

# Q3 2021

# Quarterly Report





# Backlog shows growing demand for Huddly AI solutions

Huddly uses its technology to create tools for team collaboration. Huddly combines expertise across the fields of design, hardware, software, and artificial intelligence. Huddly's smart cameras are designed to make it easier and better for people to communicate with each other. Huddly's solutions with industry-leading partners enable high-quality video experiences on all major collaboration platforms.

## Q3 2021 Highlights

- Backlog shows growing demand for Huddly's solutions: Total backlog value at end Q3 2021 of 87 MNOK, an increase of 53% compared to end Q2 2021. The Q3 2021 backlog includes 16 MNOK requested for shipping in Q3 2021, but mostly shipped in the 1st month of Q4 2021.
- Direct and indirect supply chain issues and strong NOK/USD affect revenue and earnings in Q3 2021:
  - Revenue at 87.9 MNOK in Q3 2021, down 8% from 95.7 MNOK in Q3 2020.
  - Adjusted EBIT at 10.2 MNOK in Q3 2021, compared to 25.4 MNOK in Q3 2020 (excluding option expenses), as Huddly increased investments in Go-To-Market and R&D activities to underpin future growth.
  - Gross margin at 51% in Q3 2021, compared to 53% in Q3 2020.
  - Huddly forecasts revenue to be in the range from 350 MNOK to 370 MNOK in FY 2021.
- The Huddly L1 saw strong demand in Q3 2021 and beyond. The L1 is an AI collaboration camera for large meeting rooms.
- Huddly launched Gallery View, which supports composite people feed in Microsoft Teams Rooms.

## R&D and Product

The strong market reception for our software defined IP camera Huddly L1, together with the launch of the Gallery View AI user experience, validate Huddly's product strategy and future direction.

Global enterprises are seeking solutions that make the return to office, combined with a fast-developing hybrid workplace, as efficient as possible. Gallery View supports composite people feed in Microsoft Teams Rooms. Huddly IQ will be the first of our cameras to offer Gallery View, with a software update to be released before the end of the year.



Crestron added the Huddly L1 to the Crestron Flex camera lineup in October. L1 will enable smart video collaboration in medium and large rooms. It joins Huddly IQ, which has been providing this feature in small to medium spaces as part of Flex's Mini Tabletop, Tabletop, and Soundbar solutions since 2018.

## Sales

Backlog shows growing demand for Huddly's solutions. Total backlog value at end Q3 2021 of 87 MNOK, an increase of 53% compared to end Q2 2021.

Q3 2021 total revenue of 87.9 MNOK was down 8% compared to Q3 2020, impacted by indirect and direct effects of global tightness in supply chain. Revenue was also impacted by the NOK strengthening 4% versus USD in Q3 2021 versus Q3 2020.

For the first time, Huddly had a direct adverse supply chain impact, with 16 MNOK of the backlog requested for shipping in Q3 2021, but mostly shipped in the 1st month of Q4 2021.

Strategic partners represented 55% of Q3 2021 revenue and channel partners represented 45%, both with solid growth quarter over quarter. See Note 3 for further details.

Huddly's L1 camera has been very well received by our Strategic Partners, Distributors, Resellers, and end user Customers and will ship in volume throughout Q4 2021.

Crestron and Google continue to be strong partners. Crestron added the Huddly L1 to the Crestron Flex camera line-up and deliveries of the Huddly L1 to Crestron started in October 2021. Both partners cooperated closely with Huddly to mitigate supply chain risks.

Huddly has also continued to increase its investment in Channel focused Sales and Marketing during the quarter, particularly in North America.

## Manufacturing and Supply Chain

Huddly has implemented significant actions in cooperation with the contract manufacturers, Hapro Electronics and Flextronics Industrial to mitigate supply chain risks. Huddly has continued to buffer a significant number of components and finished goods. Purchase price variances (PPVs) for components are negotiated and implemented when needed.

The direct adverse supply chain impact is seen as temporary and lasted only a few weeks. Huddly is currently well positioned to deliver according to demand in Q4 2021 and into 2022.



## Outlook

With Huddly's leading design, hardware, software, and artificial intelligence, Huddly is well positioned to take continued part in the fast-growing Unified Communication and Collaboration market that is expanding in the New Hybrid Workplace. Huddly's product roadmap is being strongly received in the market.

Huddly forecasts revenue to be in the range from 350 MNOK to 370 MNOK in FY 2021.

Huddly forecasts gross margin percentage to be around 50% in Q4 2021 impacted by PPVs for components and costs to increase as Huddly accelerates investments in products, Go-To-Market, and support functions to accommodate for long term growth.

Huddly sees strong signs of improvements in the enterprise office market and believes sales opportunities into this market will increase in 2022 and beyond.



# Financials Q3 2021

## Q3 2021 highlights

- Revenue at 87.9 MNOK in Q3 2021, down 8% from 95.7 MNOK in Q3 2020, impacted by direct and indirect effects of global tightness in supply chain for semiconductor components and the NOK strengthening 4% versus USD in Q3 2021 versus Q3 2020.
- Total backlog value at end Q3 2021 of 87 MNOK, an increase of 53% compared to end Q2 2021. The Q3 2021 backlog includes 16 MNOK requested for shipping in Q3 2021, but mostly shipped in the first month of Q4 2021.
- EBIT at loss 2.8 MNOK in Q3 2021, compared to 25.1 MNOK in Q3 2020.
- Adjusted EBIT at 10.2 MNOK in Q3 2021, compared to 25.4 MNOK in Q3 2020 (excluding option expenses), as Huddly increased investments in Go-To-Market and R&D activities to underpin future growth.
- Gross margin at 51% in Q3 2021, compared to 53% in Q3 2020, impacted by purchase price variances (PPV) for components.

## Comprehensive income

EBIT for Q3 2021 was a loss of 2,844 TNOK, compared to 25,085 TNOK in Q3 2020.

Adjusted EBIT, excluding non-cash option expenses for Q3 2021, was 10,151 TNOK, compared to 25,359 TNOK in Q3 2020.

Further details on option expenses can be found in Note 4. Operational expenses and option programs and Note 7. Equity.

## Financial position

Cash and cash equivalents closed at 381,670 TNOK at end September 2021, a decrease of 8,657 TNOK from 390,327 TNOK at end June 2021.

Total working capital at end September 2021 was 22,720 TNOK, an increase of 8,378 TNOK including translation differences compared to end June 2021 (15,609 TNOK).

Inventory increased 3,804 TNOK to 19,190 TNOK at end September 2021, compared to end June 2021 (15,386 TNOK), following increased investments in supply chain to further limit future component and manufacturing risk.

Trade receivables closed at 83,213 TNOK at end September 2021, an increase of 27,235 TNOK compared to end June 2021 (55,978 TNOK).

Other receivables closed at 13,673 TNOK at end September 2021, a decrease of 11,846 TNOK compared to end June 2021 (25,520 TNOK), and is comprised of VAT receivable, office right of use asset, and other prepaid expenses.

Trade payables closed at 55,678 TNOK at end September 2021, an increase of 12,214 TNOK compared to end June 2021 (43,464 TNOK).



Other current liabilities closed at 37,678 TNOK at end September 2021, a decrease of 132 TNOK compared to end June 2021 (37,810 TNOK), and is comprised of accrued social security tax, accrued social security tax on option expense, accrued vacation pay, office lease liabilities and other accruals.

Changes in working capital also include currency translation differences.

Group equity amounted to 502,231 TNOK at end September 2021 an increase of 5,562 TNOK compared to 496,669 TNOK at end June 2021. The equity ratio was 83% at end September 2021, a decrease from 85% at end June 2021.

The group had no long-term interest-bearing debt at end September 2021.

## Cashflow

### **Cashflow from operating activities**

Cashflow from operating activities was 13,945 TNOK in Q3 2021 compared to 57,215 TNOK in Q3 2020. The decrease was primarily driven by the result for the period and changes in working capital. Total changes in working capital were 8,378 TNOK in Q3 2021, an increase of 28,000 TNOK from negative 19,622 TNOK in Q3 2020.

### **Cashflow from investing activities**

Cashflow from investing activities was negative 22,602 TNOK for Q3 2021 compared to negative 19,826 TNOK in Q3 2020. The increase was primarily due to higher capitalized research and development expense as Huddly builds a platform for growth and extended product portfolio.

### **Cashflow from financing activities**

Cashflow from investing activities was zero for Q3 2021. In Q1 2021, capital raised in connection with listing on the Euronext Growth was 277,799 TNOK net of transactions cost.



# Comprehensive income Q3 2021

## Interim consolidated statement of comprehensive income

Interim consolidated statement of comprehensive income (Unaudited)						
Thousands NOK	Notes	Q3 2021	Q3 2020	YTD Sep 21	YTD Sep 20	FY 2020
Revenue	3	87,932	95,651	235,991	253,561	365,555
Cost of goods sold		(43,412)	(44,813)	(113,129)	(109,416)	(159,712)
<b>Gross margin</b>		<b>44,520</b>	<b>50,838</b>	<b>122,862</b>	<b>144,145</b>	<b>205,842</b>
Operational expenditures	4	(30,912)	(14,520)	(329,618)	(41,110)	(57,925)
<b>EBITDA</b>		<b>13,608</b>	<b>36,318</b>	<b>(206,756)</b>	<b>103,035</b>	<b>147,917</b>
Depreciation and Amortization		(16,452)	(11,233)	(44,709)	(30,398)	(42,896)
<b>EBIT</b>		<b>(2,844)</b>	<b>25,085</b>	<b>(251,465)</b>	<b>72,637</b>	<b>105,020</b>
Net finance		1,114	(1,057)	167	1,652	(4,266)
Tax expense		-	-	-	-	(3,588)
<b>Net Income/(loss)</b>		<b>(1,730)</b>	<b>24,028</b>	<b>(251,298)</b>	<b>74,289</b>	<b>97,167</b>
<b>Gross margin %</b>		<b>51%</b>	<b>53%</b>	<b>52%</b>	<b>57%</b>	<b>56%</b>
<b>Earnings per share</b>						
Basic earnings per share		(0.01)	2.01	(1.16)	6.21	8.14
Fully diluted earnings per share		(0.01)	1.67	(1.00)	5.15	6.72

- Figures are reported in functional currency NOK
- All lines are accounted for according to IFRS



# Comprehensive income Q3 2021

## Adjusted interim consolidated statement of comprehensive income excluding option expense

Adjusted interim consolidated statement of comprehensive income (Unaudited)						
Thousands NOK	Notes	Q3 2021	Q3 2020	YTD Sep 21	YTD Sep 20	FY 2020
Revenue	3	87,932	95,651	235,991	253,561	365,555
Cost of goods sold		(43,412)	(44,813)	(113,129)	(109,416)	(159,712)
<b>Gross margin</b>		<b>44,520</b>	<b>50,838</b>	<b>122,862</b>	<b>144,145</b>	<b>205,842</b>
Operational expenditures	4	(17,917)	(14,246)	(45,918)	(40,288)	(54,410)
<b>EBITDA</b>		<b>26,603</b>	<b>36,592</b>	<b>76,944</b>	<b>103,856</b>	<b>151,432</b>
Depreciation and Amortization		(16,452)	(11,233)	(44,709)	(30,398)	(42,896)
<b>EBIT</b>		<b>10,151</b>	<b>25,359</b>	<b>32,235</b>	<b>73,458</b>	<b>108,536</b>
Net finance		1,114	(1,057)	167	1,652	(4,266)
Tax expense		-	-	-	-	(3,588)
<b>Net Income/(loss)</b>		<b>11,265</b>	<b>24,302</b>	<b>32,402</b>	<b>75,110</b>	<b>100,682</b>
<b>Gross margin %</b>		<b>51%</b>	<b>53%</b>	<b>52%</b>	<b>57%</b>	<b>56%</b>
<b>Earnings per share</b>						
Basic earnings per share		0.05	2.03	0.15	6.27	8.41
Fully diluted earnings per share		0.04	1.68	0.13	5.21	6.96

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# Financial position Q3 2021

## Interim consolidated statement of financial position

Interim consolidated statement of financial position (Unaudited)		At 30 Sep	At 30 June	At 31 Dec
Thousands NOK	Notes	2021	2021	2020
<b>ASSETS</b>				
Intangible assets		99,645	92,212	84,214
Tangible assets		5,914	7,197	9,437
<b>Total non-current assets</b>		<b>105,559</b>	<b>99,409</b>	<b>93,651</b>
Inventory		19,190	15,386	3,238
Trade receivables		83,213	55,978	59,315
Other receivables		13,673	25,520	18,233
Cash and cash equivalents	5	381,670	390,327	126,371
<b>Total current assets</b>		<b>497,746</b>	<b>487,211</b>	<b>207,156</b>
<b>Total assets</b>		<b>603,305</b>	<b>586,619</b>	<b>300,807</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Total equity</b>	6, 7	<b>502,231</b>	<b>496,669</b>	<b>216,307</b>
<b>Total non-current liabilities</b>		<b>7,718</b>	<b>8,675</b>	<b>8,956</b>
Trade payables		55,678	43,464	42,571
Other current liabilities		37,678	37,810	32,974
<b>Total current liabilities</b>		<b>93,356</b>	<b>81,275</b>	<b>75,545</b>
<b>Total equity and liabilities</b>		<b>603,305</b>	<b>586,619</b>	<b>300,807</b>

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# Equity Q3 2021

## Interim consolidated statement of changes in equity

Interim consolidated statement of changes in equity		Issued	Share	Other	FX	Retained	Total
Thousands NOK	Notes	capital	preimum	equity	difference	earnings	equity
<b>Balance at 1 Jan 2020</b>		<b>120</b>	<b>230,502</b>	<b>11,360</b>	<b>(1,394)</b>	<b>(123,756)</b>	<b>116,831</b>
Issue of share capital							
Share-based payment to employees				(916)			
Share repurchase				1,186			
Resale of own shares				(38)			
Result for the period						97,167	
Foreign exchange differences					2,078		
<b>Balance at 31 Dec 2020</b>		<b>120</b>	<b>230,502</b>	<b>11,591</b>	<b>684</b>	<b>(26,589)</b>	<b>216,307</b>

Interim consolidated statement of changes in equity (unaudited)		Issued	Share	Other	FX	Retained	Total
Thousands NOK	Notes	capital	preimum	equity	difference	earnings	equity
<b>Balance at 1 Jan 2021</b>		<b>120</b>	<b>230,502</b>	<b>11,591</b>	<b>684</b>	<b>(26,589)</b>	<b>216,307</b>
Issue of share capital	6, 7	16	277,783				
Share-based payment to employees	4, 7			255,910			
Share repurchase				4,990			
Resale of own shares							
Result for the period	4					(251,298)	
Foreign exchange differences					(1,478)		
<b>Balance at 30 Sep 2021</b>		<b>135</b>	<b>508,285</b>	<b>272,492</b>	<b>(794)</b>	<b>(277,888)</b>	<b>502,231</b>

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# Cashflow Q3 2021

## Interim consolidated statement of cashflow

Interim consolidated statement of cash flow (Unaudited)						
Thousands NOK	Notes	Q3 2021	Q3 2020	YTD Sep 21	YTD Sep 20	FY 2020
<b>Cashflow from operations</b>						
Result before tax		(1,730)	24,028	(251,298)	74,289	100,755
Share-based payments to employees	4, 7	8,558	240	255,910	720	(916)
Depreciation and amortization		16,452	11,233	44,709	30,398	42,896
Changes in provisions		(957)	2,092	(1,238)	4,081	2,422
Changes in working capital		(8,378)	19,622	(18,956)	11,500	(13,427)
<b>Net change in cash from operations</b>		<b>13,945</b>	<b>57,215</b>	<b>29,127</b>	<b>120,988</b>	<b>131,730</b>
<b>Cashflow from investments</b>						
Changes in other long term investments		-	-	-	-	10
Changes in capitalized assets		(22,078)	(16,259)	(54,881)	(40,593)	(52,309)
Purchase of tangible assets		(525)	(3,567)	(1,736)	(4,394)	(8,192)
<b>Net change in cash from investments</b>		<b>(22,602)</b>	<b>(19,826)</b>	<b>(56,617)</b>	<b>(44,988)</b>	<b>(60,491)</b>
<b>Cashflow from financing</b>						
Net proceeds own shares		-	1,186	4,990	1,147	1,147
Receipt of issued capital	4, 7	-	-	277,799	-	-
<b>Net change in cash from financing</b>		<b>-</b>	<b>1,186</b>	<b>282,789</b>	<b>1,147</b>	<b>1,147</b>
<b>Net change in Cash</b>		<b>(8,657)</b>	<b>38,574</b>	<b>255,299</b>	<b>77,147</b>	<b>72,386</b>
Beginning balance Cash		390,327	92,559	126,371	53,985	53,985
<b>End balance Cash</b>		<b>381,670</b>	<b>131,133</b>	<b>381,670</b>	<b>131,133</b>	<b>126,371</b>

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# Notes to consolidated Financials Q3 2021

## 1. General information

Huddly AS (the “Company”) and its subsidiary Huddly Inc. (the “Group” or “Huddly”) uses its technology to create tools for team collaboration. Huddly combines expertise across the fields of design, hardware, software, and artificial intelligence. Huddly’s smart cameras are designed to make it easier and better for people to communicate with each other. Huddly’s solutions with industry-leading partners enable high-quality video experiences on all major collaboration platforms.

Huddly Inc. is included in the consolidated financial statements as the control criteria in IFRS 10 are met.

Huddly AS is a public limited liability Company incorporated and domiciled in Norway. The address of its registered office is Karenslyst Allé 51, 0279 Oslo, Norway. Huddly AS is listed on Euronext Growth.

The consolidated condensed interim financial statements comprise of the financial statements to the parent company and its subsidiary at end September 2021, authorised for issue by the board of directors on 8 November 2021.

## 2. Accounting policies

The interim consolidated financial statements for the nine months period ending 30 September 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2020. The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended 31 December 2020, except for the adaptation of amended standards and new interpretations, which are mandatory from 1 January 2021. These changes are described in the annual financial statements for 2020. The group has not adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

The presentation currency of the Group is NOK which corresponds to the functional currency of the main entity in the Group.

All numbers are in NOK thousands unless otherwise stated. The condensed interim financial statements are unaudited.

## 3. Revenue and Segment information

The market for Huddly’s smart cameras is global. The Management team has therefore determined the operating segments on this basis. The Group considers the business as one operational segment.



The Group's operating profit arises from activities in this segment which is the only revenue generating segment across the entire operation irrespective of geographic location.

Performance is measured by the Management team based on the operating segment's revenue and profitability on a global basis.

The Management team allocates resources in assessing performance as well as making strategic decisions. This is consistent with the internal reporting submitted to the chief operating decision maker, as defined by the Management team.

Other information is measured in a manner consistent with that in the Annual Report for 2020. Principles of revenue recognition are stated in the accounting principles to the Annual Report for 2020.

### Revenue by customer segment

In the following table, revenue is disaggregated by customer segment, as defined by the Management team.

Revenue by customer segment				
Thousands NOK	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Strategic partners %	55%	56%	73%	70%
Channel partners %	45%	44%	27%	30%
<b>Total Revenue</b>	<b>87,932</b>	<b>63,981</b>	<b>84,078</b>	<b>111,994</b>
Strategic partners	48,107	35,951	61,551	78,644
Channel partners	39,824	28,031	22,527	33,349
<b>Total Revenue</b>	<b>87,932</b>	<b>63,981</b>	<b>84,078</b>	<b>111,994</b>

## 4. Operational expenses and option programs

The Company's only active incentive program is the 2021 Incentive Plan implemented in January 2021, directed at employees and directors. Participants are granted options to subscribe for Shares in the Company based on a pre-determined strike price. The options are as a general rule subject to a three-year vesting schedule. Further, the options may only be exercised in a coordinated process lead by the Company's board of directors. This implies that the participant may only exercise a number of options each year equal to 20% of its total number of options.

The Company has historically issued a limited number of options to employees and directors under the 2017 Incentive Plan. These options are subject to a three-year vesting schedule, and the strike price payable when exercising the options is set to NOK 0.000625 per option.



The Company's main incentive program has in the period between 2017 to 2020 consisted of a synthetic option scheme whereby the eligible employees and directors were entitled to a bonus payment triggered by a sale of more than 50% of the Shares in the Company to a single buyer or two or more buyers acting in concert, over a continuous period of 12 months (change of control). The synthetic options were granted through separate synthetic options agreements and most synthetic options are subject to a three-year vesting scheme. As informed in the stock exchange announcement dated 21 May 2021, the Company has been sued by a group of former employees for compensation based on certain synthetic options. The main hearing of this case is scheduled 6 to 9 December 2021 at Oslo District Court. The Company remains firm in its opinion that the claim lacks both factual and legal basis, and that it is unfounded and without merit.

In Q1 2021, Operational expenses include 273,201 TNOK in expenses related to the option programs after IFRS 2, thereof 236,812 TNOK accrued versus Other equity (valuation of vested 2021 Incentive Plan and vested 2017 Incentive Plan at end March 2021 and exercised options under both plans) and 36,389 TNOK accrued versus Other current liabilities (social security tax on exercised options and accrued social security tax on unexercised options measured at end March 2021 market price per share).

In Q2 2021, Operational expenses include -2,495 TNOK in expenses related to the option programs after IFRS 2, thereof 10,540 TNOK accrued versus Other equity (valuation of vested 2021 Incentive Plan and vested 2017 Incentive Plan during Q2 2021) and -13,035 TNOK accrued versus Other current liabilities (accrued social security tax on unexercised options measured at end June 2021 market price per share).

In Q3 2021, Operational expenses include 12,994 TNOK in expenses related to the option programs after IFRS 2, thereof 8,558 TNOK accrued versus Other equity (valuation of vested 2021 Incentive Plan and vested 2017 Incentive Plan during Q3 2021) and 4,436 TNOK accrued versus Other current liabilities (accrued social security tax on unexercised options measured at end September 2021 market price per share).

At end September 2021 remaining option expenses for outstanding options are 17,942 TNOK under the 2021 plan and zero under the 2017 plan, to be booked versus Other Equity in future quarters.

Adjusted statement of comprehensive income excludes option expenses after IFRS 2.

It has been granted 386,500 options and forfeited 50,000 options during Q3 2021.

See table below for outstanding instruments as of end September 2021.

	2021 plan	2017 plan	Synthetic options
Options granted, outstanding 15.02.21	21,968,000	2,769,968	16,213,328
Options granted	706,500	-	-
Options exercised	(3,500,800)	(2,476,624)	-
Options forfeited	(130,000)	(26,672)	-
<b>Options granted, outstanding 30.09.21</b>	<b>19,043,700</b>	<b>266,672</b>	<b>16,213,328</b>
<b>Percent of outstanding shares</b>	<b>8.8%</b>	<b>0.1%</b>	<b>7.5%</b>



## 5. Cash and cash equivalents

Restricted cash at end September 2021 was 2,803 TNOK (2,411 TNOK at end June 2021) related to advance payment of social security tax and deposit for office premises.

Total closing cash and cash equivalents at end September 2021 was 381,670 TNOK, compared to 390,327 TNOK at end June 2021.

Cash and cash equivalents	At 30 Sep	At 30 June	At 31 Dec
Thousands NOK	2021	2021	2020
Cash and cash equivalents	381,670	390,327	126,371
<b>Ending cash and equivalents</b>	<b>381,670</b>	<b>390,327</b>	<b>126,371</b>

Capital raised in connection with listing on the Euronext Growth was 277,799 TNOK net of transactions cost in Q1 2021.

## 6. Shareholders and share capital

The Company has 216,328,048 outstanding shares, with par value NOK 0.000625, which give a total share capital of NOK 135,205.

The Company has one share class, common shares, which all have the same voting and dividend rights.

The Company has 2,103 shareholders at end September 2021. Below are the 20 largest shareholders.

Shareholder name	Number of shares	Ownership
GJEH Pty Ltd ATF GJEH Family Trust	14,024,839	6.5%
MERTOUN CAPITAL AS	13,845,471	6.4%
CLEARSTREAM BANKING S.A.	11,032,334	5.1%
STAFF HOLDING AS	9,066,000	4.2%
SOM HOLDING AS	7,970,928	3.7%
MP PENSJON PK	7,480,959	3.5%
ATF G+J Williams Super Fund	6,858,272	3.2%
The Bank of New York Mellon SA/NV	6,811,208	3.1%
State Street Bank and Trust Comp	6,689,920	3.1%
KOLBERG MOTORS AS	6,628,000	3.1%
PORTIA AS	6,400,000	3.0%
HØYLANDET BYGGUTLEIE AS	5,041,264	2.3%
SKIPS AS TUDOR	4,950,000	2.3%
Skandinaviska Enskilda Banken AB	4,050,000	1.9%
BJØBERG EIENDOM AS	4,042,080	1.9%
MULTIPLIKATOR AS	3,915,000	1.8%
Skandinaviska Enskilda Banken AB	3,237,381	1.5%
KORINVEST AS	3,216,832	1.5%
TVECO AS	3,000,000	1.4%
All others	88,067,560	40.7%
<b>Total</b>	<b>216,328,048</b>	<b>100%</b>



## 7. Equity

### Issue of share capital and share premium

In conjunction with new shares in the **Primary offering** and subsequent listing on Euronext Growth in Q1 2021, the share capital increased by **NOK 11,952** by issuing 19,123,200 new shares, each at a nominal value of NOK 0.000625. The subscription price was NOK 15.50 per share. Of the total proceeds of NOK 296,409,600, **NOK 296,397,648** was allocated as share premium in the statement of financial position.

On new shares based on the **2017 Incentive Plan**, share capital increased with **NOK 1,547.89** by issuing 2,476,624, new shares each at a nominal value of NOK 0.000625. The subscription price was NOK 0.000625 per share. Of the total proceeds of **NOK 1,547.89**, all was allocated as share premium in the statement of financial position.

On new shares based on the new **2021 Incentive Plan**, share capital was increased with **NOK 2,188** by issuing 3,500,800 new shares, each at a nominal value of NOK 0.000625. The subscription price was NOK 2.046655164533821 per share. Of the total proceeds of NOK 7,164,930.40, **NOK 7,162,742.40** was allocated as share premium in the statement of financial position.

There have been no changes in share capital or share premium in Q3 2021.

### Summary of statement of changes in share capital and share premium

Summary of statement of changes in share capital and share premium		
NOK	Share Capital	Share premium
<b>Balance at 1 Jan 2021</b>	<b>119,517</b>	<b>230,502,259</b>
Issue of share capital PRIMARY	11,952	296,397,648
2017 OPTIONS	1,548	-
2021 OPTIONS	2,188	7,162,742
Transaction cost	-	(25,777,474)
<b>Total issued share capital and share premium in period</b>	<b>15,688</b>	<b>277,782,916</b>
<b>Balance at 30 Sep 2021</b>	<b>135,205</b>	<b>508,285,175</b>

### Other equity

Regarding the valuation of the options exercised, IFRS 2 states that where an award is modified, the classification changes from cash-settled to equity-settled, the entity should then take the amount recognised as a liability, up to the modification date, and immediately reclassify it to equity giving the NOK value of 255,910 TNOK at end September 2021, as included in the consolidated statement of changes in equity.



The remaining cost on options granted, not vested, will be amortized over the vesting period in future accounting periods and are based on the award's fair value. Further details on all share-based payments to employees can be found in Note 4. Operational expenses and employee share-based compensation.

## **8. Related parties**

For detailed information on related party transactions, please refer to Note 17 in the Annual Report to Huddly AS for 2020. There have been no other significant transactions with related parties for the six months period ending on 30 September 2021. All transactions with related parties are considered priced on an arm's length basis.

## **9. Alternative performance measures**

The following alternative performance measures (APMs) are used in addition and to provide enhanced insight into the Groups operations, financing, and prospects in this report.

### **Definition of Huddly's financial APM's**

**Gross margin:** The company's net sales revenue less its cost of goods sold. The net sales figure is simply gross revenue, less the credit returns, allowances, and or discounts.

**EBITDA:** Earnings for the period before net financial items, income tax expense, depreciation, and amortization as a measure of the company's operating performance. EBITDA is calculated as revenue less expenses (including cost of goods sold) excluding depreciation and amortization, interest, and tax.

**EBIT:** Earnings before interest and income taxes as an indicator of a company's profitability. EBIT is calculated as revenue less expenses (including cost of goods sold) excluding interest and tax.

**Adjusted EBIT:** EBIT adjusted for non-recurring costs as a measure of profitability from core operations before the impact of capital structure. Adjusted EBIT is EBIT less various one-time, irregular, and non-recurring items.

**Working capital:** The companies operating liquidity and includes inventory, trade and other short-term receivables minus trade payables, other short-term liabilities, and currency translation differences.



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**Q3**  
**2021**



**Huddly**