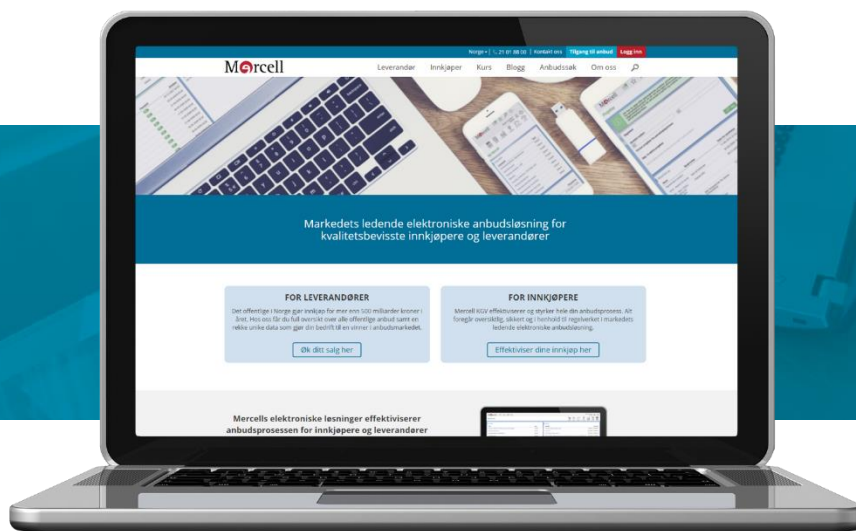


Mørcell

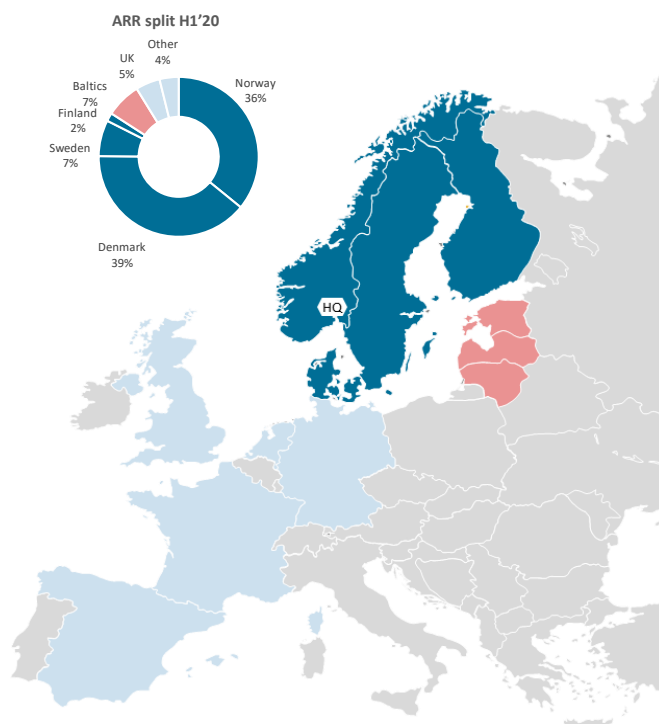


Q2 & H1 2020

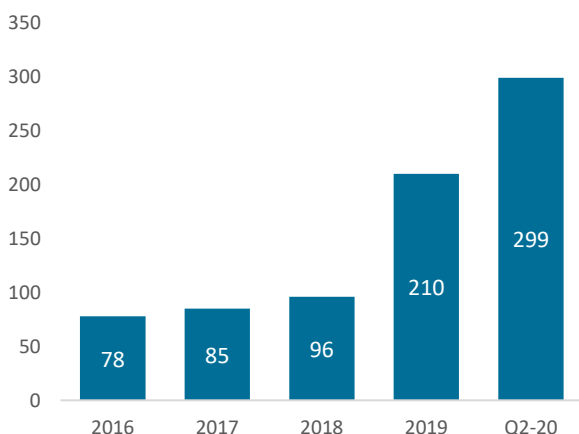
Merrell at a glance - The leading SaaS-platform for public e-tendering

Merrell is the leading digital platform for public eTendering in the Nordics and has recently entered the eProcurement market. The company has approximately 1,000 pre-award buyers, 250 post-award buyers and close to 16,000 suppliers as customers. Merrell’s unique marketplace simplifies the tender and procurement process and makes it safe and easy for buyers to find relevant suppliers for their tenders and daily purchasing needs. Merrell also ensures suppliers find relevant business opportunities as well as tools for the suppliers to digitally receive and handle purchases from public and private buyers. Merrell delivers services to public and private buyers in 13 European countries and our aim is to become the leading software-as-a-service (SaaS)-platform for eTendering and eProcurement in Europe.

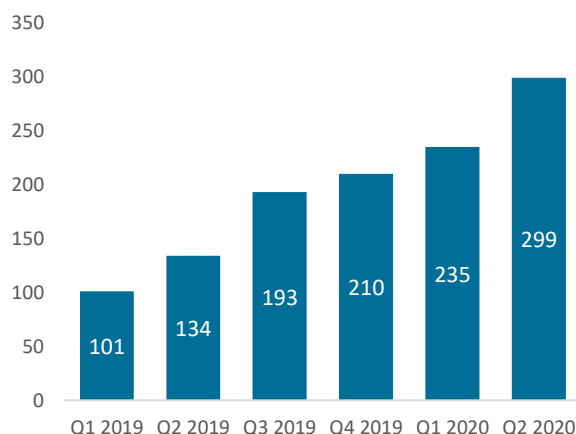
- › Market leader in the Nordics
- › Proven organic and M&A growth ability
- › Growth driven by increasing regulation and platform network effects
- › Scalable and profitable business model
- › Multiple growth opportunities in pricing optimisation, product expansion, churn reduction and geographical expansion
- › Positioned to become a European consolidator



Annual ARR development (NOKm)



Quarterly ARR development (NOKm)



Second quarter and first half year 2020

Revenue growth and strategic expansion

- Reported revenue +110% to NOK 68.4 million in Q2 (32.7) and +110% to NOK 125.4 million in H1 (59.8)
- Reported EBITDA of NOK 10.3 million in Q2 (3.1) and NOK 15.1 million in H1 (5.5)
- Adjusted EBITDA of NOK 17.1 million in Q2 (6.0) and NOK 24.5 million in H1 (8.5)
- Organic revenue growth of +33% from Q2 2019 and +43% from H1 2019
- Annual recurring revenue (ARR) of NOK 299 million at end of June (134), up 123% year-on-year
- Completed three post-award acquisitions in H1 2020, with combined ARR of NOK [50] million at the end of June
- Proforma revenue of NOK 145.7 million in H1 2020, with EBITDA of NOK 16.1 million and adjusted EBITDA of NOK 25.5 million
- Public listing on Merkur Markets after raising NOK 450 million in new equity in July
- Acquired the eProcurement company Comcare in Denmark in September, further strengthening the post-award position

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

EBITDA adjusted for special cost items. Organic growth excludes companies acquired in H2 2019 and H1 2020

Key figures

<i>NGAAP accounting standard</i>	Q2 2019	Q2 2020	%	1H 2019	1H 2020	%	2019
Total revenue	32 672	68 471	110 %	59 837	125 444	110 %	166 215
Operating costs	-26 707	-51 367	92 %	-51 353	-100 988	97 %	-142 425
Special cost items	-2 877	-6 836		-2 978	-9 381		-16 972
EBITDA	3 087	10 268	233 %	5 505	15 075	174 %	6 818
<i>EBITDA-margin</i>	9 %	15 %		9 %	12 %		4 %
Adjusted EBITDA	5 965	17 104	187 %	8 484	24 456	188 %	23 791
<i>Adjusted EBITDA-margin</i>	18 %	25 %		14 %	19 %		14 %
Depreciation & Amortization	-6 754	-28 775		-11 278	-52 324		-51 020
Operating profit/loss, EBIT	-3 666	-18 507		-5 773	-37 249		-44 202
Net financial items	-2 068	-2 889		-2 018	-21 296		-14 096
Profit/loss before tax	-5 735	-21 396		-7 790	-58 545		-58 297
	Q2 2019	Q2 2020	%	1H 2019	1H 2020	%	2019
Annual recurring revenue, ARR	134	299	123 %	134	299	123 %	210
Number of supplier customers	10 381	15 831	52 %	10 381	15 831	52 %	15 433
Number of buyer customers, pre-award	702	1 005	43 %	702	1 005	43 %	962
Number of buyer customers, post-award	0	254		0	254		0

Note: In accordance with NGAAP, intangible assets from acquisitions are amortized over a period of five years. This significantly affects the results for the company as intangible assets related to acquisitions represents a large part of assets on the balance sheet.

Message from the CEO

The first half of 2020 was an eventful and exciting period for Merzell. We continued to grow the core of our e-tendering platform, achieving a 43% increase in organic revenue from the first half of last year through a combination of new sales and upselling to existing customers. Including acquisitions made over the past year, we more than doubled our revenue in the first half and grew our total ARR by 174% to NOK 299 million at the end of the first half of 2020.

Our organization is scaling fast, and we moved our headquarters to new premises at Skøyen, Oslo during the spring. In the first half of 2020 we hired almost 40 new colleagues into Merzell, and including those who joined us through acquisitions we counted 275 enthusiastic employees as per the end of June.

With the acquisitions of Aksekk Innkjøp in Norway and Truelink and Tricom in Denmark, we expanded our value proposition to also include the 'post-award market'. Our expansion continued as we further strengthened our post-award offering with the acquisition of Comcare in Denmark. This adds another 25 people to the group. Merzell is already the leading platform for public e-tendering in the North-European market, and our successful entry into the post-award segment is a testament to our ambitions in the broader procurement market.

In July we listed on the Merkur Market in Oslo, and in support of our ambition to become the leading market consolidator in the European public procurement sector, we raised NOK 450 million in new equity in connection with the listing. Furthermore, we attracted a broader shareholder base and a solid set of cornerstone investors that support our strong growth ambitions.

Our communicated financial ambition to grow Merzell to an ARR level of NOK 650 million by 2025 remains unchanged, with the acquisitions adding further upside potential.

“Merzell is already a leading platform for public e-tendering in the North-European market, and our strong entry into the post-award segment shows our ambitions in the broader procurement market”



CEO Terje Wibe, Merzell Holding

Operational review

Merzell is the leading public e-tendering platform in the Nordic market, providing tender manager services for public buyers and bid manager and tenders notification services for suppliers. These services cover the entire pre-award value chain from identification of purchasing needs through to tender awards and contract management, ensuring efficient, compliant and transparent tendering processes. Through acquisitions made this year, the company is also now establishing a strong position in the post-award market, with a product and services offering that extends the value chain to include solutions for procurement and ordering, invoicing and payment, accounting, and spend analytics. Merzell's revenue is predominantly generated through pre-paid recurring Software-as-a-Service (SaaS) contracts for both buyers and suppliers, in addition to certain transaction-based revenue sources.

Merzell delivers services in 13 European countries. The Nordic countries currently account for approximately 84% of Annual Recurring Revenue (ARR), the Baltic countries for 7%, the UK for 5%, and continental Europe for the remaining 4%. The company does not report on segments.

Business overview by market and customer type

	Pre-award solutions		Post-award solutions
Target group	Suppliers	Buyers	Buyers and suppliers
Core value proposition	Customized tender notifications, bid manager and value-added services	Tender process and contract management tools	Contract management and eProcurement: eCommerce eCatalogue Invoice & Payment Spend analytics
Share of ARR end-June 2020	 59%	 23%	 18%

Source: Company data

Continued high M&A activity

Last year, Merzell acquired the e-tendering platform eu-supply.com in Sweden, the buy-side platform Ethics and the tender alert and information services platform Udbudsvagten in Denmark. The three acquisitions represented a major step forward in the internationalization of the company.

Merzell's existing platform and each of the acquired platforms are solid stand-alone platforms providing value to their customers. However, Merzell sees potential to increase return on technology investments whilst also improving user experience and further strengthening the network effects. This will be achieved through a gradual and timely transition of workstreams to a common platform, module by module. The company has started this process for both the tender manager and bid manager products, with built-in feedback loops and customer validation at each step of the development process.

This year the M&A focus has turned to the post-award segment of the market, with the acquisitions of Akseess Innkjøp in Norway and Truelink and Tricom in Denmark in the first half of the year. The combined ARR of the three companies was NOK 50 million

at the end of the first half 2020. Including post-award revenue from other Merzell entities, the post-award segment accounted for 18% total ARR as per the end of June.

The entry into the post-award market is a natural extension of Merzell's products and services offering and enables more efficient contract lifecycle management for both buyers and suppliers. Post-award products and services target the same public buy-side customers as pre-award, so there is a significant opportunity to increase value for these buyers by combining data from the tendering process, contract compliance in the purchasing phase and spend analytics. At the same time, this also gives buyers access to a large pool of suppliers that are not accessible in the pre-award phase, and offers an opportunity for Merzell to expand into new B2B segments.

In September Merzell acquired the Danish eProcurement solutions provider Comcare and further strengthened the position as a market leader in the post-award market in Denmark. The company holds strong positions in the municipality and fintech markets, with solutions covering project/contract management, eProcurement, eCatalogues, invoice management, and supplier web-solutions integration.

Focus on new sales, retention and churn

Merrell ended the first half 2020 with their customer base generating an Annual Recurring Revenue (ARR) of NOK 299 million. This was an increase of 123% from NOK 134 million at the end of the first half 2019 and up 42% from NOK 210 million at the end of 2019.

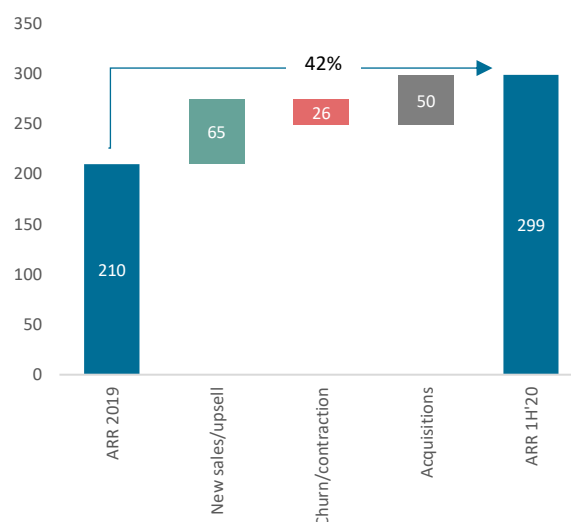
Part of the increase stems from acquisitions, and the organic ARR growth was 34% over the past year and 19% in the six months from the end of 2019.

Merrell is working on several initiatives to enhance the value of its products and services to drive new business generation and reduce churn. Over the past year the company has established a 'customer success program' in the Norwegian operations, which has produced good results for new sales, upselling and price optimisation in existing customer contracts, as well as with reducing churn. This has increased ARR per customer on both the buyer and supplier sides of the platform. The principles of this program will be introduced to other Merrell entities and the recently acquired companies in the second half of the year.

Merrell had ARR of NOK 210 million at the end of 2019. The organic increase in ARR was NOK 39 million, including new sales, upselling and price changes and deducting for churn and contraction.

Acquisitions made during the first half year added ARR of NOK 50 million, reflecting the ARR in Aksess Innkjøp, Truelink and Tricom per the end of June 2020. As per the end of August, ARR had increased to approximately NOK 330 million, including the acquisition of Comcare.

ARR development 1H 2020, NOK million



Source: Company data

The number of buyer customers in the pre-award market stood at approximately 1,000 at the end of the first half 2020, and the number of supplier customers close to 16,000.

Through acquisitions the company added ~250 paying buyer customers in the post-award market in the first half of the year. This customer base has a connected supplier base of more than 100,000 suppliers which has yet to be monetised.

Financial review

Results for the second quarter and first half 2020

Merrell showed 33% organic growth and more than a doubling of reported revenue for the second quarter 2020. Reported EBITDA increased to NOK 10.3 million (3.1), with adjusted EBITDA at NOK 17.1 million after adjustments for special items (6.0). Reported revenue more than doubled also for the first half of the year, with organic growth at 43%. Reported EBITDA increased to NOK 15.1 million (5.5), with adjusted EBITDA of NOK 24.5 million (8.5) in the first half 2020. On a proforma basis, including companies acquired in the period, Merrell had total revenue of NOK 145.7 million in the first half 2020. Proforma EBITDA was NOK 16.1 million, whereas proforma EBITDA adjusted for special items was NOK 25.5 million.

Profit and Loss account (unaudited)

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020	1H 2019	2H 2019	1H 2020
Total revenue	27 165	32 672	46 859	59 520	56 973	68 471	59 837	106 379	125 444
Operating costs	-24 646	-26 707	-41 318	-49 754	-49 622	-51 367	-51 353	-91 072	-100 988
Special cost items	-101	-2 877	-2 555	-11 439	-2 544	-6 836	-2 978	-13 994	-9 381
EBITDA	2 418	3 087	2 986	-1 673	4 807	10 268	5 505	1 313	15 075
EBITDA-margin	9 %	9 %	6 %	-3 %	8 %	15 %	9 %	1 %	12 %
Adjusted EBITDA	2 519	5 965	5 541	9 766	7 352	17 104	8 484	15 307	24 456
Adjusted EBITDA-margin	9 %	18 %	12 %	16 %	13 %	25 %	14 %	14 %	19 %
Depreciation & Amortization	-4 524	-6 754	-19 207	-20 535	-23 549	-28 775	-11 278	-39 742	-52 324
Operating profit/loss, EBIT	-2 106	-3 666	-16 221	-22 208	-18 742	-18 507	-5 773	-38 429	-37 249
Net financial items	51	-2 068	-5 898	-6 180	-18 407	-2 889	-2 018	-12 078	-21 296
Profit/loss before tax	-2 056	-5 735	-22 119	-28 388	-37 149	-21 396	-7 790	-50 507	-58 545

The financial accounts have been prepared in accordance with NGAAP. Figures in brackets relate to the corresponding periods in 2019.

Revenue

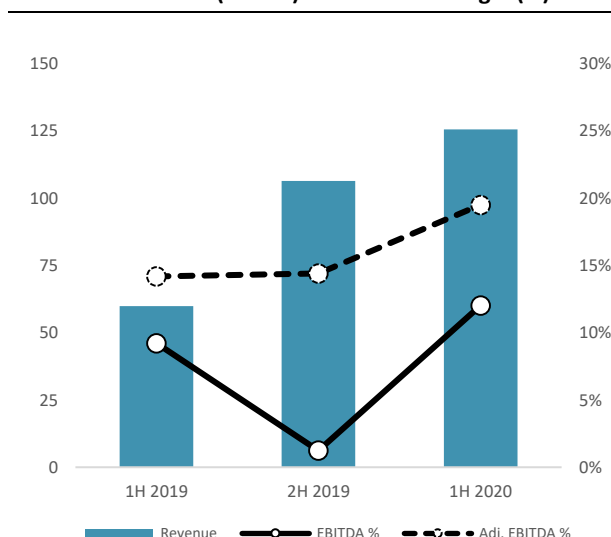
Revenue in the second quarter 2020 was NOK 68.5 million compared to NOK 32.7 million in the second quarter 2019. Organic growth in the period was 33%, with the remainder coming from the acquisitions of EU-Supply, Aksekk Innkj p, Truelink and Tricom over the past year.

EU-Supply was consolidated with effect from July 2019, with Aksekk Innkj p, Truelink and Tricom consolidated with effect from March, May and June 2020, respectively.

Organic revenue increase was mainly driven by new sales, upselling and price optimisation on existing accounts. This more than balanced churn and contraction on the existing portfolio, generating positive net retention rates on both the buyer and supplier sides of the platform.

Revenue for the first half 2020 was NOK 125.4 million (59.8), with organic growth of 43% compared to the first half 2019.

Revenue & EBITDA (NOKm) and EBITDA-margin (%)



Source: Company data

Operating costs

Operating costs were NOK 51.4 million in the second quarter (26.7), excluding special cost items of NOK 6.8 million (2.9). The increase in operating costs is mainly explained by the acquisitions over the past year. In the first quarter 2020 operating costs were NOK 49.6 million, excluding special cost items of NOK 2.5 million.

The special items primarily reflect severance pay and recruitment costs and consultancy and legal fees.

Personnel costs amounted to NOK 50.0 million in the second quarter (21.8), corresponding to 84% of total operating costs (74%).

First half year operating costs amounted to NOK 101.0 million (51.4), excluding special cost items of NOK 9.4 million (3.0). Personnel costs amounted to NOK 90.8 million in the first half year (43.4), or 82% of total operating costs (80%).

EBITDA

Reported EBITDA was NOK 10.3 million in the second quarter 2020 (3.1) million, with the EBITDA-margin improving to 15% from 9% in the same period last year. This was a sharp improvement from NOK 4.8 million and 8% EBITDA-margin in the first quarter 2020.

Adjusted EBITDA, excluding special cost items, was NOK 17.1 million in the second quarter (6.0), with the adjusted EBITDA margin increasing to 25% from 18% in the second quarter 2020. In the first quarter 2020 adjusted EBITDA was NOK 7.4 million and the adjusted EBITDA-margin 13%.

For the first half year, reported EBITDA was NOK 15.1 million (5.5), with the reported EBITDA margin increasing to 12% from 9% in the first half 2019. Adjusted EBITDA, excluding special cost items, was NOK 24.5 million (8.5), with the adjusted EBITDA margin improving to 19% from 14% in the first half 2019.

The company has set a target for 20% adjusted EBITDA-margin for the full year 2020, slightly higher than in the first half of the year. Merrell sees further upside potential in the EBITDA-margin in the years to come, as a result of economies of scale and improved efficiency. Merrell Norway operates at significantly higher margin levels than the Group average and using this as an operational benchmark the company has set a longer-term EBITDA-margin target of 40% by 2025.

Operating results

Depreciation and amortization increased to NOK 28.8 million (6.8). The high increase reflects amortization of intangible assets related to acquired companies over the past year. In accordance with the accounting standard NGAAP, intangible assets from acquisitions are amortized over a period of five years.

Depreciation and amortization for the first half of 2020 amounted to 52.3 million (11.3).

The operating loss (EBIT) was hence NOK 18.5 million, compared to an operating loss of NOK 3.7 million in the same period last year.

The operating loss (EBIT) was NOK 37.2 million in the first half 2020, compared to an operating loss of NOK 5.8 million in the first half last year.

Net financials

Net financial cost was NOK 2.9 million in the second quarter 2020 (2.1), and NOK 21.3 million for the first half year (2.0). The higher cost primarily reflects the funding cost for the acquisitions over the past year, as well as disagio in the first quarter of the year due to a weakening of NOK.

Results

Loss before tax was NOK 21.4 million in the second quarter 2020 (5.7), and NOK 58.5 million for the first half year (7.8).

The company has not recognized tax expense in 2020, and net loss for the second quarter was hence NOK 21.4 million for the second quarter (5.9) and NOK 58.5 million for the first half year (8.1).

Proforma results

On a proforma basis, including the companies acquired in the first half of 2020, Merrell reports revenue of NOK 145.7 million and an EBITDA of NOK 16.1 million for the first half 2020. Adjusted EBITDA, excluding special cost items, was NOK 25.5 million. This corresponds to a reported EBITDA-margin of 11% and an adjusted EBITDA-margin of 17% on a proforma basis in the first half year.

Cash flow

Figures in brackets relate to the corresponding periods in 2019

Cash flow from operating activities

Net cash flow from operating activities was NOK 28.8 million in the first half year 2020 (-152.1).

Cash flow from investing activities

Cash flow from investing activities was a negative NOK 166.7 million in the second quarter (-101.7). NOK 143.4 million reflect acquisitions in the period (74.8) and NOK 20.2 million purchases of software and other intangible assets (24.9).

Cash flow from financing activities

Cash flow from financing activities was NOK 164.8 million (239.4), which almost in its entirety reflects increased long-term debt.

Net change in cash and cash equivalents was NOK 26.9 million (14.4), including foreign exchange effects, and the cash and cash equivalents balance increased to NOK 50.8 million (19.1) from NOK 23.9 million at the beginning of the year.

Financial position

Figures in brackets refer to restated year-end 2019 figures

Assets

Total non-current assets amounted to NOK 477.0 million at the end of the first half 2020 (317.7). Intangible assets accounted for NOK 461.1 million (310.7), including NOK 235.1 million in goodwill (125.2) and NOK 214.3 million in software, technology and other intangible assets (175.6). The increases mainly stem from the acquisitions made in the period.

Current assets amounted to NOK 105.2 million at the end of the first half (83.1). Short-term receivables amounted to NOK 54.4 million (59.2), of which NOK 36.0 million in trade receivables (36.8). Cash and cash equivalents amounted to NOK 50.8 million (23.8).

Equity and liabilities

Merrell had total equity of NOK 23.0 million (94.3) of a total balance of NOK 582.2 million (400.7), corresponding to an equity ratio of 4% at the end of the first half 2020 (24%).

After the end of the quarter, Merrell carried out a private placement raising NOK 450 million in new equity through issuance of 66.7 million shares at a subscription price of NOK 6.75 per share. Including these shares which were registered in July, the company has 289.8 million shares outstanding.

Total liabilities amounted to NOK 559.2 million at the end of the first half year (306.5), of which NOK 225.8 million in current liabilities (151.3), NOK 332.3 million in non-current liabilities (153.1), and NOK 1.1 million in provisions for liabilities (2.1).

Debt to credit institutions amounted to NOK 331.4 million (149.1), all of which was non-current.

Share information

At the end of the first half 2020, Merrell had approximately 290 million shares, including 66.7 million shares that were subscribed but not yet registered per the end of June.

The new shares were subscribed at NOK 6.75 per shares, and the share issue generated gross proceeds of NOK 450 million.

Upon completion of the shares issue the company was listed on Merkur Markets on 9 July. The shares have traded between NOK 7.4 and NOK 10.85 per share, with an average daily trading volume of approximately 400,000 shares excluding the first day of trading.

The company has approximately 600 shareholders, with the 20 largest shareholders holding 75% of the shares.

Number of shares outstanding stands at 289.8 million, in addition to a program of 9.3 million issued options.

20 largest shareholders September 2020

	# of shares	%
Viking Venture 16B AS	41 463 436	14.31
Morgan Stanley & Co. LLC	40 013 095	13.81
Viking Venture 16 AS	34 070 142	11.76
State Street Bank and Trust Comp	17 040 000	5.88
Grieg Holdings II AS	14 567 947	5.03
Myrlid AS	11 206 878	3.87
Verdipapirfondet Norge Selektiv	10 130 048	3.50
Skandinaviske Enskilda Banken	9 975 000	3.44
Camiveo AS	6 923 897	2.39
The Bank of New York Mellon	6 448 156	2.23
State Street Bank and Trust Comp	6 163 012	2.13
Verdipapirfondet DNB NORGE	5 925 926	2.04
HMH Invest AS	5 840 000	2.02
Viking Venture 16C AS	4 453 334	1.54
Glabella AS	4 167 036	1.44
Pegas Invest AS	4 084 664	1.41
Verdipapirfondet DNB SMB	2 962 963	1.02
Sundt AS	2 900 000	1.00
Verdipapirfondet Pareto Invest.	2 900 000	1.00
Danske Bank A/S	2 870 000	0.99
Total top-20	234 105 534	80.81
Other shareholders	55 686 789	19.19
Total	289 792 323	100%

Risk and uncertainty factors

Merrell is a platform for e-tendering and e-procurement with predominantly public customers on the buy-side and a wide variety of suppliers on the supply-side of the platform. The customers' activity on the platform may hence depend on public spending levels which may fluctuate over time.

Merrell'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.

During the first half of 2019, the company has seen continued organic growth in the number of paying buyers and suppliers as well as organic revenue growth per customer. The risk that sudden shifts in customer behavior should affect the financial performance in the second half of the year is limited.

The company executed three acquisitions in the first half of the year and a fourth acquisition in September. Whereas Merrell historically has operated in the pre-award market, these acquisitions mark the entry into a post-award market with different market characteristics and competitive landscape. While this may entail increased risk, the company has so far not seen any issues which should indicate that the acquisitions have significantly increased the risk related to the financial performance in the second half of the year.

The financial position of the company was strengthened in June, with a NOK 450 million share issue that was paid-in in July. This increased the equity ratio to around 50% per the end of the first half 2020. 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 its operational and financial goals for the second half of the year.

Outlook

Merccell is the leading platform for public e-tendering in the pre-award market, and has this year entered the broader e-procurement market through a series of acquisitions in the post-award market.

These acquisitions broaden and fortify Merccell's leadership position in the Nordic region, and the company's proven organic and M&A growth abilities put Merccell in position to grow into a leading e-tendering and e-procurement platform in the large European market.

From a starting point of NOK 210 million at the end of 2019, Merccell grew annual recurring revenue (ARR) to NOK 299

million at the end of the first half 2020. Acquisitions accounted for NOK 50 million of the increase.

The organic growth reflected sales to new customers, product upgrades and upselling, and reduced churn. The company expects the growth to continue in the second half of the year.

In the longer-term, the company has stated an ambition to grow Merccell to an ARR level of NOK 650 million by 2025, with the acquisitions adding further upside potential. Increasing economies of scale, product and services development and improved efficiency is expected to support the long-term EBITDA-margin ambition of 40%.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, that the interim financial statements for the period from 1 January to 30 June 2020 have been prepared in accordance to NGAAP, 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 first half gives a true and fair view of important events in the accounting period and their influence on the interim report for the first half, as well as the principal risks and uncertainties facing the business in the next accounting period.

The Board of Directors of Merrell Holding AS
Oslo 14 September 2020

[Sign.]

Joar Welde
Chairman of the Board

Helge Nielsen
Board Member

Inge Arne Støve
Board Member

Ole-Bjørn Gjerde
Board Member

Bjørn-Thore Epland
Board Member

Erik Fjellvær Hagen
Board Member

Terje Wibe
CEO

Interim financial statements (NGAAP)

Statement of profit and loss

Interim consolidated statement of profit or loss

for the periods ending 30 June

	Q2 2020 01.04-30.06	Q2 2019 01.04-30.06	YTD 2020 01.01-30.06	YTD 2019 01.01-30.06
<i>All amounts in NOK</i>	Unaudited	Unaudited	Unaudited	Unaudited
OPERATING REVENUES AND EXPENSES				
Sales revenue	68 470 554	32 672 041	125 443 964	59 836 820
Other operating revenues	0	0	0	0
Total operating revenues	68 470 554	32 672 041	125 443 964	59 836 820
Cost of goods	665 321	716 712	1 248 320	1 188 415
Personnel expenses	48 998 393	21 846 178	90 792 770	43 401 174
Other operating expenses	8 539 052	7 021 687	18 327 634	9 741 853
Total operating expenses	58 202 765	29 584 577	110 368 724	54 331 442
Operating profit/loss before depreciation	10 267 789	3 087 464	15 075 240	5 505 378
Depreciation	28 774 745	6 753 820	52 324 099	11 277 880
Impairment	0	0	0	0
Operating profit/loss	-18 506 956	-3 666 356	-37 248 859	-5 772 502
Interest income	137 642	35 003	257 949	84 673
Other financial income	20 103 618	3 521	21 229 563	14 060
Interest expenses	6 828 929	2 065 924	10 924 289	2 066 033
Other financial expenses	16 301 227	40 968	31 859 234	50 434
Net financial items	-2 888 896	-2 068 368	-21 296 011	-2 017 734
Profit/loss before tax	-21 395 852	-5 734 724	-58 544 870	-7 790 236
Tax expense	0	141 349	0	282 698
Net profit/loss for the period	-21 395 852	-5 876 073	-58 544 870	-8 072 934
Allocation of the period's net profit/loss:				
Transfer to other equity	-21 395 852	-5 876 073	-58 544 870	-8 072 934

Statements of financial position

Interim consolidated balance sheet, as at

ASSETS		30.06.2020	31.12.2019
<i>All amounts in NOK</i>	Note	Unaudited	Audited
Non-current assets			
Deferred tax assets	3	11 621 493	9 917 058
Software, technology and other intangible assets	3	214 319 050	175 637 426
Goodwill	3	235 119 391	125 155 090
Total intangible assets		461 059 934	310 709 574
Land, buildings & other operating assets		4 131 265	1 315 054
Total property, plant & equipment		4 131 265	1 315 054
Investments in shares & other securities		2 728	2 466
Other long-term receivables		11 760 919	5 641 728
Total non-current financial assets		11 763 647	5 644 194
Total non-current assets		476 954 846	317 668 822
Current assets			
Trade receivables		36 049 099	36 751 927
Other short-term receivables		18 389 358	22 471 186
Total receivables		54 438 457	59 223 113
Bank deposits, cash & cash equivalents		50 760 723	23 836 250
Total current assets		105 199 180	83 059 363
TOTAL ASSETS		582 154 026	400 728 185
EQUITY AND LIABILITIES			
Equity			
<i>All amounts in NOK</i>			
Share capital	4	44 596 331	44 596 331
Share premium		190 715 341	190 715 341
Total paid-in equity		235 311 672	235 311 672
Other equity		-212 312 809	-141 036 088
Total retained earnings		-212 312 809	-141 036 088
Total equity		22 998 863	94 275 584
Liabilities			
Deferred tax liabilities		1 118 237	2 083 460
Total provisions for liabilities		1 118 237	2 083 460
Debt to credit institutions	5	331 368 677	148 997 797
Other non-current liabilities		916 420	4 095 938
Total other non-current debt		332 285 097	153 093 735
Debt to credit institutions		0	15 963
Trade payables		12 288 946	9 211 568
Tax payable		2 049 928	382 099
Public duties payable		18 495 402	13 862 697
Other current liabilities		192 917 553	127 803 079
Total current liabilities		225 751 829	151 275 406
Total liabilities		559 155 163	306 452 601
TOTAL EQUITY AND LIABILITIES		582 154 026	400 728 185

Statement of changes in equity

Interim consolidated statement of changes in equity

for the period ended 30 June 2020

	Paid-in equity		Retained earnings	Total equity
	Share capital	Share premium	Other equity	
<i>All amounts in NOK</i>				
Equity as at 31 December 2019	44 596 331	190 715 341	-131 419 797	103 891 875
Change in accounting principles*			-9 616 291	-9 616 291
Equity restated as at 31 December 2019	44 596 331	190 715 341	-141 036 088	94 275 584
Share based payments			595 227	595 227
Translation differences			-13 327 078	-13 327 078
Net profit/loss for the period			-58 544 870	-58 544 870
Equity as at 30 June 2020 (unaudited)	44 596 331	190 715 341	-212 312 809	22 998 863

*Of which NOK 758 654 is related to a change in the accounting principles for sale commission in Merrell Denmark A/S (positive equity effect), and NOK 10 374 945 is related to a change in the accounting principles from point in time to over time revenue recognition in Udbudsvagten A/S (negative equity effect). The equity has been restated as at 31 December 2019 in the balance sheet.

Statement of cash flow

Interim consolidated statement of cash flows
for the periods ending 30 June

	YTD 2020 01.01-30.06	YTD 2019 01.01-30.06
	Unaudited	Unaudited
<i>All amounts in NOK</i>		
Operating activities		
Profit/loss before tax	-58 544 870	-7 790 236
Income tax paid	-144 599	0
Depreciation and impairment	52 324 099	11 277 880
Change in trade receivables	5 744 970	-3 113 383
Change in trade payables	496 460	8 841 724
Change in other operating items	28 904 439	-161 334 209
Net cash flows from operating activities	28 780 499	-152 118 223
Investing activities		
Purchase of property, plant and equipment	-3 112 623	-2 015 897
Purchase of software and other intangible assets	-20 231 805	-24 863 445
Acquisition of subsidiaries, net of cash acquired	-143 380 890	-74 778 977
Net cash flows from investing activities	-166 725 317	-101 658 318
Financing activities		
Proceeds from long term debt	164 821 544	139 383 000
Net change in overdraft facilities	-15 963	0
Proceeds from share issue	0	100 000 000
Net cash flows from financing activities	164 805 581	239 383 000
Net change in cash and cash equivalents	26 860 762	-14 393 541
Foreign exchange effects on cash and cash equivalents	63 711	0
Cash and cash equivalents at the beginning of the period	23 836 250	33 446 647
Cash and cash equivalents at the end of the period	50 760 723	19 053 106

Notes to the interim consolidated financial statements

Note 1 - General information and basis for preparation

Mercell Holding AS and its subsidiaries (collectively "the Group", or "Mercell") is a publicly listed company on the Merkur Market, with the ticker symbol MRCEL. Mercell Holding AS was admitted to trading on Merkur Market 9 July 2020. Mercell Holding AS is incorporated and domiciled in 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 consolidated financial statements of the Group were authorised for issue in accordance with a resolution of the Board of Directors on 15 September 2020. The interim consolidated financial statements are presented in Norwegian kroner (NOK), which is also the reporting currency of the parent company.

The interim consolidated financial statements of the Group comprise interim consolidated statement of profit or loss, interim consolidated balance sheet, interim consolidated statement of cash flows, interim consolidated statement of changes in equity and selected notes. The interim financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway, and are consistent with those applied in the annual report for 2019 with the exception of the changes described in the interim consolidated statement of changes in equity. The interim financial statements are unaudited and do not include a complete set of financial statement disclosures, thus they should be viewed together with the annual report for 2019.

Loss before tax was MNOK 21.4 in the second quarter 2020, and MNOK 58.5 for the first half year. The Group does not recognise any tax expense for 2020, hence net loss for the second quarter was also MNOK 21.4 (MNOK 58.5 for the first half year)

Note 2 - Revenue

Revenue comprise of licence/subscription revenue, which is almost exclusively recurring. Revenue is recognised when it is earned, generally on a straight-line basis over the contract term. Revenue for the period has increased significantly across various geographical areas, both due to organic growth and from acquisitions.

Note 3 - Intangible assets

	Deferred tax assets Unaudited	Goodwill Unaudited	Technology platform Unaudited	Total Unaudited
Acquisition cost 01.01.2020		140 875 446	334 149 704	475 025 150
Additions			20 231 805	20 231 805
Additions through acquisitions of a subsidiary		127 204 670	52 487 690	179 692 360
Acquisition cost 30.06.2020		268 080 116	406 869 199	674 949 315
Accumulated depreciation and impairment 01.01.2020		15 720 356	158 512 278	174 232 634
Depreciation for the period		17 240 369	34 037 871	51 278 240
Accumulated depreciation and impairment 30.06.2020		32 960 725	192 550 149	225 510 874
Carrying amount 01.01.2020	9 917 058	125 155 090	175 637 426	310 709 574
Carrying amount 30.06.2020	11 621 493	235 119 392	214 319 050	461 059 934

The additions to intangible assets during 2020 are mostly related to Goodwill recognised through the acquisitions of Aksess Innkjøp AS, Truelink A/S and Tricom ApS. Goodwill of MNOK 1.6, MNOK 57.1 and MNOK 68.5 were recognised respectively. Additionally, assets related to technology platform of MNOK 52.5 were recognised through the Tricom acquisition. The acquisitions are further described in Note 6. During 2020, the Group has also made further internal development to the technology platform of MNOK 20.2. Intangible assets, with the exception of deferred tax assets are amortised over their economic useful lives of 5 years. No impairment charge was recognised for intangible assets in the period, and no impairment indicators were identified.

Notes to the interim consolidated financial statements (Continued)

Note 4 - Equity

Share capital in Morcell Holding AS	Number of shares issued and fully paid	Par value per share (NOK)	Carrying amount Unaudited
At 1 January 2020	222 981 653	0.2	44 596 331
At 30 June 2020	222 981 653	0.2	44 596 331

The share capital of Morcell Holding AS has been increased through a share issue subsequent to the 30 June 2020 reporting date. See further description in note 7.

Shareholders in Morcell Holding AS at 30 June 2020	Total shares	Ownership	Voting rights
Viking Venture 16B AS	51 829 295	23.24%	23.24%
Viking Venture 16 AS	42 587 677	19.10%	19.10%
Grieg Holdings II AS	26 567 947	11.91%	11.91%
Myrlid AS	18 678 130	8.38%	8.38%
The Bank of New York Mellon SA/NV	12 892 412	5.78%	5.78%
Ystholmen Felles AS	9 035 075	4.05%	4.05%
Camiveo AS	8 653 897	3.88%	3.88%
HMH Invest AS	7 300 000	3.27%	3.27%
Viking Venture 16C AS	5 566 667	2.50%	2.50%
Glabella AS	5 208 795	2.34%	2.34%
Pegas Invest AS	5 105 830	2.29%	2.29%
Carioca AS	3 500 000	1.57%	1.57%
Kvasshovd AS	3 000 000	1.35%	1.35%
AS Finansplan	2 600 000	1.17%	1.17%
Lias AS	2 561 260	1.15%	1.15%
Other shareholders (below 1%)	17 894 668	8.03%	8.03%
Total	222 981 653	100.00%	100.00%

Note 5 - Financial liabilities

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. The Group's interest bearing debt to credit institutions is presented in the table below:

Non-current debt to credit institutions	Interest rate	Maturity	Unaudited	31.12.2019
Interest bearing debt - MSEK 153 + carried interest	9.50 %	06.05.2023	167 589 810	148 997 797
Interest bearing debt - MEUR 9 + carried interest	7.75 %	06.05.2023	101 067 931	-
Interest bearing debt - MEUR 5.5 + carried interest	9.50 %	06.05.2023	61 410 936	-
Other non-current debt - NOK			1 300 000	-
Total non-current debt to credit institutions			331 368 677	148 997 797

Notes to the interim consolidated financial statements (Continued)

Note 6 - Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value.

In March 2020 the Group acquired 100% of the voting shares of Aksekk Innkj p AS. Aksekk Innkj p is a Norwegian based company that delivers post-award products tailored to the needs of smaller public purchasing organizations in Norway. The acquisition-date fair value of the total consideration transferred was MNOK 10.2 in cash. The fair value of the net identifiable assets was MNOK 8.6 and MNOK 1.6 was recognised as Goodwill. Aksekk Innkj p AS is consolidated from 11 March 2020 when the Group obtained the significant risks and control over the company.

In May 2020 the Group acquired 100% of the voting shares of Truelink A/S. TrueLink is a Danish based company delivering a broad post-award product portfolio for efficient exchange of digital orders, invoices and other business documents to develop, maintain and optimize interaction within purchase-to-pay. The acquisition-date fair value of the total consideration transferred was MNOK 48.5 in cash and MNOK 11.8 in contingent consideration. MNOK 57.1 was recognised as Goodwill through the transaction. Truelink A/S is consolidated from 1 May 2020 when the Group obtained the significant risks and control over the company.

In June 2020 the Group acquired 100% of the voting shares of Tricom ApS. Tricom is a Danish based company delivering a broad range of products and services for optimization of the procurement processes (post-award) in companies and organizations of various sizes and complexity. Tricom offers tailored procurement-, contract, analysis and optimization tools for different user levels. Together with the acquisitions of TrueLink and Aksekk Innkj p, the acquisition of Tricom provides Merrell with a strong post-award offering and customer base. Merrell expects to be able to apply parts of Tricom's product offering in other markets and to upsell post-award products to the existing buy side customer base. The acquisition-date fair value of the total consideration transferred was MNOK 92.5 in cash and MNOK 22.7 in liabilities assumed (deferred payment). The fair value of the net identifiable assets was MNOK 46.7, whereas recognised Technology platform represents MNOK 42 of these. In addition MNOK 68.5 was recognised as Goodwill. Tricom ApS is consolidated from 1 June 2020 when the Group obtained the significant risks and control over the company.

Note 7 - Subsequent events

On 3 July 2020 Merrell Holding AS raised approximately MNOK 450 in new equity through a share issue ("Private Placement"). The bookbuilding period for the Private Placement took place from 24 June 2020 to 25 June 2020, notifications of allocation were issued on 26 June 2020. 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 Private Placement attracted very strong interest from Norwegian, Nordic and international high-quality institutional investors. 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. Payment for the MNOK 450 Private Placement was received on 3 July 2020, and subsequently registered in the Norwegian Register of Business Enterprises on 7 July 2020. As the share issue was finally approved by the general meeting subsequent to the end of this interim period, it has not been recognised as equity in the balance sheet as of 30 June 2020.

Following the Private Placement on 3 July 2020 and issuance of MNOK 450 in share capital and premium, Merrell Holding AS was successfully admitted to trading on Merkur Market on 9 July 2020.

On 31 July 2020 the share capital was increased due to an exercise of share options at an exercise price of NOK 1.5. The share capital was increased with NOK 22 134 through issuance of 110 670 new shares, each with a par value of NOK 0.2. The new share capital is NOK 57 958 464.60 divided by 289 792 323 shares, each with a par value of NOK 0.2.

On 3 September 2020 Merrell Holding AS announced that it has acquired all of the outstanding shares in the Danish Software-as-a-Service company Comcare AS. The acquisition will take immediate effect and the purchase price reflects a multiple in the range of 3-4 times the acquired company's ARR. Comcare holds a strong position in the Danish e-Procurement market and is the leading provider to Danish municipalities with a client base of 65 municipalities as well as multiple other regional authorities and energy companies. In total, Comcare has 96 public authorities as customers. Comcare's service offering covers important parts of the post award workflow solutions including a.o. contract management, e-procurement and e-catalogue systems. The acquisition further strengthens the position Merrell began building with the acquisitions of Truelink and Tricom in Denmark earlier this year.

At the time of approving this report, the coronavirus (COVID-19) has been declared a pandemic by the World Health Organisation and various countermeasures are being taken across Europe, and the World, which may impact the economy and the operations of the company and its staff and customers. The directors have initiated business continuity plans to allow operations to continue with staff working from home. As a large proportion of the wider group's and company's customers are made up of local government, government agencies and larger businesses the directors consider that its business continues to be robust.