

Q4 2021

Quarterly Report





On track to regain sales growth

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.

Q4 2021 Highlights

- Q4 2021 closes a challenging year for Huddly carrying strong momentum into 2022.
 - Q4 2021 revenue closes at 100.9 MNOK, 11.1 MNOK lower than the historic high at 112.0 MNOK in Q4 2020.
 - Positive momentum with QOQ growth last two quarters, up 58 % from a low-point of 64 MNOK in Q2 2021.
 - Planned growth activities in Products, Go-To-Market, and support functions bring adjusted EBIT at 3.4 MNOK in Q4 2021, compared to 35.1 MNOK in Q4 2020.
 - Full year 2021 revenue closes at 336.9 MNOK, being 3.7 % below the lower end of the outlook provided in Q3 2021 report.
- Direct and indirect supply chain issues affect revenue and earnings in Q4 2021.
 - Gross margin at 44 % in Q4 2021, compared to 55 % in Q4 2020, where Purchase price variances (PPVs) for components impacted gross margin percentage with approximately five percentage points.
- Headcount of 103 employees at end Q4 2021, an increase of 45 % compared to 71 employees at end Q4 2020.
- Total backlog value continued to grow at end Q4 2021 to 107 MNOK, an increase of 23 % compared to end Q3 2021.
- Stronger long term macro underpinning growth conviction.
 - The post pandemic back to office is expected to increase spending on collaboration tools.
 - 25 % of the global workforce is expected to work from home, up from 5 % in 2019 (Frost & Sullivan).
- Strong progress on the product roadmap with an ambitious ramp up plan for 2022.
- Alexander Woxen appointed CEO of Huddly to accelerate scaling, started on February 1, 2022.



Product

Huddly has made strong progress on the product roadmap with an ambitious ramp up plan for 2022. The Products team consists of 65 employees at the end of Q4 2021.

The imminent launch of Huddly S1 AI camera for small and medium rooms will increase the lineup of networked cameras, covering scenarios from huddle rooms to large meeting rooms.

The networked cameras L1 and S1 will provide a platform for building user experiences that enables communication and collaboration in the challenging hybrid office.

Huddly L1 camera has been certified by Microsoft as part of Crestron kits for Microsoft Teams and Skype for business.

Huddly recently announced Gallery View, a smart experience that helps give everyone an equal presence in video meetings. It supports composite people feed in Microsoft Teams Rooms. Huddly IQ is the first of our cameras to offer Gallery View.

Sales

Q4 2021 revenue closed at 100.9 MNOK, 11.1 MNOK lower than the historic high at 112.0 MNOK in Q4 2020. Direct and indirect supply chain issues affected revenue in Q4 2021.

Revenue was also impacted by the NOK strengthening 3.4 % versus USD in Q4 2021 versus Q4 2020.

Strategic partners represented 60 % of Q4 2021 revenue and channel partners represented 40 %, with channel partner revenue growing 21 % compared to Q4 2020.

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.

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

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



Manufacturing and Supply Chain

The global tightness in supply chain is expected to continue into the foreseeable future. Huddly's supply chain strategy has proven successful, and we will continue to leverage this strength throughout 2022.

Q4 2021 ended with no backorders and with standard lead time for all products. The backlog remains healthy, and all orders are planned to be delivered according to customer needs and expectations.

The Huddly L1 ramp-up was completed successfully in Q4 2021, and production is stable.

Outlook

With 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 450 MNOK to 550 MNOK in FY 2022. The midpoint of 500 MNOK indicates growth of approximately 50 % YOY.

Huddly forecasts gross margin percentage to be around 50 % in FY 2022. Huddly expects global tightness in supply chain to continue throughout 2022 and the continued PPVs for components to be offset by limited price increases on Huddly products. Huddly will continue to invest in Products, Go-To-Market and support functions, to accommodate for future product launches and long-term revenue growth.



Financials Q4 2021

Q4 2021 highlights

- Revenue at 100.9 MNOK in Q4 2021, down 10 % from 112.0 MNOK in Q4 2020, impacted by direct and indirect effects of global tightness in supply chain for semiconductor components and the NOK strengthening 3.4 % versus USD in Q4 2021 versus Q4 2020.
- EBIT at loss 79.9 MNOK in Q4 2021, compared to 32.4 MNOK in Q4 2020.
- Adjusted EBIT at 3.4 MNOK in Q4 2021, compared to 35.1 MNOK in Q4 2020 (excluding option expenses and settlement of synthetic option claim), as Huddly increased investments in Go-To-Market and Product activities to underpin future growth.
- Gross margin at 44 % in Q4 2021, compared to 55 % in Q4 2020, impacted by purchase price variances (PPV) with approximately five percentage points.

Comprehensive income

EBIT for Q4 2021 was a loss of 79,896 TNOK, compared to 32,384 TNOK in Q4 2020.

Adjusted EBIT was 3,399 TNOK, excluding settlement of synthetic option claim and non-cash option expenses for Q4 2021, compared to 35,077 TNOK in Q4 2020.

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

Financial position

Intangible assets closed at 122,778 TNOK at end December 2021, an increase of 38,564 TNOK from 84,214 TNOK at end December 2020 primarily due to higher capitalized research and development expenses and deferred tax asset recognition.

Tangible assets increased 9,279 TNOK to 18,716 TNOK at end December 2021 related to increased investment in right-of-use asset and equipment. Tangible assets were 9,437 TNOK at end December 2020.

Cash and cash equivalents closed at 337,276 TNOK at end December 2021, an increase of 210,905 TNOK from 126,371 TNOK at end December 2020 mainly due to capital raised in connection with listing on the Euronext Growth in February 2021.

Total working capital at end December 2021 was -591 TNOK, a decrease of 5,831 TNOK including translation differences compared to end December 2020 (5,241 TNOK).

Inventory increased 27,490 TNOK to 30,728 TNOK at end December 2021, compared to end December 2020 (3,283 TNOK), following increased investments in supply chain to further limit future component and manufacturing risk.

Trade receivables closed at 97,374 TNOK at end December 2021, an increase of 38,060 TNOK compared to end December 2020 (59,315 TNOK).



Other receivables closed at 29,513 TNOK at end December 2021, an increase of 11,280 TNOK compared to end December 2020 (18,233 TNOK), and is comprised of VAT receivable, governmental research and development grant, deposits on office premises and other prepaid expenses.

Trade payables closed at 70,345 TNOK at end December 2021, an increase of 27,774 TNOK compared to end December 2020 (42,571 TNOK).

Other current liabilities closed at 87,861 TNOK at end December 2021, an increase of 54,887 TNOK compared to end December 2020 (32,974 TNOK), and is comprised of accrued social security tax, accrued vacation pay, accrued social security tax on option expense, accrued settlement of synthetic option claim inclusive of associated social taxes of 26,487 TNOK, office lease liabilities and other accruals.

Changes in working capital also include currency translation differences.

Group equity amounted to 446,047 TNOK at end December 2021, an increase of 229,739 TNOK compared to 216,307 TNOK at end December 2020. The equity ratio was 70 % at end December 2021, a decrease from 72 % at end December 2020.

Non-current liabilities include product warrant accrual and future instalment on synthetic option claim inclusive of associated social taxes of 25,897 TNOK. Further details on synthetic option claim can be found in Note 4. Operational expenses and option programs.

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

Cashflow

Cashflow from operating activities

Cashflow from operating activities was negative 7,557 TNOK in Q4 2021 compared to 10,742 TNOK in Q4 2020. The decrease was primarily driven by the result for the period and changes in working capital.

Cashflow from investing activities

Cashflow from investing activities was negative 36,837 TNOK for Q4 2021 compared to negative 15,504 TNOK in Q4 2020. The increase was primarily due to higher capitalized research and development expense and increased investment in right-of-use asset and equipment, primarily related to new office premises as Huddly builds a platform for growth and extended product portfolio.

Cashflow from financing activities

Cashflow from investing activities was nil in Q4 2021. In Q1 2021, capital raised in connection with listing on the Euronext Growth in 2021 was 277,799 TNOK net of transactions cost.



Comprehensive income Q4 2021

Interim consolidated statement of comprehensive income

Interim consolidated statement of comprehensive income (Unaudited)					
Thousands NOK	Notes	Q4 2021	Q4 2020	2021	2020
Revenue	3	100,938	111,994	336,929	365,555
Cost of goods sold		(56,080)	(50,296)	(169,209)	(159,712)
Gross margin		44,858	61,698	167,720	205,842
Operational expenditures	4	(105,488)	(16,816)	(435,106)	(57,925)
EBITDA		(60,630)	44,882	(267,386)	147,917
Depreciation and Amortization		(19,267)	(12,498)	(63,975)	(42,896)
EBIT		(79,896)	32,384	(331,361)	105,020
Net finance		(281)	(5,918)	(115)	(4,266)
Tax income/(expense)		18,365	(3,588)	18,365	(3,588)
Net Income/(loss)		(61,813)	22,878	(313,111)	97,167
Gross margin %		44%	55%	50%	56%
Earnings per share					
Basic earnings per share		(0.29)	1.91	(1.45)	8.14
Fully diluted earnings per share		(0.26)	1.58	(1.30)	6.72
• All lines are accounted for according to IFRS					



Comprehensive income Q4 2021

Adjusted interim consolidated statement of comprehensive income excluding option expense

Adjusted interim consolidated statement of comprehensive income (Unaudited)					
Thousands NOK	Notes	Q4 2021	Q4 2020	2021	2020
Revenue	3	100,938	111,994	336,929	365,555
Cost of goods sold		(56,080)	(50,296)	(169,209)	(159,712)
Gross margin		44,858	61,698	167,720	205,842
Operational expenditures	4	(22,192)	(14,122)	(68,110)	(54,410)
EBITDA		22,666	47,576	99,610	151,432
Depreciation and Amortization		(19,267)	(12,498)	(63,975)	(42,896)
EBIT		3,399	35,077	35,635	108,536
Gross margin %		44%	55%	50%	56%



Financial position Q4 2021

Interim consolidated statement of financial position

Interim consolidated statement of financial position (Unaudited)		At 31 Dec	At 31 Dec
Thousands NOK	Notes	2021	2020
ASSETS			
Intangible assets		122,778	84,214
Tangible assets		18,716	9,437
Total non-current assets		141,494	93,651
Inventory		30,728	3,238
Trade receivables		97,374	59,315
Other receivables		29,513	18,233
Cash and cash equivalents	5	337,276	126,371
Total current assets		494,891	207,156
Total assets		636,385	300,807
EQUITY AND LIABILITIES			
Total equity	6, 7	446,047	216,307
Total non-current liabilities		32,132	8,956
Trade payables		70,345	42,571
Other current liabilities		87,861	32,974
Total current liabilities		158,206	75,545
Total equity and liabilities		636,385	300,807

- All lines are accounted for according to IFRS



Equity Q4 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	premium	equity	difference	earnings	equity
Balance at 1 Jan 2020		120	230,502	11,360	(1,394)	(123,756)	116,831
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		
Balance at 31 Dec 2020		120	230,502	11,591	684	(26,589)	216,307

Interim consolidated statement of changes in equity (unaudited)		Issued	Share	Other	FX	Retained	Total
Thousands NOK	Notes	capital	premium	equity	difference	earnings	equity
Balance at 1 Jan 2021		120	230,502	11,591	684	(26,589)	216,307
Issue of share capital	6, 7	16	277,783				
Share-based payment to employees	4, 7			261,891			
Share repurchase				4,990			
Resale of own shares							
Result for the period	4					(313,111)	
Foreign exchange differences					(1,830)		
Balance at 31 Dec 2021		135	508,285	278,472	(1,146)	(339,700)	446,047

- All lines are accounted for according to IFRS



Cashflow Q4 2021

Interim consolidated statement of cashflow

Interim consolidated statement of cash flow (Unaudited)					
Thousands NOK	Notes	Q4 2021	Q4 2020	2021	2020
Cashflow from operations					
Result before tax		(80,177)	26,466	(331,475)	100,755
Share-based payments to employees	4, 7	5,981	(1,636)	261,891	(916)
Depreciation and amortization		19,267	12,498	63,975	42,896
Changes in provisions		24,414	(1,659)	23,177	2,422
Changes in working capital		22,958	(24,927)	4,002	(13,427)
Net change in cash from operations		(7,557)	10,742	21,570	131,730
Cashflow from investments					
Changes in other long term investments		-	10	-	10
Changes in capitalized assets		(21,193)	(11,716)	(76,074)	(52,309)
Purchase of tangible assets		(15,644)	(3,797)	(17,379)	(8,192)
Net change in cash from investments		(36,837)	(15,504)	(93,453)	(60,491)
Cashflow from financing					
Net proceeds own shares		-	-	4,990	1,147
Receipt of issued capital	7	-	-	277,799	-
Net change in cash from financing		-	-	282,789	1,147
Net change in Cash		(44,394)	(4,762)	210,905	72,386
Beginning balance Cash		381,670	131,133	126,371	53,985
End balance Cash		337,276	126,371	337,276	126,371

- All lines are accounted for according to IFRS



Notes to consolidated Financials Q4 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 Haakon VIIIs Gate 5, 0161 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 December 2021, authorised for issue by the board of directors on 14 February 2021.

2. Accounting policies

The interim consolidated financial statements for the twelve month period ending 31 December 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	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Strategic partners %	60%	55%	56%	73%	70%
Channel partners %	40%	45%	44%	27%	30%
<hr/>					
Total Revenue	100,938	87,932	63,981	84,078	111,994
Strategic partners	60,752	48,107	35,951	61,551	78,644
Channel partners	40,186	39,824	28,031	22,527	33,349
<hr/>					
Total Revenue	100,938	87,932	63,981	84,078	111,994



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 outlined in the stock exchange announcement dated 21 May 2021, the Company was sued by a group of former employees for compensation based on certain synthetic options. The company reached a settlement with the group as set out in the stock exchange notice 7 December 2021. The settlement totals 75,000 TNOK plus social security tax. The first instalment of 25,000 TNOK was paid in December 2021. Operational expenses in Q4 2021 also include accrued social security tax of 1,878 TNOK for the first instalment, 26,487 TNOK for the second instalment and 25,897 TNOK for the third instalment. The second and third instalments are discounted with a risk-free interest rate of 3 %. Operational expenses also include legal expenses of 1,731 TNOK directly related to this case. Total Operational expenses of 80,994 TNOK from this settlement in Q4 2021 is excluded in the adjusted statement of comprehensive income.

In Q4 2021, Operational expenses include 2,301 TNOK in expenses related to the option programs after IFRS 2, thereof 5,981 TNOK accrued versus Other equity (valuation of vested 2021 Incentive Plan and vested 2017 Incentive Plan during Q4 2021) and -3,679 TNOK accrued versus Other current liabilities (accrued social security tax on unexercised options measured at end December 2021 market price per share).

For full year 2021, Operational expenses include 286,001 TNOK in expenses related to the option programs after IFRS 2, thereof 261,891 TNOK accrued versus Other equity (valuation of vested 2021 Incentive Plan and vested 2017 Incentive Plan during 2021), 11,667 TNOK in paid social security tax on exercised options in Q1 2021 and 12,443 TNOK accrued versus Other current liabilities (accrued social security tax on unexercised options measured at end December 2021 market price per share).

At end December 2021 remaining option expenses for outstanding options are 11,452 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 and expenses from the settlement of the synthetic option claim, as described in this note.

It has been granted zero options and forfeited 51,112 options during Q4 2021.

See table below for outstanding instruments as of end December 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 / settled	(181,112)	(26,672)	(10,342,217)
Options granted, outstanding 31.12.21	18,992,588	266,672	5,871,111
Percent of outstanding shares	8.8%	0.1%	2.7%

5. Cash and cash equivalents

Restricted cash at end December 2021 was 10,569 TNOK (5,693 TNOK at end December 2020) related to advance payment of social security tax and deposit for office premises.

Total closing cash and cash equivalents at end December 2021 was 337,276 TNOK, compared to 126,371 TNOK at end December 2020.

Cash and cash equivalents	At 31 Dec	At 31 Dec
Thousands NOK	2021	2020
Cash and cash equivalents	337,276	126,371
Ending cash and equivalents	337,276	126,371

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 1,909 shareholders at end December 2021. Below are the 20 largest shareholders.

Shareholder name	Number of shares	Ownership
CLEARSTREAM BANKING S.A.	16,784,777	7.8%
GJEH Pty Ltd ATF GJEH Family Trust	14,024,839	6.5%
MERTOUN CAPITAL AS	13,845,471	6.4%
STAFF HOLDING AS	9,066,000	4.2%
SOM HOLDING AS	7,970,928	3.7%
MP PENSJON PK	7,230,959	3.3%
The Bank of New York Mellon SA/NV	6,904,217	3.2%
ATF G+J Williams Super Fund	6,858,272	3.2%
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%
BJØBERG EIENDOM AS	4,042,080	1.9%
Skandinaviska Enskilda Banken AB	4,000,000	1.8%
MULTIPLIKATOR AS	3,915,000	1.8%
The Northern Trust Comp", London Br	3,900,000	1.8%
KORINVEST AS	3,216,832	1.5%
SALAMANDER HOLDING AS	2,627,300	1.2%
All others	82,232,189	38.0%
Total	216,328,048	100%



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 Q4 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
Balance at 1 Jan 2021	119,517	230,502,259
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)
Total issued share capital and share premium in period	15,688	277,782,916
Balance at 30 Sep 2021	135,205	508,285,175

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 261,891 TNOK at end December 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 twelve months period ending on 31 December 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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Q4
2021



Huddly