

Financial Statements 2021

Huddly Group & Huddly AS





Huddly

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Report from the Board of Directors

Annual Summary of Consolidated results for the year ending 31 December 2021

The board of directors present their annual summary of consolidated financial results and board report for the year ending 31 December 2021.

About the Company

Founded in Oslo, Norway in 2013, 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 has its headquarters in Oslo and a subsidiary in Palo Alto, California, USA.

Overview of development and results

Huddly opened the first quarter of the year with a record first quarter revenue. Huddly AS was approved for admission to trading on Euronext Growth.

In the same quarter, Huddly launched the Huddly L1, an AI collaboration camera that delivers smart user experiences in large and medium meeting rooms to make video meetings inclusive and productive for the whole team. Huddly Canvas, an AI camera whiteboard solution, received both the Red Dot Award and the iF Award for its outstanding product design.

The second quarter of 2021 saw the first shipments of Huddly L1 and overall was defined by significant growth in channel partner revenue year over year.

Later in the same quarter, the global pandemic situation resulted in severe global supply chain disturbances during the quarter, due to logistical backlogs, port congestion in the US, as well as a global semiconductor shortage. Huddly did not have an adverse direct impact from this, as Huddly had buffered up critical components. However, Huddly experienced an indirect adverse impact from strategic and channel partners.

Nils Stangnes was appointed as Huddly's Executive Vice President of Global Channel Sales in both EMEA and the Americas.

Huddly launched the software feature Gallery View in the third quarter of 2021 to cater the market demand for equity and inclusion in the new collaborative workplace. A feature which supports composite people feed in Microsoft Teams Rooms. A growing backlog validated Huddly's product position in the global marketplace.

For the first time in 2021, Huddly experienced a direct adverse supply chain impact, and orders requested for shipping in the third quarter of 2021 were delivered early in the fourth quarter of 2021. Huddly cooperated closely with all partners to mitigate supply chain risks throughout.

The fourth quarter of 2021 closed out a challenging year for Huddly with the dramatic pandemic surge followed by the Omikron variant. Direct and indirect supply chain issues continued to affect revenue and earnings as did a strong NOK to USD conversion and purchase price variances on long lead time components.



Overview of development and results (continued)

The final quarter of 2021 ended with no backorders and with standard lead time for all products. The backlog remained healthy, and having continued to invest in the organization, growing the team with 45%, Huddly accelerated its progress on the product roadmap.

Huddly's L1 camera was very well received and starting shipping in volume throughout the final quarter of 2021. In October of the same year, Huddly's strategic partner Crestron added the Huddly L1 to the Crestron Flex camera lineup. The Huddly L1 camera was also certified by Microsoft for Microsoft Teams and Skype for business.

The Huddly IQ was the first camera to offer Gallery View, a smart experience that helps give everyone an equal presence in video meetings.

In 2021, Crestron and Google continued to be strong partners and Huddly is progressing with other strategic accounts. Huddly continued with planned growth activities in Products, Go-To-Market, and support functions. Alexander Woxen was appointed CEO of Huddly to accelerate this scaling in December 2021, starting on February 1, 2022.

Results and dividends

The Group had a net loss before tax of TNOK (331,475) in 2021 compared to a net profit before tax of TNOK 100,755 in prior year. Revenue decreased by TNOK 28,626 in 2021 to TNOK 336,929. Total equity was TNOK 446,047 in 2021 and TNOK 216,307 in 2020. Total assets were TNOK 636,385 in 2021 and TNOK 300,807 in prior year.

The parent company had a net loss before tax of TNOK of (274,517) in 2021 compared to a net gain of TNOK 104,433 in prior year, of which all is allocated to retained earnings. Revenue decreased by TNOK 28,296 in 2021 to TNOK 336,838. Total equity was TNOK 505,823 in 2021 and TNOK 217,295 in 2020. Total assets were TNOK 695,883 in 2021 and TNOK 300,299 in prior year.

No dividend payments have been made during 2021 and the directors do not recommend payment of a final dividend for 2021.

Adjusted Operating results

The Group had an operating loss of TNOK (331,361) in 2021 compared to an operating profit of TNOK 105,020 in prior year. The operating costs Includes valuation of granted options with TNOK 286,001 and TNOK 3,515 in 2021 and 2020 respectively. The operating costs in 2021 include TNOK 80,994 in settlement for synthetic options. Adjusted for option valuation and the synthetic option settlement, the Group had an operating profit of TNOK 35,635 in 2021 compared to an operating profit of TNOK 108,536 In prior year.

The parent company, Huddly AS had an operating loss of TNOK (308,529) In 2021 compared to an operating profit of TNOK 117,791 In prior year. The operating costs Includes valuation of granted options with TNOK 286,001 and TNOK 3,515 in 2021 and 2020 respectively. The operating costs in 2021 includes TNOK 80,994 in settlement for synthetic options. Adjusted for option valuation and the synthetic option settlement, the parent company had an operating profit of TNOK 58,466 in 2021 compared to an operating profit of TNOK 121,306 In prior year.

Refer to Note 4: Employee share-based compensation in the Group's consolidated and the parent company's financial statements respectively for further details about option valuation and the synthetic option settlement.



Directors

The directors who served during the year were:

Graham Spencer Williams
Jostein Devold
Per Kåre Haug Kogstad
Kristian Kolberg

Going concern

The financial results for 2021 are complete and assume that Huddly is a going concern. The Board confirms that the annual results are accurate and reflect the Company's assets and liabilities as well as financial position and result.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- So far as the director is aware, there is no relevant audit information of which the Company's auditor are unaware, and
- The director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information; and
- This confirmation is given and should be interpreted with laws, regulations, and accounting standards in accordance with Simplified International Financial Reporting Standards valid as of December 31, 2021.

Basis of preparation

The financial statements of the consolidated group and the parent company have been prepared in accordance with Simplified International Financial Reporting Standards valid as of December 31, 2021. The consolidated financial statements have been prepared under the historical cost convention.

All numbers are in NOK thousands unless otherwise stated.

Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk.

The Group assess the various risks mentioned above to be moderate at the time of this report.

Research and development

The Company has in 2021 received a grant from Skattefunn through The Research Council of Norway. The direct research and development costs are capitalized and amortized over 3 years.

Workplace culture

The Board believes the workplace culture is satisfactory. There have been no accidents or injuries in 2021. Huddly has strengthened its focus on culture, establishing a dedicated team and creating an Employee Sounding Board.

Equal opportunity

The Group has 103 employees as of December 31, 2021, 78 men and 25 women. The Board is composed of 4 men. The Board promotes equal opportunity, has reviewed the number of employees and positions, and found no cause to develop additional programs to address equal opportunity.

Environment

The Group does not pollute and actively seeks to recycle and minimize electronic waste.



Directors and Officers liability insurance

The Directors and management are covered by a standard D&O insurance policy with a liability limit deemed sufficient by the Board in relation to the risk and nature of the business of Huddly.

Events after the balance sheet date

Refer to Note 18 and Note 20: Events after the balance sheet date in the Group's consolidated and the parent company's financial statements respectively.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements for 2021.

Auditors

Huddly have appointed Mazars as the Group's auditors for the financial year 2021.

Outlook 2022

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

Huddly forecasts gross margin percentage to be around 50 % in FY 2022. Huddly expects global tightness in the supply chain to continue throughout 2022 and the continued increase cost for components to be partially 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.

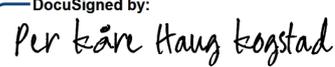
Oslo, 15 March, 2022

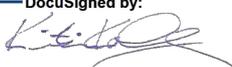
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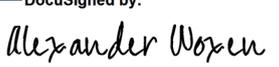
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Graham Spencer Williams
Chairman

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Jostein Devold
Board member

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Per Kåre Haug Kogstad
Board member

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Kristian Kolberg
Board member

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Fredrik Alexander Woxen
CEO

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Financial Statements 2021

Huddly Group



Huddly

Accounting policies – Huddly Group

Corporate information

Huddly Group (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 is a public limited liability Company incorporated and domiciled in Norway. The address of its registered office is Haakon VII's gate 5, 0161 Oslo, Norway.

These consolidated financial statements were approved by the Board of Directors on March 15, 2021.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with simplified IFRS valid as of December 31, 2021. The consolidated financial statements have been prepared under the historical cost convention.

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.

Future changes in standards

The consolidated financial statements could be affected by future changes in IFRS. The Group has evaluated any such change to either be not applicable or with immaterial impact.

Principles of consolidation

Subsidiaries comprise all entities over which the Group has the power to control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee.

Intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated but considered an impairment indicator of the asset transferred.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Principal rules for evaluation and classification of assets and liabilities

Assets intended for long term ownership or use, are classified as non-current assets. Assets relating to the operating cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after balance sheet date. Equivalent criteria apply to liabilities. Current assets are valued at the lower of purchase cost and net realizable value. Current liabilities are reflected in the balance sheet at nominal value at establishment date. Non-current assets are valued at purchase cost. Non-current assets whose value will decline are depreciated on a straight-line basis over the asset's estimated useful life. Non-current assets are written down to net realizable value if a value reduction occurs that is expected to be permanent. Long-term liabilities are reflected in the balance sheet at nominal value on establishment date.

**Cash and cash equivalents**

The Group considers all highly liquid assets with an original or remaining maturity of three months or less at the date of acquisition to be cash equivalents.

Inventories

Inventories are stated at the lower of cost or market. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. The Group provides inventory write-downs based on excess and obsolete inventories determined primarily by future demand forecasts.

Accounts receivables and allowances for doubtful accounts

Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses. Estimated losses are provided for based on an individual assessment of each debtor.

Foreign currency translation

Assets and liabilities of subsidiaries that operate in a local currency environment, where that local currency is the functional currency, are translated to NOK at exchange rates in effect at the balance sheet date, with the resulting translation adjustments directly recorded to a separate component of equity through OCI. Income and expense accounts are translated at average exchange rates during the year. Remeasurement adjustments are recorded in other comprehensive income (loss).

Revenue recognition

The Group recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred as well as risk and control, the fee is fixed or determinable, and collectability is reasonably assured. In instances where final acceptance of the product is specified by the customer, revenue is deferred until all acceptance criteria have been met. The Group accrues for warranty costs, sales returns, and other allowances and as there are no historical history the Group has taken a conservative estimate until such history is established. Shipping and handling fees billed to customers are included in revenue, with the associated costs included in cost of sales. Revenue is shown net of value-added tax, estimated returns, rebates, and discounts and after eliminated sales within the Group.

Intangible assets – R&D

Costs to develop the Group's products that are incurred subsequent to the establishment of technological feasibility are capitalized if significant and when it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and when the cost of the asset can be measured reliably. Intangible assets are measured initially at cost and amortized using the straight-line amortization method over the estimated useful life.

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants related to R&D of capitalized fixed assets are recognized as reductions in capitalized costs.

Leases

The Group has recognized assets and liabilities for all material leases with a term of more than 12 months and recognized the corresponding depreciation of the lease assets separately from interest on lease liabilities in the income statement in line with IFR16 adopted standard.

Tax

The tax expense/(Income) for the period comprises current and change in deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operate and generate taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Financial risk factors

The Group's activities are exposed to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Group assess the various risks mentioned above to be moderate at the time of this report.



Huddly Group

Consolidated Statement of comprehensive income

	Notes	2021	2020
<i>NOK '000</i>			
Sales of goods	1	336,929	365,555
Total revenue		336,929	365,555
Cost of sales		(169,209)	(159,712)
Gross profit		167,720	205,842
Salary costs	2,3,4	(407,626)	(40,014)
Sales and distribution costs		(7,990)	(3,479)
Depreciation and amortization	5,6	(63,975)	(42,896)
Other costs	2,5,7	(19,490)	(14,432)
Total operating costs		(499,081)	(100,822)
Operating result		(331,361)	105,020
Interest income		468	283
Other financial income		6,244	10,546
Total finance income		6,713	10,829
Interest expense		(40)	(8)
Other financial expense		(6,787)	(15,086)
Total finance expense		(6,827)	(15,095)
Net financial income/(expense)		(115)	(4,266)
Net profit before tax		(331,475)	100,755
Tax expenses	8	18,365	(3,588)
Net profit/(loss) for the year		(313,111)	97,167
Other comprehensive income			
Foreign exchange gains/(losses)		(1,830)	2,078
Total comprehensive profit for the year		(314,940)	99,245
Earnings per share			
Basic shares	9	(1.45)	8.14
Fully diluted shares	9	(1.30)	6.72



Huddly Group

Consolidated Statement of financial position at 31 December

	Notes	2021	2020
<i>NOK '000</i>			
ASSETS			
<i>Non-current assets</i>			
Goodwill	5	8,018	8,018
Intangible assets	5	92,458	70,126
Patents, licenses, trademarks etc	5	224	2,358
Deferred tax asset	8	22,077	3,713
Total intangible assets		122,778	84,214
<i>Tangible assets</i>			
Tools, machines, fixtures etc	6,10	18,716	9,437
Total tangible assets		18,716	9,437
Total non-current assets		141,494	93,651
<i>Current assets</i>			
Inventory	11	30,728	3,238
Trade receivables	12	97,374	59,315
Other receivables	13	29,513	18,233
Total receivables		157,615	80,785
Cash and cash equivalents	14	337,276	126,371
Total cash and cash equivalents		337,276	126,371
Total current assets		494,891	207,156
Total assets		636,385	300,807



Huddly

Huddly Group

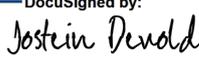
Consolidated Statement of financial position at 31 December (continued)

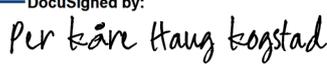
	Notes	2021	2020
<i>NOK '000</i>			
EQUITY AND LIABILITY			
<i>Equity</i>			
Issued capital	15	135	120
Share premium		508,285	230,502
Other components of equity		278,472	11,591
Total issued capital		786,892	242,212
<i>Retained earnings</i>			
Retained earnings		(340,845)	(25,905)
Total retained earnings		(340,845)	(25,905)
Total equity		446,047	216,307
Long term liabilities	16	32,132	8,956
<i>Current liabilities</i>			
Accounts payable		70,345	42,571
Public dues		32,822	17,352
Other short term liabilities	10,17	55,040	15,622
Total current liabilities		158,206	75,545
Total liabilities		190,338	84,500
Total equity and liabilities		636,385	300,807

Oslo, 15 March, 2022

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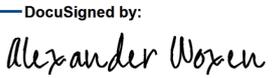
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 Graham Spencer Williams
 Chairman

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 Board member

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 Board member

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 Kristian Kolberg
 Board member

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 Fredrik Alexander Woxen
 CEO

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Huddly Group

Consolidated Statement of changes in equity

	Issued capital	Share preimum	Other equity	FX difference	Retained earnings	Total equity
<i>NOK '000</i>						
Balance at 1 January 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 December 2020	120	230,502	11,591	684	(26,589)	216,307
<i>NOK '000</i>						
Balance at 1 January 2021	120	230,502	11,591	684	(26,589)	216,307
Issue of share capital	16	277,783				
Share-based payment to employees			261,891			
Share repurchase			4,990			
Resale own shares						
Result for the period					(313,111)	
Foreign exchange differences				(1,830)		
Balance at 31 December 2021	135	508,285	278,472	(1,146)	(339,700)	446,047



Huddly Group

Consolidated Statement of cashflow

	Notes	2021	2020
<i>NOK '000</i>			
Cashflow from operations			
Result before tax		(331,475)	100,755
Share-based payments to employees	4	261,891	(916)
Depreciation and amortization		63,975	42,896
Changes in provisions		23,177	2,422
Changes in working capital		4,002	(13,427)
Net change in cash from operations		21,570	131,730
Cashflow from investments			
Changes in other long term investments		-	10
Changes in capitalized assets	5	(76,074)	(52,309)
Purchase of tangible assets	6	(17,379)	(8,192)
Net change in cash from investments		(93,453)	(60,491)
Cashflow from financing			
Net proceeds own shares		4,990	1,147
Receipt of issued capital		277,799	-
Net change in cash from financing		282,789	1,147
Net change in cash		210,905	72,386
Beginning balance bank deposits		126,371	53,985
End balance bank deposits		337,276	126,371



Huddly Group

Notes to the Consolidated financial statements

Note 1: 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.

Principles of revenue recognition are stated in accounting principles to the consolidated financial statements, section: revenue recognition.

Revenue by customer segment

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

Revenue by customer segment	2021
Strategic partners %	61%
Channel partners %	39%
Total Revenue	336,929
Strategic partners	206,361
Channel partners	130,568
Total Revenue	336,929

Note 2: Government grants

The Group's project: 331274 for 2021 has been approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). These funds are accounted for as a reduction of cost in accordance with IAS 20 and the receivable is included in "Other receivables". Payment of TNOK 4,750 will be received as part of the final tax settlement for 2021 during the autumn of 2022. The deduction percentage for 2021 and 2020 for all internal research and development is set at 19 percent of the allowed total project limit.

Grants from	Amount	Reduced salary cost	Reduced other cost
Skattefunn	4,750	4,165	585
Total	4,750	4,165	585

Note 3: Salary and related

	2021	2020
Salary	37,025	28,337
Share-based payment to employees	352,305	3,515
Pension costs	2,519	688
Other personnel costs	15,776	7,474
Total personnel costs	407,626	40,014

The Group had an average of 87 full time employees on payroll in 2021, compared to 65 employees in 2020.

The Group's pension schemes satisfy the requirements in local country legislation regarding mandatory occupational pension act.

98 employees are registered in pension schemes as of December 31, 2021, compared to 64 employees in 2020.

Employee overview by country as of December 31, 2021.

	2021	2020
Norway	85	63
USA	14	7
United Kingdom	2	1
Germany	1	-
Sweden	1	-
Total	103	71

Compensation for the management team

	Board compensation	Salary	Option exercise	Pension cost	Other	Total
Key management employees						
Stein Ove Eriksen, CEO		2,063	4,108	48	12	6,230
Øystein Drageset, CFO		1,800	10,330	49	12	12,191
Knut Helge Teppan, CDO		1,625	1,565	49	12	3,250
Vegard Hammer, CTO		1,625	4,449	49	12	6,135
Board of directors						
Graham S. Williams, Chairman	150		2,935		2,000	5,085
Jostein Devold, Board member	100		1,956			2,056
Per K. H. Kogstad, Board member	100					100
Kristian Kolberg, Board member	100					100
Total	450	7,113	25,343	194	2,048	35,148

The management team does not receive reimbursement or other financial benefits outside their normal duties as leaders.

There are no loans or pledges granted to the management group.

The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman in August 2019. The agreement has been active for full year 2021 with a compensation of TNOK 2,000.

All members of the management and the board are part of the company's 2021 incentive plan. Management and two board members participated in the option exercise and sale of shares as described in the Information Document published 15 February 2021, and the gain from sale of shares are shown in the table above.

Note 3: Salary and related (continued)

Shares owned / controlled by Management, Board, and their related parties	Total
Graham S. Williams, Chairman (GJEH Pty Ltd ATF GJEH Family Trust, ATF G+J Williams Super Fund, and Jacqueline Hardisty Walker)	21,444,655
Jostein Devold, Board member (Mertoun Capital AS and Leif Hübert)	15,545,471
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and children)	10,545,000
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	4,042,080
Stein Ove Eriksen, CEO (SOM Holding AS)	7,970,928
Knut Helge Teppan, CDO (Knut Teppan Design AS)	2,400,000
Total	61,948,134

Note 4: Employee share-based compensation**Employee options**

The Group's only active incentive program is the 2021 incentive plan implemented in January 2021, directed at employees and directors. Existing employees were offered to convert synthetic options to options under the 2021 incentive plan under certain criteria. 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. This implies that the participant may only exercise a number of options each year equal to 20% of its total number of options. Average exercise price is NOK 3.25 per share. As at 31 December there are 72 employees and 4 directors participating in the 2021 incentive plan.

The Group 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. Exercise price is NOK 0.000625 per share. As at 31 December there are 7 employees participating in the 2017 incentive plan and the plan is closed for new grants.

Fair value of the equity instruments are measured at grant date and is recognized over the vesting period, for both incentive plans. All equity instruments expire after five years from grant date. Share-based payments included in salary costs are TNOK 286,001 and TNOK 3,515 in 2021 and 2020 respectively.

Overview outstanding options:

2017 incentive plan	2021	2020
Options granted, outstanding 01.01	173,123	209,790
Adjusted for 1:1.6 share split, EGM 29.01	2,596,845	-
Options granted	-	-
Options exercised	(2,476,624)	-
Options forfeited during the year	(26,672)	(36,667)
Options granted, outstanding 31.12	266,672	173,123
2021 incentive plan	2021	2020
Options granted, outstanding 01.01	-	-
Converted from synthetic options 15.02	21,968,000	-
Options granted	706,500	-
Options exercised	(3,500,800)	-
Options forfeited during the year	(181,112)	-
Options granted, outstanding 31.12	18,992,588	-



Note 4: Employee share-based compensation (continued)

Synthetic options

The Group had per December 2020 2,362,333 outstanding synthetic options. Each synthetic option gives the owner the right to receive a one-time payment up to the value of one share in the company in a change of control event, deducted by exercise price per share. A change of control event is defined as a sale of more than 50% of the ordinary shares in Huddly AS to a single buyer or two or more buyers acting in concert, over a continuous period of 12 months. In February 2021 the board offered existing employees to convert synthetic options to options under the 2021 incentive plan under certain criteria and this plan got closed for new grants. As outlined in the stock exchange announcement dated 21 May 2021, Huddly AS 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 TNOK 75,000 plus social security tax. The first instalment of TNOK 25,000 was paid in December 2021. Operational expenses in 2021 also include accrued social security tax of TNOK 1,878 for the first instalment. Total expensed for the second and third instalment is TNOK 26,487 and TNOK 25,897 respectively, based on NPV calculation which is discounted with a risk-free interest rate of 3 %. Operational expenses also include legal expenses of TNOK 1,731 directly related to this case. Total Operational expenses of TNOK 80,994 from this settlement is included in operational expenses in 2021.

After the settlement and at 31 December, there are 5 prior employees participating in the plan.

Overview synthetic options	2021
Options granted, outstanding 01.01	2,362,333
Options granted, 01.01 - 29.01	24,000
Adjusted for 1:16 share split, EGM 29.01	35,794,995
Converted to 2021 incentive plan 15.02	(21,968,000)
Synthetic options settled, 07.12	(10,342,217)
Options granted, outstanding 31.12	5,871,111

Shares held by the board and management

See Note 3: Salary and related for shares held by the management, board, and their related parties.

Note 5: Intangible assets

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2021	70,126	2,297	61	8,018	80,501
Additions developed internally	76,074	-	-	-	76,074
Amortization	(53,741)	(2,134)	-	-	(55,875)
Balance at 31 December 2021	92,458	163	61	8,018	100,700

At 1 January 2021

Aquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Ending balance	70,126	2,297	61	8,018	80,501

At 31 December 2021

Aquisition cost	242,434	7,146	61	8,018	257,658
Accumulated amortization	(149,976)	(6,982)	-	-	(156,958)
Balance at 31 December 2021	92,458	163	61	8,018	100,700

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2020	53,472	4,625	61	8,018	66,175
Additions developed internally	52,309	-	-	-	52,309
Amortization	(35,656)	(2,327)	-	-	(37,983)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501

At 1 January 2020

Aquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Ending balance	53,472	4,625	61	8,018	66,175

At 31 December 2020

Aquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501

Economic life	3 years	3 years / Undecided	Undecided	Undecided
Depreciation method	Straightline	Straightline / IA	IA	IA

Work performed by departments that is in relation to research and development was TNOK 76,074 and TNOK 52,309 in 2021 and 2020 respectively.

The Company estimates the economic life to be 3 years.

In the operating result for the year, the capitalization of research and development is treated as a cost reduction.

Note 6: Fixed assets

	Machines	Office equipment	Tools	Fixture etc.	Right-to-use	Total
Balance at 1 January 2021	7	1,098	2,965	631	4,737	9,438
Additions	-	1,718	675	72	14,914	17,379
Depreciation	(7)	(784)	(1,313)	(231)	(5,767)	(8,102)
Balance at 31 December 2021	-	2,032	2,328	472	13,883	18,716

At 1 January 2021

Aquisition cost	136	2,646	5,161	1,149	10,979	20,072
Accumulated depreciation	(129)	(1,549)	(2,196)	(518)	(6,242)	(10,634)
Ending balance	7	1,098	2,965	631	4,737	9,437

At 31 December 2021

Aquisition cost	136	4,364	5,837	1,221	25,893	37,451
Accumulated depreciation	(136)	(2,332)	(3,509)	(749)	(12,009)	(18,736)
Balance at 31 December 2021	-	2,032	2,328	472	13,883	18,716

	Machines	Office equipment	Tools	Fixture etc.	Right-to-use	Total
Balance at 1 January 2020	31	591	1,610	627	3,301	6,160
Additions	-	998	2,255	213	4,737	8,203
Depreciation	(23)	(492)	(900)	(209)	(3,301)	(4,926)
Balance at 31 December 2020	7	1,098	2,965	631	4,737	9,437

At 1 January 2020

Aquisition cost	136	1,648	2,906	936	6,242	11,868
Accumulated depreciation	(106)	(1,057)	(1,296)	(309)	(2,941)	(5,708)
Ending balance	31	591	1,610	627	3,301	6,160

At 31 December 2020

Aquisition cost	136	2,646	5,161	1,149	10,979	20,071
Accumulated depreciation	(129)	(1,549)	(2,196)	(518)	(6,242)	(10,634)
Balance at 31 December 2020	7	1,098	2,965	631	4,737	9,437

Economic life	3 years	3 years	3 and 5 years	5 years	2 years
Depreciation method	Straightline	Straightline	Straightline	Straightline	Straightline

Note 7: Other costs

	2021	2020
Professional services	11,240	7,451
Advertizing	1,326	318
Shipping	1,203	519
Rent and leases	1,065	908
Travel	46	150
Utilities	25	13
Other costs	4,586	5,072
Total other costs	19,490	14,432

	2021	2020
Audit fee		
Statutory Audit	163	210
Other services not relating to audit	75	57
Total	238	267

Positions are presented exclusive of VAT.

Note 8: Taxes

Deferred income tax assets and liabilities are offset when a legally enforceable right to offset current tax assets and current tax liabilities exists.

Basis for tax calculation	2021	2020	
Profit/(loss) before tax	(331,475)	100,755	
+/- Not deductible expenses	225,288	(1,268)	
+/- Change in temporary differences	(12,308)	6,461	
Current tax basis	(118,495)	105,948	
Tax costs in results	(18,365)	3,588	
Changes in temporary differences	(18,365)	(3,713)	
Taxes due	-	7,300	
Reconciliation between profit before tax and tax expense	2021	2020	
Profit/(loss) before tax	(331,475)	100,755	
Tax calculated at nominal statutory tax rate	72,925	(22,166)	
Net expenses(income) not deductible	(49,563)	279	
Change in temporary differences	-	(1,422)	
Effect on deferred tax asset included	28	3,713	
Tax losses for which no deferred income tax assets was recognized	(5,024)	16,008	
Tax income/(expense)	18,365	(3,588)	
Tax income is only related to Huddly AS			
Specification of temporary differences due to deferred tax liabilities/(assets):	1/1/2021	31/12/2021	Change
Fixed assets	(3,795)	(3,416)	(379)
Accounts receivables	(6,091)	(246)	(5,846)
Other provisions	(14,281)	(7,775)	(6,506)
Other	598	174	423
Items not included in deferred tax	7,292	7,167	125
Losses carried forward	(39,793)	(155,039)	115,247
Net deferred tax assets base	(56,071)	(159,135)	103,064
Total deferred tax assets	(7,178)	(27,274)	20,096
Deferred tax assets not recognized in the balance sheet	3,465	5,196	(1,732)
Net deferred tax assets recognized in the balance sheet	(3,713)	(22,077)	18,365

Deferred tax assets are recognized for tax loss carryforward and deductible temporary differences to the extent that the realization of the tax benefit through taxable profits is probable.

Deferred tax assets are calculated with the nominal corporate tax rate in Norway. At balance sheet date, the recognition criteria in IAS 12 were not met for Huddly Inc.

Note 9: Earnings per share

Ordinary earnings per share is calculated by taking the net profit/(loss) for the year, divided by outstanding shares at year end deducted by treasury shares.

	2021	2020
Result for the year attributable to the shareholders in the consolidated company		
Net profit for the year	(313,111)	97,167
Result for the year attributable to the shareholders	(313,111)	97,167
Basic shares	(1.45)	8.14
Fully diluted shares	(1.30)	6.72
Fully diluted shares		
Registrated ordinary shares	216,328,048	11,951,714
Treasury shares	(300,016)	(18,751)
Employee and board options	19,259,260	173,123
Board synthetic options	-	225,000
Employee synthetic options	5,871,111	2,137,333
Fully diluted shares	241,158,403	14,468,419

See Note 4: Employee share-based compensation for a description of options and synthetic options.

Note 10: Leases

Right-of-use assets

The Group's leased assets include offices. The Group's right-of-use assets are categorized and presented in the table below.

Right-of-use assets	Total
Acquisition cost 1 January 2021	8,038
Additions	15,188
Disposals	-
Acquisition cost 31 December 2021	23,226
Accumulated depreciation and impairment 1 January 2021	
Depreciation	9,342
Impairment	-
Disposals	-
Accumulated depreciation and impairment 31 December 2021	9,342
	-
Book value right-of-use assets 31 December 2021	13,883
Remaining lease period	1 year
Amortization method	Straightline
Lease liability	
Changes in lease liability	
Lease liability 1 January 2021	5,037
Acquired during the year	15,188
Lease payments during the year	(6,278)
Interest payment	(35)
Lease liability 31 December 2021	13,911
Current lease liability	13,911
Non-current lease liability	-
Net cash flow from lease liability	6,278

Right of use asset and lease liability additions during the year represent the new office premises in Oslo.

Note 11: Inventory

	2021	2020
Components	30,728	3,238
Total inventory	30,728	3,238

The Group buys finished goods from Hapro Electronics AS and Flextronics Industrials Ltd which purchases components and produces finished goods. Normally the Group purchase finished goods for direct sale, but some goods and components are purchased for strategic reasons. The change in inventory during 2021 increased following investments in supply chain to limit future component and manufacturing risk. These are strategic purchases to optimize the supply chain and ensure the most efficient logistic. Components/products are assessed for obsolescence on a continual basis.

Note 12: Accounts receivable

The table below summarizes the accounts receivable position according to their maturity at 31 December:

	Sum	Not due	30-60 d	60-90 d	>90 d
2021	97,374	74,380	17,828	5,059	108
2020	59,315	58,010	-	1,297	8

Payment terms are on average 30 to 45 days. Accounts receivables due are not interest bearing

It is accrued TNOK 250 for loss on accounts receivable in both 2021 and 2020.

Note 13: Other short-term receivables

	2021	2020
Other short term receivables	20,972	14,441
Prepaid expenses	4,579	3,792
Deposits	3,962	-
Total other receivables	29,513	18,233

Other short-term receivables are primarily made up of Skattefunn grant and receivable on value added tax. Deposits compromise of deposit for office premises and demo room space.

Note 14: Cash and cash equivalents

	2021	2020
Cash and cash equivalents	337,276	126,371
Ending cash and equivalents	337,276	126,371

Restricted cash at year end 2021 was TNOK 10,569 and is related to advance payment of social taxes and deposit for office premises. In 2020, restricted cash was TNOK 5,693 and included cash collateral guarantee to Polish VAT fiscal representative.

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

Note 15: Share capital and shareholders

Huddly AS 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	16,785	7.8 %
GJEH Pty Ltd ATF GJEH Family Trust	14,025	6.5 %
MERTOUN CAPITAL AS	13,845	6.4 %
STAFF HOLDING AS	9,066	4.2 %
SOM HOLDING AS	7,971	3.7 %
MP PENSJON PK	7,231	3.3 %
The Bank of New York Mellon SA/NV	6,904	3.2 %
ATF G+J Williams Super Fund	6,858	3.2 %
State Street Bank and Trust Comp	6,690	3.1 %
KOLBERG MOTORS AS	6,628	3.1 %
PORTIA AS	6,400	3.0 %
HØYLANDET BYGGUTLEIE AS	5,041	2.3 %
SKIPS AS TUDOR	4,950	2.3 %
BJØBERG EIENDOM AS	4,042	1.9 %
Skandinaviska Enskilda Banken AB	4,000	1.8 %
MULTIPLIKATOR AS	3,915	1.8 %
The Northern Trust Comp", London Br	3,900	1.8 %
KORINVEST AS	3,217	1.5 %
SALAMANDER HOLDING AS	2,627	1.2 %
HPA HOLDING AS	2,560	1.2 %
All others	79,672	36.8 %
Total	216,328,048	100.0 %

Issue of share capital

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.

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 capital 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.

Total issued share capital during the year was total NOK 15,688 and closed at NOK 135,205 at 31 Dec 2021. Share capital at 31 Dec 2020 was NOK 119,517.

**Note 16: Long term liability**

	2021	2020
Other long-term liabilities	25,897	-
Product warranty provision	6,235	8,956
Total long term liability	32,132	8,956

Other long-term liabilities include accrued settlement of synthetic option claim inclusive of associated social taxes. Further details on synthetic option settlement as outlined in the stock exchange notice on 7th December 2021 can be found in Note 4: Employee share-based compensation.

The Group has two years product warranty on all products and has recognized a provision of 3% on all direct manufacturing costs occurred over the last 2 years at 31 December 2021. This compared to 4% in 2020.

Note 17: Other short-term liabilities

	2021	2020
Other short-term liabilities	34,452	5,720
Lease obligation	13,911	5,037
Accrued vacation pay	6,676	4,866
Total	55,040	15,622

Other short-term liabilities include accrued social security tax, accrued social security tax on option expense, and accrued settlement of synthetic option claim inclusive of associated social taxes.

Further details on synthetic option settlement as outlined in the stock exchange notice on 7th December 2021 can be found in Note 4: Employee share-based compensation.

**Note 18: Events after the balance sheet date**

On 11 Jan 2022, **The board of directors of Huddly AS resolved a program for repurchase of own shares.** The board of directors of Huddly AS (the "Company") has, based on the authorization from the Extraordinary General Meeting on 29 January 2021, resolved that the Company shall repurchase own shares on Euronext Growth Oslo.

Reporting of completed repurchases of own shares

Completed repurchases of own shares will be reported in accordance with applicable laws and regulations as well as Euronext Growth Oslo Rule Book – Part II and the Guidelines.

On 12 Jan, **Huddly appoints new CFO.** Huddly appointed Ragnar Kjos as Chief Financial Officer (CFO). He will start in his new position on April 1 2022.

On 31 Jan, **New office lease agreement signed.** A new office lease agreement was signed on Stortorvet 7, 0155 Oslo, commencing 1 July 2023. The lease period is 6 years.

On 15 Feb, **Office lease agreement extension.** An extension to the current lease agreement at the registered office in Oslo was signed, the new lease agreement ends on 31 July 2023.

On 28 Feb, **Huddly launches Networked AI Camera Platform.** Huddly introduced the S1, a new state-of-the-art camera for small and medium meeting rooms and Speaker Framing, a powerful AI software, that will be made available for Huddly S1 and Huddly L1, Huddly's large-room camera.

On 8 March, **GJEH Pty Ltd ATF GJEH Family Trust acquired 300,000 shares in Huddly AS at NOK 6.9193 per share.** GJEH Pty Ltd ATF GJEH Family Trust is represented on the board of Huddly AS by Executive Chairman Graham Spencer Williams. Following the transaction, Graham Spencer Williams and related parties as per the MAR definition, jointly hold 21,744,655 shares in Huddly AS, representing 10.05 % of the share capital.

The current worldwide political and military environment continues to create apprehension and risk. At the presentation of the annual accounts, there is uncertainty regarding the effects of the armed hostilities in eastern Europe and sanctions imposed upon Russia, both in the short and long term. The board recognizes that this may affect the activity of the Group.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements.

Financial Statements 2021

Huddly AS



Huddly

Accounting policies – Huddly AS

Corporate information

Huddly AS is the parent company in the Huddly Group. 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 AS is a public limited liability Company incorporated and domiciled in Norway. The address of its registered office is Haakon VII's gate 5, 0161 Oslo, Norway.

These financial statements were approved by the Board of Directors on March 15, 2022.

Basis of preparation

The financial statements of Huddly AS (the "Company") has been prepared in accordance with simplified International Financial Reporting Standards (simplified IFRS) valid as of December 31, 2021. The consolidated financial statements have been prepared under the historical cost convention.

All numbers are in NOK thousands unless otherwise stated.

Future changes in standards

The financial statements could be affected by future changes in IFRS. The Company has evaluated any such change to either be not applicable or with immaterial impact.

Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Principal rules for evaluation and classification of assets and liabilities

Assets intended for long term ownership or use, are classified as non-current assets. Assets relating to the operating cycle are classified as current assets. Receivables are classified as current assets if they are to be repaid within one year after balance sheet date. Equivalent criteria apply to liabilities. Current assets are valued at the lower of purchase cost and net realizable value. Current liabilities are reflected in the balance sheet at nominal value at establishment date. Non-current assets are valued at purchase cost. Non-current assets whose value will decline are depreciated on a straight-line basis over the asset's estimated useful life. Non-current assets are written down to net realizable value if a value reduction occurs that is expected to be permanent. Long-term liabilities are reflected in the balance sheet at nominal value on establishment date.

Cash and cash equivalents

The Company considers all highly liquid assets with an original or remaining maturity of three months or less at the date of acquisition to be cash equivalents.

**Inventories**

Inventories are stated at the lower of cost or market. Cost is computed using standard cost, which approximates actual cost, on a first-in, first-out basis. The Company provides inventory write-downs based on excess and obsolete inventories determined primarily by future demand forecasts.

Accounts receivables and allowances for doubtful accounts

Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses. Estimated losses are provided for based on an individual assessment of each debtor. Trade receivables are written off at the point when they are considered uncollectible.

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred as well as risk and control, the fee is fixed or determinable, and collectability is reasonably assured. In instances where final acceptance of the product is specified by the customer, revenue is deferred until all acceptance criteria have been met. The Company accrues for warranty costs, sales returns, and other allowances and as there are no historical history the Company has taken a conservative estimate until such history is established. Shipping and handling fees billed to customers are included in revenue, with the associated costs included in cost of sales. Revenue is shown net of value-added tax, estimated returns, rebates and discounts.

Intangible assets – R&D

Costs to develop the Company's products that are incurred subsequent to the establishment of technological feasibility are capitalized if significant and when it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity and when the cost of the asset can be measured reliably. Intangible assets are measured initially at cost and amortized using the straight-line amortization method over the estimated useful life.

Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes as expenses the related costs for which the grants are intended to compensate. Grants related to R&D of capitalized fixed assets are recognized as reductions in capitalized costs.

Leases

The Company has recognized assets and liabilities for all material leases with a term of more than 12 months and recognized the corresponding depreciation of the lease assets separately from interest on lease liabilities in the income statement in line with IFR16 adopted standard.

Tax

The tax expense/(Income) for the period comprises current and change in deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in Norway.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax asset and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.



Financial risk factors

The Company's activities are exposed to a variety of financial risks: market risk (including currency risk and price risk), credit risk and liquidity risk. The Company assess the various risks mentioned above to be moderate at the time of this report.

Shares in subsidiaries

Investments in subsidiaries are recorded under the cost method. Investments are written down to fair value when a reduction in value is expected to be permanent.



Huddly AS

Statement of comprehensive income

	Notes	2021	2020
<i>NOK '000</i>			
Sales of goods	1	336,838	365,134
Total revenue		336,838	365,134
Cost of sales		(169,209)	(159,712)
Gross profit		167,630	205,422
Salary costs	2,3,4	(393,570)	(27,975)
Sales and distribution costs		(5,037)	(1,936)
Depreciation and amortization	5,6	(63,927)	(42,887)
Other costs	2,5,7	(13,625)	(14,833)
Total operating costs		(476,159)	(87,631)
Operating result		(308,529)	117,791
Interest income		468	283
Other financial income	8	40,366	10,555
Total finance income		40,834	10,838
Interest expense		(40)	(8)
Other financial expense		(6,781)	(24,188)
Total finance expense		(6,822)	(24,196)
Net financial income/(expense)		34,012	(13,358)
Net profit/(loss) before tax		(274,517)	104,433
Tax expenses	9	18,365	(3,588)
Net Profit/(loss) for the year		(256,152)	100,846
Earnings per share			
Basic shares	10	(1.19)	8.45
Fully diluted shares	10	(1.06)	6.97



Huddly AS

Statement of financial position at 31 December

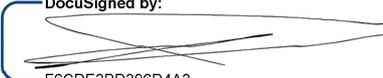
	Notes	2021	2020
<i>NOK '000</i>			
ASSETS			
<i>Non-current assets</i>			
Goodwill	5	8,018	8,018
Intangible assets	5	92,458	70,126
Patents, licenses, trademarks etc	5	224	2,358
Deferred tax asset	9	22,077	3,713
Total intangible assets		122,778	84,214
<i>Tangible assets</i>			
Tools, machines, fixtures etc	6,11	18,479	9,419
Total tangible assets		18,479	9,419
<i>Financial assets</i>			
Investment in subsidiaries	8,12	73,025	-
Total financial assets		73,025	-
Total non-current assets		214,281	93,632
<i>Current assets</i>			
Inventory	13	30,728	3,238
Trade receivables	14	97,374	59,270
Other receivables	15	29,472	18,197
Total receivables		157,574	80,705
Cash and cash equivalents	16	324,028	125,962
Total cash and cash equivalents		324,028	125,962
Total current assets		481,602	206,667
Total assets		695,883	300,299

Huddly AS

Statement of financial position at 31 December (continued)

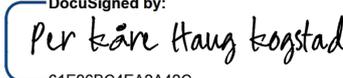
	Notes	2021	2020
<i>NOK '000</i>			
EQUITY AND LIABILITY			
<i>Equity</i>			
Issued capital	17	135	120
Share premium		508,285	230,502
Other components of equity		278,472	11,591
Total issued capital		786,892	242,212
<i>Retained earnings</i>			
Retained earnings		(281,069)	(24,917)
Total retained earnings		(281,069)	(24,917)
Total equity		505,823	217,295
Long term liabilities	18	32,132	8,956
<i>Current liabilities</i>			
Accounts payable		70,232	42,571
Public dues		32,822	17,346
Other short term liabilities	11,19	54,875	14,131
Total current liabilities		157,928	74,048
Total liabilities		190,060	83,003
Total equity and liabilities		695,883	300,299

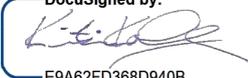
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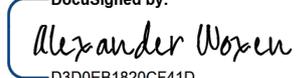
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 Graham Spencer Williams
 Chairman

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 Jostein Devold
 Board member

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 Per Kåre Haug Kogstad
 Board member

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 Kristian Kolberg
 Board member

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 Fredrik Alexander Woxen
 CEO

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Huddly AS

Statement of changes in equity

	Issued capital	Share preimum	Other equity	FX difference	Retained earnings	Total equity
<i>NOK '000</i>						
Balance at 1 January 2020	120	230,502	11,360	-	(125,763)	116,219
Issue of share capital						
Share-based payment to employees			(916)			
Share repurchase			1,186			
Resale of own shares			(38)			
Result for the period					100,846	
Foreign exchange differences						
Balance at 31 December 2020	120	230,502	11,591	-	(24,917)	217,295
<i>NOK '000</i>						
Balance at 1 January 2021	120	230,502	11,591	-	(24,917)	217,295
Issue of share capital	16	277,783				
Share-based payment to employees			261,891			
Share repurchase			4,990			
Resale of own shares						
Result for the period					(256,152)	
Foreign exchange differences						
Balance at 31 December 2021	135	508,285	278,472	-	(281,069)	505,823



Huddly AS

Statement of cashflow

<i>NOK '000</i>	Notes	2021	2020
Cashflow from operations			
Result before tax		(274,517)	104,433
Impairment loss to subsidiary		-	9,107
Exchange rate differences loss		-	1,526
Share-based payments to employees	4	261,891	(916)
Depreciation and amortization		63,927	42,887
Changes in provisions		23,177	2,422
Changes in working capital		7,011	(17,003)
Net change in cash from operations		81,489	142,455
Cashflow from investments			
Payment of intercompany loan		-	(10,632)
Changes in other long term investments	8,12	(73,025)	10
Changes in capitalized assets	5	(76,074)	(52,309)
Purchase of tangible assets	6	(17,112)	(8,170)
Net change in cash from investments		(166,211)	(71,102)
Cashflow from financing			
Net proceeds own shares		4,990	1,147
Receipt of issued capital		277,799	-
Net change in cash from financing		282,789	1,147
Net change in cash		198,066	72,501
Beginning balance bank deposits		125,962	53,461
End balance bank deposits		324,028	125,962



Huddly AS

Notes to the financial statements

Note 1: 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 Company considers the business as one operational segment.

The Company'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.

Principles of revenue recognition are stated in accounting principles to the consolidated financial statements, section: revenue recognition.

Revenue by customer segment

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

Revenue by customer segment	2021
Strategic partners %	61%
Channel partners %	39%
Total Revenue	
Strategic partners	206,270
Channel partners	130,568
Total Revenue	336,838

Note 2: Government grants

The Company's project: 331274 for 2021 has been approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). These funds are accounted for as a reduction of cost in accordance with IAS 20 and the receivable is included in "Other receivables". Payment of TNOK 4,750 will be received as part of the final tax settlement for 2021 during the autumn of 2022. The deduction percentage for 2021 and 2020 for all internal research and development is set at 19 percent of the allowed total project limit.

Grants from	Amount	Reduced salary cost	Reduced other cost
Skattefunn	4,750	4,165	585
Total	4,750	4,165	585

Note 3: Salary and related

	2021	2020
Salary	25,233	18,461
Share-based payment to employees	352,305	3,515
Pension costs	2,519	688
Other personnel costs	13,512	5,311
Total personnel costs	393,570	27,975

The Company had an average of 77 full time employees on payroll in 2021, compared to 58 employees in 2020.

The Company's pension schemes satisfy the requirements in local country legislation regarding mandatory occupational pension act.

84 employees are registered in the pension scheme as of December 31, 2021, compared to 57 employees as of December 31, 2020.

Employee overview by country as of December 31, 2021.

	2021	2020
Norway	85	63
United Kingdom	2	1
Germany	1	-
Sweden	1	-
Total	89	64

Compensation for the management team

	Board compensation	Salary	Option exercise	Pension cost	Other	Total
Key management employees						
Stein Ove Eriksen, CEO		2,063	4,108	48	12	6,230
Øystein Drageset, CFO		1,800	10,330	49	12	12,191
Knut Helge Teppan, CDO		1,625	1,565	49	12	3,250
Vegard Hammer, CTO		1,625	4,449	49	12	6,135
Board of directors						
Graham S. Williams, Chairman	150		2,935		2,000	5,085
Jostein Devold, Board member	100		1,956			2,056
Per K. H. Kogstad, Board member	100					100
Kristian Kolberg, Board member	100					100
Total	450	7,113	25,343	194	2,048	35,148

The management team does not receive reimbursement or other financial benefits outside their normal duties as leaders.

There are no loans or pledges granted to the management group.

The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman in August 2019. The agreement has been active for full year 2021 with a compensation of TNOK 2,000.

All members of the management and the board are part of the company's 2021 incentive plan. Management and two board members participated in the option exercise and sale of shares as described in the Information Document published 15 February 2021, and the gain from sale of shares are shown in the table above.

Note 3: Salary and related (continued)

Shares owned / controlled by Management, Board, and their related parties	Total
Graham S. Williams, Chairman (GJEH Pty Ltd ATF GJEH Family Trust, ATF G+J Williams Super Fund, and Jacqueline Hardisty Walker)	21,444,655
Jostein Devold, Board member (Mertoun Capital AS and Leif Hübert)	15,545,471
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and children)	10,545,000
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	4,042,080
Stein Ove Eriksen, CEO (SOM Holding AS)	7,970,928
Knut Helge Teppan, CDO (Knut Teppan Design AS)	2,400,000
Total	61,948,134

Note 4: Employee share-based compensation

Employee options

The company's only active incentive program is the 2021 incentive plan implemented in January 2021, directed at employees and directors. Existing employees were offered to convert synthetic options to options under the 2021 incentive plan under certain criteria. 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. This implies that the participant may only exercise a number of options each year equal to 20% of its total number of options. Average exercise price is NOK 3.25 per share. As at 31 December there are 72 employees and 4 directors participating in the 2021 incentive plan.

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. Exercise price is NOK 0.000625 per share. As at 31 December there are 7 employees participating in the 2017 incentive plan and the plan is closed for new grants.

Fair value of the equity instruments are measured at grant date and is recognized over the vesting period, for both incentive plans. All equity instruments expire after five years from grant date. Share-based payments included in salary costs are TNOK 286,001 and TNOK 3,515 in 2021 and 2020 respectively.

Overview outstanding options:

2017 incentive plan	2021	2020
Options granted, outstanding 01.01	173,123	209,790
Adjusted for 1:16 share split, EGM 29.01	2,596,845	-
Options granted	-	-
Options exercised	(2,476,624)	-
Options forfeited during the year	(26,672)	(36,667)
Options granted, outstanding 31.12	266,672	173,123
2021 incentive plan	2021	2020
Options granted, outstanding 01.01	-	-
Converted from synthetic options 15.02	21,968,000	-
Options granted	706,500	-
Options exercised	(3,500,800)	-
Options forfeited during the year	(181,112)	-
Options granted, outstanding 31.12	18,992,588	-



Note 4: Employee share-based compensation (continued)

Synthetic options

The company had per December 2020 2,362,333 outstanding synthetic options. Each synthetic option gives the owner the right to receive a one-time payment up to the value of one share in the company in a change of control event, deducted by exercise price per share. A change of control event is defined as a sale of more than 50% of the ordinary shares in the Company to a single buyer or two or more buyers acting in concert, over a continuous period of 12 months. In February 2021 the board offered existing employees to convert synthetic options to options under the 2021 incentive plan under certain criteria and this plan got closed for new grants. 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 TNOK 75,000 plus social security tax. The first instalment of TNOK 25,000 was paid in December 2021. Operational expenses in 2021 also include accrued social security tax of TNOK 1,878 for the first instalment. Total expensed for the second and third instalment is TNOK 26,487 and TNOK 25,897 respectively, based on NPV calculation which is discounted with a risk-free interest rate of 3 %. Operational expenses also include legal expenses of TNOK 1,731 directly related to this case. Total Operational expenses of TNOK 80,994 from this settlement is included in operational expenses in 2021.

After the settlement and at 31 December, there are 5 prior employees participating in the plan.

Overview synthetic options	2021
Options granted, outstanding 01.01	2,362,333
Options granted, 01.01 - 29.01	24,000
Adjusted for 1:16 share split, EGM 29.01	35,794,995
Converted to 2021 incentive plan 15.02	(21,968,000)
Synthetic options settled, 07.12	(10,342,217)
Options granted, outstanding 31.12	5,871,111

Shares held by the board and management

See Note 3: Salary and related for shares held by the management, board, and their related parties.

Note 5: Intangible assets

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2021	70,126	2,297	61	8,018	80,501
Additions developed internally	76,074	-	-	-	76,074
Amortization	(53,741)	(2,134)	-	-	(55,875)
Balance at 31 December 2021	92,458	163	61	8,018	100,700

At 1 January 2021					
Acquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Ending balance	70,126	2,297	61	8,018	80,501

At 31 December 2021					
Acquisition cost	242,434	7,146	61	8,018	257,658
Accumulated amortization	(149,976)	(6,982)	-	-	(156,958)
Balance at 31 December 2021	92,458	163	61	8,018	100,700

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2020	53,472	4,625	61	8,018	66,175
Additions developed internally	52,309	-	-	-	52,309
Amortization	(35,656)	(2,327)	-	-	(37,983)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501

At 1 January 2020					
Acquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Ending balance	53,472	4,625	61	8,018	66,175

At 31 December 2020					
Acquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501

Economic life	3 years	3 years / Undecided	Undecided	Undecided
Depreciation method	Straightline	Straightline / IA	IA	IA

Work performed by departments that is in relation to research and development was TNOK 76,074 and TNOK 52,309 in 2021 and 2020 respectively.

The Company estimates the economic life to be 3 years.

In the operating result for the year, the capitalization of research and development is treated as a cost reduction.

Note 6: Fixed assets

	Machines	Office equipment	Tools	Fixture etc.	Right-to-use	Total
Balance at 1 January 2021	7	1,079	2,965	631	4,737	9,419
Additions	-	1,451	675	72	14,914	17,112
Depreciation	(7)	(734)	(1,313)	(231)	(5,767)	(8,052)
Balance at 31 December 2021	-	1,796	2,328	472	13,883	18,479

At 1 January 2021

Aquisition cost	136	2,397	5,161	1,149	10,979	19,823
Accumulated depreciation	(129)	(1,319)	(2,196)	(518)	(6,242)	(10,404)
Ending balance	7	1,079	2,965	631	4,737	9,419

At 31 December 2021

Aquisition cost	136	3,848	5,837	1,221	25,893	36,935
Accumulated depreciation	(136)	(2,052)	(3,509)	(749)	(12,009)	(18,456)
Balance at 31 December 2021	-	1,796	2,328	472	13,883	18,479

	Machines	Office equipment	Tools	Fixture etc.	Right-to-use	Total
Balance at 1 January 2020	31	584	1,610	627	3,301	6,153
Additions	-	980	2,255	213	4,737	8,185
Depreciation	(23)	(485)	(900)	(209)	(3,301)	(4,920)
Balance at 31 December 2020	7	1,079	2,965	631	4,737	9,419

At 1 January 2020

Aquisition cost	136	1,417	2,906	936	6,242	11,638
Accumulated depreciation	(106)	(833)	(1,296)	(309)	(2,941)	(5,484)
Ending balance	31	584	1,610	627	3,301	6,153

At 31 December 2020

Aquisition cost	136	2,397	5,161	1,149	10,979	19,823
Accumulated depreciation	(129)	(1,319)	(2,196)	(518)	(6,242)	(10,404)
Balance at 31 December 2020	7	1,079	2,965	631	4,737	9,419

Economic life	3 years	3 years	3 and 5 years	5 years	2 years
Depreciation method	Straightline	Straightline	Straightline	Straightline	Straightline

Note 7: Other costs

	2021	2020
Professional services	11,240	7,451
Advertizing	1,326	318
Shipping	1,203	519
Rent and leases	1,065	908
Travel	46	150
Utilities	25	13
Accrued loss on receivable Huddly Inc	(5,865)	401
Other costs	4,586	5,072
Total other costs	13,625	14,833

Positions are presented exclusive of VAT.

For further information on accrued loss on receivable Huddly Inc see Note 8: Intercompany balances and Note 12: Overview of subsidiary.

Note 8: Intercompany balances

	2021	2020
Loan to Subsidiary	-	-
Receivable from subsidiary	-	-

Huddly AS ("AS") is 100% owner of Huddly Inc. (INC). In 2021, AS entered into an agreement with INC on a debt-to-equity conversion of total outstanding debt. After the conversion, AS does not have any remaining receivables to INC and the related accrued losses have been reversed.

In 2020, receivables and long-term loan was 100% accrued for. As a result of the debt-to-equity conversion, the accrual was reversed and the investment in Huddly Inc. increased. Investment in Huddly Inc. amounts to TNOK 73,025 at 31 December 2021.

Note 9: Taxes

Deferred income tax assets and liabilities are offset when a legally enforceable right to offset current tax assets and current tax liabilities exists.

Basis for tax calculation	2021	2020
Profit/(loss) before tax	(274,517)	104,433
+/- Not deductible expenses	191,166	7,839
+/- Change in temporary differences	(12,731)	7,059
Current tax basis	(96,082)	119,331
Tax costs in results	(18,365)	3,588
Changes in temporary differences	(18,365)	(3,713)
Taxes due	-	7,300

Reconciliation between profit before tax and tax expense	2021	2020
Profit/(loss) before tax	(274,517)	104,433
Tax calculated at nominal statutory tax rate	60,394	(22,975)
Net expenses(income) not deductible	(42,056)	(1,725)
Change in temporary differences	-	(1,553)
Effect on deferred tax asset included	-	3,713
Tax losses for which no deferred income tax assets was recognized	28	18,952
Tax income/(expense)	18,365	(3,588)

Specification of temporary differences due to deferred tax liabilities/(assets):	1/1/2021	31/12/2021	Change
Fixed assets	(3,795)	(3,416)	(379)
Accounts receivables	(6,091)	(246)	(5,846)
Other provisions	(14,281)	(7,775)	(6,506)
Items not included in deferred tax	7,292	7,167	125
Losses carried forward	-	(96,082)	96,082
Net deferred tax assets base	(16,876)	(100,352)	83,476
Total deferred tax assets	(3,713)	(22,077)	18,365
Deferred tax assets not recognized in the balance sheet	-	-	-
Net deferred tax assets recognized in the balance sheet	(3,713)	(22,077)	18,365

Deferred tax assets are recognized for tax loss carryforwards and deductible temporary differences to the extent that the realization of the tax benefit through taxable profits is probable.

Note 10: Earnings per share

Ordinary earnings per share is calculated by taking the net profit/(loss) for the year, divided by outstanding shares at year end deducted by treasury shares.

	2021	2020
Result for the year attributable to the shareholders in the parent company		
Net profit for the year	(256,152)	100,846
Result for the year attributable to the shareholders	(256,152)	100,846
Basic shares	(1.19)	8.45
Fully diluted shares	(1.06)	6.97
Fully diluted shares		
Registrated ordinary shares	216,328,048	11,951,714
Treasury shares	(300,016)	(18,751)
Employee and board options	19,259,260	173,123
Board synthetic options	-	225,000
Employee synthetic options	5,871,111	2,137,333
Fully diluted shares	241,158,403	14,468,419

See Note 4: Employee share-based compensation for a description of options and synthetic options.

Note 11: Leases

Right-of-use assets

The Company's leased assets include offices. The Group's right-of-use assets are categorized and presented in the table below.

Right-of-use assets	Total
Acquisition cost 1 January 2021	8,038
Additions	15,188
Disposals	-
Acquisition cost 31 December 2021	23,226
Accumulated depreciation and impairment 1 January 2021	
Depreciation	9,342
Impairment	-
Disposals	-
Accumulated depreciation and impairment 31 December 2021	9,342
Book value right-of-use assets 31 December 2021	13,883
Remaining lease period	1 year
Amortization method	Straightline
Lease liability	
Changes in lease liability	
Lease liability 1 January 2021	5,037
Acquired during the year	15,188
Lease payments during the year	(6,278)
Interest payment	(35)
Lease liability 31 December 2021	13,911
Current lease liability	13,911
Non-current lease liability	-
Net cash flow from lease liability	6,278

Right of use asset and lease liability additions during the year represent the new office premises in Oslo.

**Note 12: Overview of subsidiary**

The following subsidiary is included in the consolidated financial statements.

Company	Location	Purpose	Ownership	Voting Rights	Book value	Result	Equity
Huddly Inc.	USA	Sales and marketing	100%	100%	73,025	(16,971)	13,248

Note 13: Inventory

	2021	2020
Components	30,728	3,238
Total inventory	30,728	3,238

The company buys finished goods from Hapro Electronics AS and Flextronics Industrials Ltd which purchases components and produces finished goods. Normally Huddly AS purchase finished goods for direct sale, but some goods and components are purchased for strategic reasons. The change in inventory during 2021 increased following investments in supply chain to limit future component and manufacturing risk. These are strategic purchases to optimize the supply chain and ensure the most efficient logistic. Components/products are assessed for obsolescence on a continual basis.

Note 14: Accounts receivable

The table below summarizes the accounts receivable position according to their maturity at 31 December:

	Sum	Not due	30-60 d	60-90 d	>90 d
2021	97,374	74,380	17,828	5,059	108
2020	59,270	58,010	-	1,253	8

Payment terms are on average 30 to 45 days. Accounts receivables due are not interest bearing

It is accrued TNOK 250 for loss on accounts receivable in both 2021 and 2020.

Note 15: Other short-term receivables

	2021	2020
Other short term receivables	20,935	14,405
Prepaid expenses	4,575	3,792
Deposits	3,962	-
Total other receivables	29,472	18,197

Other short-term receivables are primarily made up of Skattefunn grant and receivable on value added tax. Deposits comprise deposit for office premises and demo room space.

Note 16: Cash and cash equivalents

	2021	2020
Cash and cash equivalents	324,028	125,962
Ending cash and equivalents	324,028	125,962

Restricted cash at year end 2021 was TNOK 10,569 and is related to advance payment of social taxes and deposit for office premises. In 2020, restricted cash was TNOK 5,693 and included cash collateral guarantee to Polish VAT fiscal representative.

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

Note 17: Share capital and shareholders

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	16,785	7.8 %
GJEH Pty Ltd ATF GJEH Family Trust	14,025	6.5 %
MERTOUN CAPITAL AS	13,845	6.4 %
STAFF HOLDING AS	9,066	4.2 %
SOM HOLDING AS	7,971	3.7 %
MP PENSJON PK	7,231	3.3 %
The Bank of New York Mellon SA/NV	6,904	3.2 %
ATF G+J Williams Super Fund	6,858	3.2 %
State Street Bank and Trust Comp	6,690	3.1 %
KOLBERG MOTORS AS	6,628	3.1 %
PORTIA AS	6,400	3.0 %
HØYLANDET BYGGUTLEIE AS	5,041	2.3 %
SKIPS AS TUDOR	4,950	2.3 %
BJØBERG EIENDOM AS	4,042	1.9 %
Skandinaviska Enskilda Banken AB	4,000	1.8 %
MULTIPLIKATOR AS	3,915	1.8 %
The Northern Trust Comp", London Br	3,900	1.8 %
KORINVEST AS	3,217	1.5 %
SALAMANDER HOLDING AS	2,627	1.2 %
HPA HOLDING AS	2,560	1.2 %
All others	79,672	36.8 %
Total	216,328,048	100.0 %

Issue of share capital

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.

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 capital 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.

Total issued share capital during the year was total NOK 15,688 and closed at NOK 135,205 at 31 Dec 2021. Share capital at 31 Dec 2020 was NOK 119,517.

Note 18: Long term liability

	2021	2020
Other long-term liabilities	25,897	-
Product warranty provision	6,235	8,956
Total long term liability	32,132	8,956

Other long-term liabilities include accrued settlement of synthetic option claim inclusive of associated social taxes. Further details on synthetic option settlement as outlined in the stock exchange notice on 7th December 2021 can be found in Note 4: Employee share-based compensation.

The Company has two years product warranty on all products and has recognized a provision of 3% on all direct manufacturing costs occurred over the last 2 years at 31 December 2021, this compared to 4% in 2020.

Note 19: Other short-term liabilities

	2021	2020
Other short-term liabilities	34,287	5,720
Lease obligation	13,911	5,037
Accrued vacation pay	6,676	4,866
Total	54,875	14,131

Other short-term liabilities include accrued social security tax, accrued social security tax on option expense, and accrued settlement of synthetic option claim inclusive of associated social taxes.

Further details on synthetic option settlement as outlined in the stock exchange notice on 7th December 2021 can be found in Note 4: Employee share-based compensation.

**Note 20: Events after the balance sheet date**

On 11 Jan, **The board of directors of Huddly AS resolved a programme for repurchase of own shares.** The board of directors of Huddly AS (the "Company") has, based on the authorization from the Extraordinary General Meeting on 29 January 2021, resolved that the Company shall repurchase own shares on Euronext Growth Oslo.

Reporting of completed repurchases of own shares

Completed repurchases of own shares will be reported in accordance with applicable laws and regulations as well as Euronext Growth Oslo Rule Book – Part II and the Guidelines.

On 12 Jan, **Huddly appoints new CFO.** Huddly appointed Ragnar Kjos as Chief Financial Officer (CFO). He will start in his new position on April 1 2022.

On 31 Jan, **New office lease agreement signed.** A new office lease agreement was signed on Stortorvet 7, 0155 Oslo, commencing 1 July 2023. The lease period is 6 years.

On 15 Feb, **Office lease agreement extension.** An extension to the current lease agreement at the registered office in Oslo was signed, the new lease agreement ends on 31 July 2023.

On 28 Feb, **Huddly launches Networked AI Camera Platform.** Huddly introduces the S1, a new state-of-the-art camera for small and medium meeting rooms and Speaker Framing, a powerful AI software, that will be made available for Huddly S1 and Huddly L1, Huddly's large-room camera.

On 8 March, **GJEH Pty Ltd ATF GJEH Family Trust acquired 300,000 shares in Huddly AS at NOK 6.9193 per share.** GJEH Pty Ltd ATF GJEH Family Trust is represented on the board of Huddly AS by Executive Chairman Graham Spencer Williams. Following the transaction, Graham Spencer Williams and related parties as per the MAR definition, jointly hold 21,744,655 shares in Huddly AS, representing 10.05 % of the share capital.

The current worldwide political and military environment continues to create apprehension and risk. At the presentation of the annual accounts, there is uncertainty regarding the effects of the armed hostilities in eastern Europe and sanctions imposed upon Russia, both in the short and long term. The board recognizes that this may affect the activity of the group.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements.

To the General Meeting of Huddly AS

Independent auditor`s report

Opinion

We have audited the financial statements of Huddly AS (the Company), which comprise:

- The financial statements of the group, which comprise the balance sheet as at 31 December 2021, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the company, which comprise the balance sheet as at 31 December 2021, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements comply with applicable statutory requirements,
- The financial statements give a true and fair view of the financial position of the group as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and
- The financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

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

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report. Our opinion on the financial statements does not cover the information in the Board of Directors' report.

In connection with our audit of the financial statements, our responsibility is to read the information in the Board of Directors' report. The purpose is to consider if there is material inconsistency between the information in the Board of Directors' report and the financial statements or our knowledge obtained in the audit, or otherwise the information in the Board of Directors' report otherwise appears to be materially misstated. We are required to report that fact if there is a material misstatement in the Board of Directors' report. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements

Responsibilities of the management for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation of financial statements that give a true and fair view in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:

<https://revisorforeningen.no/revisjonsberetninger>

Oslo, Norge, 15. mars 2022
Mazars AS

Marvin Torres
State Authorised Public Accountant
(This document is signed electronically)

Elektronisk signatur

Signert av	Dato og tid
Torres, Marvin-Jay Ignacio Norwegian BankID	(UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna 15.03.2022 10.58.28

Dette dokumentet er signert med elektronisk signatur. En elektronisk signatur er juridisk forpliktende på samme måte som en håndskrevet signatur på papir. Denne siden er lagt til dokumentet for å vise grunnleggende informasjon om signaturen(e), og på de foregående sidene kan du lese dokumentet som er signert. Vedlagt finnes også en PDF med signatordetaljer, og en XML-fil med innholdet i den elektroniske signaturen(e). Vedleggene kan brukes for å verifisere gyldigheten av dokumentets signatur ved behov.

Huddly Group & Huddly AS