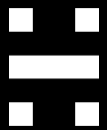
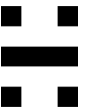


# Annual Report 2023

Huddly Group and Huddly AS

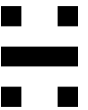




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# Highlights



# Key figures

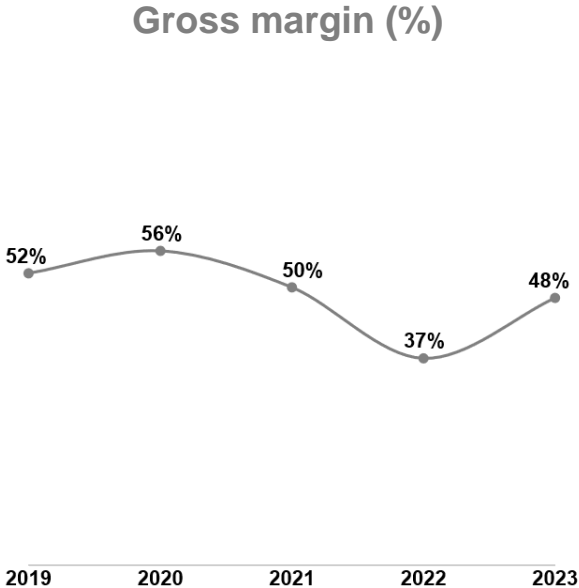
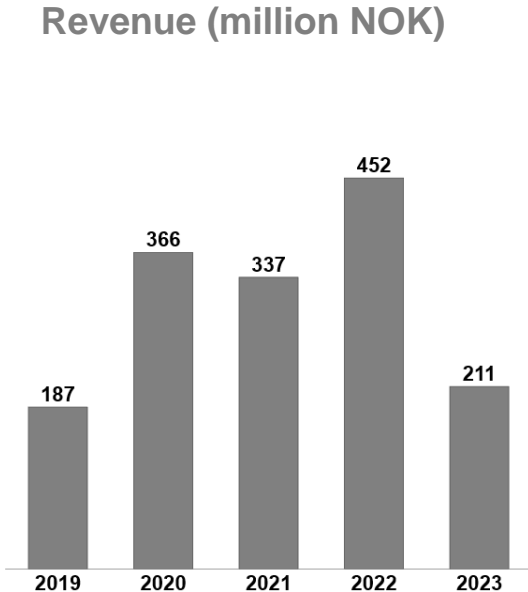
## About Huddly

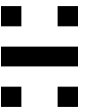
Disruptive innovation is our heartbeat. We're committed to pushing technology and challenging the status quo to empower human collaboration.

Combining our industry-leading expertise in artificial intelligence, software, hardware, and UX, we craft intelligent camera systems that enable inclusive and productive teamwork.

Huddly cameras are designed to provide high-quality, AI-powered video meetings on major platforms, including Microsoft Teams, Zoom, and Google Meet. With upgradable software, durable hardware, and engaging user experiences, they are the ideal choice for organizations seeking a future-proof, scalable, and sustainable solution.

Founded in 2013, Huddly is headquartered in Oslo, Norway, with presence in the US and EMEA and distribution globally.





## Why Huddly is an attractive long-term investment



### 1. Large and growing market with strong fundamental drivers

- Addressing a vast market with significant untapped potential: Only ~10% of roughly a hundred million meeting rooms are equipped with video conferencing systems (source: Frost & Sullivan).
- The workplace is converging to hybrid mode with employees working from home 2-3 days per week (source: WFH Research): Increasing penetration rate, as the need for technology addressing hybrid collaboration pain points intensifies.
- Differentiated product portfolio powered by a unique combination of AI and networked devices.



### 2. Huddly Crew: The world's first AI-directed multi-camera system, solving hybrid collaboration pain points such as inefficient and non-engaging meetings

- Barriers to entry developed since 2013: Image based AI and machine learning is a hard nut to crack.
- Highly competent and experienced in-house engineering capabilities with 65 FTEs working with product development.
- Award winning product design such as Red Dot: Best of the Best and the IF Gold Award.



### 3. Go-to-market: Strong partner network to drive revenue and scale

- Collaboration with Crestron and Google to build and distribute state-of-the-art videoconferencing solutions.
- End-customer reach through global distributors.

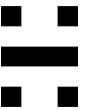


Huddly Crew in traditional meeting room.



Huddly Crew in soft seating space.

# Report from the Board of Directors



# Annual Summary of Consolidated results for the year ending 31 December 2023

The board of directors present their annual summary of consolidated financial results and board report for Huddly AS (“Huddly” or the “Company”) for the year ending 31 December 2023.

## Overview of development and results

In 2023, Huddly focused on development and commercialization of its technology for hybrid workplaces, enabling productive and inclusive video meetings.

The underlying market for Huddly’s products is strong, with the trend towards hybrid collaboration being a robust long-term driver. The Company addresses a vast market with significant untapped potential: Currently, only ~10% of roughly a hundred million meeting rooms are equipped with video conferencing systems. The penetration rate is expected to grow, as the need for technology and products addressing hybrid collaboration pain points intensifies.

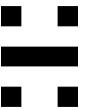
The Company continued investing in research and development to maintain its edge in the market. Huddly’s AI technology has been recognized as innovative, with ongoing R&D investments ensuring the Company stays ahead of the competition.

The introduction of Huddly Crew in the second half of 2023 was a key milestone, contributing to the Company’s market position. The product brings TV and movie magic to video meetings. Three network cameras create an immersive view, fostering close connections between participants. Powered by Huddly Director, the system performs smart, real-time edits, seamlessly transitioning between different shots and angles to offer an engaging and effective experience.

This system has been positively received by end-customers in segments such as large enterprises, education, and government. As further proof of market acceptance, Huddly Crew received several product and design awards in 2023, most notably the Red Dot: Best of the Best and the IF Gold Award.

Financially, Huddly faced headwinds with downstream supply chain issues and inventory build-up, leading to a significant reduction in revenue from one of its Strategic partners. As a result, revenue from Strategic partners reduced from NOK 356 million in 2022 to NOK 102 million in 2023. The Channel business, however, saw growth momentum with an increase in revenue from NOK 96 million in 2022 to NOK 109 million in 2023. The gross margin in the Channel is higher than that in Strategic Partners. As a result of the change in customer revenue mix, the gross margin for 2023 increased compared to 2022.

The Company ended 2023 with a total revenue of NOK 211 million, aligning with its guidance of NOK 200-250 million. The year’s gross margin improved to 48% from 37% in 2022, which was also in line with guidance of gross margin approximately 50%.



To navigate market uncertainty, Huddly actively managed the cost base in 2023, which has resulted in a stabilization of the cost level. Key examples of this include reduction in the number of FTEs from 135 end of 2022 to 114 end of 2023, mainly due to natural attrition and strict re-hiring policy, and subleasing parts of the Oslo HQ office.

Huddly strengthened its financial position with a successful private placement that raised NOK 130 million, leading to a year-end cash balance of NOK 164 million. The private placement received strong support from existing shareholders and was over-subscribed. The net proceeds will be used for strengthening go-to-market partnerships, continued investments in R&D, working capital requirements and general corporate purposes.

Despite a financially challenging 2023, Huddly's market position remains strong with its competitive edge on AI technology. The Company was qualified as an approved direct vendor to Lenovo, a stamp of quality from one of the world's leading technology companies. A strategic review was initiated in Q4 2023, as the Company received interest from a global industrial player. The Board of Directors is assisted by Sansa Advisors in this respect.

## Results and dividends

The Group had a net loss before tax of NOK 125 million in 2023 compared to a net loss before tax of NOK 42 million in 2022. Total revenue from sales of goods was NOK 211 million in 2023 and NOK 452 million in 2022. Total equity was NOK 393 million in 2023 and NOK 396 million in 2022. Total assets were NOK 691 million in 2023 and NOK 638 million in 2022.

Huddly AS had a net loss before tax of NOK of 128 million in 2023 compared to a net loss of NOK 113 million in 2022, of which all is allocated to retained earnings. Total revenue from sales of goods was NOK 211 million in 2023 and NOK 452 million in 2022. Total equity was NOK 375 million in 2023 and NOK 385 million in 2022. Total assets were NOK 765 million in 2023 and NOK 711 million in 2022.

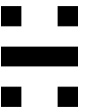
No dividend payments have been made during 2023 and the directors do not recommend payment of a final dividend for 2023.

Refer to Note 4: Employee share-based compensation in Huddly AS' and Huddly Group'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 (till January 2023), Jostein Devold, Michael A Brandofino (from June 2023), Kristian Kolberg and Per Kogstad (till June 2023).





## Going concern

The financial results for 2023 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 International Financial Reporting Standards valid as of December 31, 2023.

## Basis of preparation

The consolidated financial statements of Huddly are prepared in accordance with IFRS® Accounting Standards as adopted by the EU, and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2023.

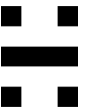
The consolidated financial statements are presented in Norwegian kroner (NOK), which corresponds to the functional currency of the parent company of Huddly Group and have been rounded to the nearest thousand unless otherwise stated.

## Financial risk factors

Huddly is mainly exposed to the following risks: market risk, credit risk and liquidity risk. The Company holds bank deposits mainly in the following currencies: NOK, USD, PLN. The main exposure to foreign currency is derived from accounts payable and accounts receivable in connection with the sale and purchase of goods in foreign currency, in addition to other operating expenses denominated in a foreign currency, such as foreign payroll and services. Finally, the exposure relates to foreign indirect tax receivables exposure.

The Company does not normally use contracts to hedge the foreign exchange exposure. The exposure is largely hedged through receipts and debts being denominated, directly or indirectly, in the same currency (a "natural hedge").

Huddly's credit risk is related to the sale of goods and services on credit. Huddly monitors the outstanding amounts and follow up closely with its strategic and channel partners should amounts become overdue.



Huddly manages liquidity risk by monitoring that the expected future cash from operations and available cash and are adequate to serve the operational and financial obligations. This is done by preparing cash flow forecasts on a 12 month forward rolling basis, and detailed by weekly cash monitoring, based on different sales and cost scenarios. Capital tied up is supervised, focusing on inventory, accounts receivable, and accounts payable.

Huddly's liquidity strategy is to secure sufficient cash, cash equivalents and credit facilities available at any time to finance the operations and investments for the next 12 months.

Excess liquidity sits on Huddly's bank accounts. Huddly holds no credit facilities as of 31 December 2023.

Huddly holds no loan agreements against financial institutions and has no covenants. The Company got commitment to a loan facility of NOK 50 million from existing shareholders and associated companies in the second quarter 2023. The facility is currently fully drawn, with interest exposure linked to NIBOR. Huddly considers the risk associated with interest rate fluctuations as low.

The Board's objective is to maintain a healthy capital base to retain the trust of shareholders, creditors, customers, suppliers, and the market to continually develop the Company. The Board continuously monitor the capital structure and make appropriate actions when deemed necessary. The ultimate objective of the Board is to ensure Huddly's shareholders over time will gain a competitive return on their investment.

Refer to note 21 in financial statement for a detailed presentation of risk factors.

## **Research and development**

In 2022 the Company received a grant from Skattefunn through The Research Council of Norway. The direct research and development costs are capitalized and amortized over five years.

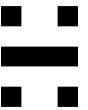
The Company has not received any grants from Skattefunn in 2023.

## **Workplace culture**

The Board believes the workplace culture is satisfactory. There have been no accidents or injuries in 2023. The Company had a total of 565 days of parental leave during 2023 in Norway, which was split by 227 days of maternity leave and 338 days of paternity leave. The Company had a sick leave percentage of 1.3%. The Employee Sounding Board has worked closely with the Administration during the year and the dialogue has been constructive and positive.

## **Gender and equal opportunity**

Huddly has 114 employees as of year-end 2023, 87 men and 27 women, and the Board is composed of four men.



Huddly strives to have a diverse workforce with employees across the world, focusing on diversity and inclusion. Our employee bases consist of approximately 20 different nationalities, different levels of education from PhD to self-taught.

Through our values; innovative, quality oriented and collaborative we encourage everyone to be creative and curious, have integrity in all aspects of their day-to-day work (what we say is what we do) and be collaborative. We encourage thinking outside of the box and give room for being different, all voices should be heard in any process.

Our value system is our true north star, strategy and goals change – values persist through forming a unity between colleagues, leaders, shareholders, suppliers, partners and customers. We hold ourselves accountable and will use them when hiring and as a mirror of our daily practice and when making decision.

As many tech companies we have a challenge when closing the gap between male and female employees – through our People and Culture we work on how to close this gap working putting it on the agenda with our Employee sounding board and management team - gender and background should never be a hindrance for internal and external applicants, being part of the management team or taking on new challenges within the Company.

The Board promotes equal opportunity and has reviewed the number of employees and positions. The Board found no cause to develop additional programs to address equal opportunity.

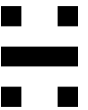
As per the requirement in the Norwegian Activity Duty for employers (Aktivitets- og redegjørelsesplikten, ARP), Huddly reports the following employee data:

**Permanent employees by region, gender and payroll (end of year)**

Region	2023		2022	
	# of employees	Payroll ('000 NOK)	# of employees	Payroll ('000 NOK)
<b>Norway</b>	<b>95</b>	<b>923,197</b>	<b>111</b>	<b>987,081</b>
Female	24	866,997	28	796,571
Male	71	941,215	83	1,051,349
<b>Rest of the world</b>	<b>19</b>	<b>1,826,540</b>	<b>22</b>	<b>1,525,039</b>
Female	3	1,094,625	3	987,570
Male	16	1,942,106	19	1,609,903

**Part-time employees, turnover, and parental leave**

Organization	2023 (per 31.12)			2022 (per 31.12)		
	Male	Female	Total	Male	Female	Total
<b>Nb. Of employees per employee type</b>						
Permanent employees	87	27	114	102	31	133
Temporarily hired	2	2	4		1	1
Interns	2	0	2	8	1	9
<b>Newly hired</b>						
# of newly hired employees	7	3	10	33	9	42
<b>Employee turnover</b>						
# of employees who have left the company	11	6	17	8	3	11
<b>Parental leave</b>						
# of employees on parental leave	7	7	14	3	3	6



#### Breakdown of employees and board members by gender

Per year end

Organization	2023			2022		
	Male	Female	Total	Male	Female	Total
Permanent employees	87	27	114	102	31	133
Board of Directors	4	0	4	4	0	4
Executive level management	8	1	9	8	1	9
Non-executive level management	18	4	22	11	1	12

#### Breakdown of employees and board members by age

Per year end

Organization	2023			2022		
	Under 30	30-49	50+	Under 30	30-49	50+
Permanent employees	11	89	14	20	98	15
Board of Directors	0	0	4	0	0	4
Executive level management	0	6	3	0	6	3
Non-executive level management	1	20	1	1	9	2

#### Average age by gender

Per year end

Organization	2023			2022		
	Male	Female	Total	Male	Female	Total
Permanent employees	39	39	39	40	35	39

The average age of employees in Huddly is 39 years in 2023 (39 years in 2022), with both the female and male average age of 39 years.

## Environment and social responsibility

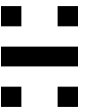
Huddly actively seeks to meet its goals in a sustainable, environmentally and socially responsible way. Transparency about human rights and working conditions in our supply chain is an important focus area for Huddly.

All suppliers and parties that have a direct contractual relationship with Huddly and offer products or services to Huddly must adhere to our Supplier Conduct Principles. These principles spell out the standards that Huddly expects to see achieved and documented over time from our partners.

The Company's Transparency Act is available on the webpage [www.huddly.com/sustainability/](http://www.huddly.com/sustainability/).

## 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

A total number of 60,000,000 new shares were subscribed for and allocated at a subscription price of NOK 0.50 per share on 25 January 2024 as a result of the subsequent offering following the private placement in Q4 2023. As a result, the Company received gross proceeds of NOK 30 million.

## Auditors

Huddly has appointed PwC as Huddly's auditors for the financial year 2023.

## Outlook 2024

The long-term market outlook for collaborative video solutions remains strong. 2023 has seen a temporary weaker demand due to a difficult macro backdrop and temporarily high inventory levels.

Huddly's revenue in 2023 of NOK 211 million is expected to represent a baseline to grow from going forward. The Company anticipates demand and re-stocking to gradually improve throughout 2024. Changes in the revenue composition have entailed a positive development in the gross margin, from 37 % in full year 2022 to 48 % in full year 2023. The cost base has already been stabilized and reduced and is expected to remain stable going forward.

Huddly will continue to lead with technology innovation as demonstrated with the launch of Huddly Crew, expand its Strategic Partner model, build the Channels business, and manage costs to address near-term challenges without jeopardizing long-term opportunities.

This is expected to establish a solid platform for future profitable growth.

Oslo, 16 April 2024

**Jostein Devold**

*Chair of the Board*

**Kristian Kolberg**

*Board member*

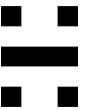
**Michael A  
Brandofino**

*Board member*

**Graham Spencer  
Williams**

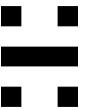
*CEO*

# Consolidated financial statement



## **Consolidated financial statement**

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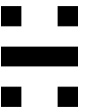
## Consolidated statement of profit or loss

Amounts in NOK 1,000	Note	2023	2022
Sales of goods	3	210,722	451,597
<b>Total revenue</b>		<b>210,722</b>	<b>451,597</b>
Cost of goods sold		(109,803)	(284,178)
<b>Gross profit</b>		<b>100,919</b>	<b>167,419</b>
Other revenue	12	992	-
Employee benefit expenses	4	(101,430)	(111,323)
Other operating expenses	5	(55,114)	(54,456)
Amortization and depreciation	10,11,12	(64,554)	(52,790)
Total operating expenses		(221,098)	(218,569)
<b>Operating profit/(loss)</b>		<b>(119,187)</b>	<b>(51,150)</b>
Interest income		3,482	4,586
Interest expense		(6,909)	(459)
Other financial expense		(6,726)	(3,080)
Net foreign exchange gains (losses)		6,289	8,559
Net financial items		(3,863)	9,606
<b>Profit/(loss) before income tax</b>		<b>(123,051)</b>	<b>(41,544)</b>
Income tax	6	(2,000)	-
<b>Profit/(loss) for the year</b>		<b>(125,050)</b>	<b>(41,544)</b>
<b>Profit/(loss) for the year is attributable to:</b>			
Owners of Huddly AS		<b>(125,050)</b>	<b>(41,544)</b>

### Earnings per share in NOK

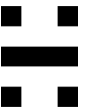
Basic earnings per share	9	(0.55)	(0.20)
Diluted earnings per share	9	(0.55)	(0.20)





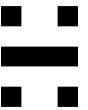
# Consolidated statement of comprehensive income or loss

Amounts in NOK 1,000	2023	2022
<b>Profit/(loss) for the year</b>	<b>(125,050)</b>	<b>(41,544)</b>
Other comprehensive income:		
<i>Items that might be subsequently reclassified to profit or loss:</i>		
Exchange differences on translation of foreign operations	3,000	508
<b>Total comprehensive income for the year</b>	<b>(122,050)</b>	<b>(41,036)</b>
<b>Total comprehensive income is attributable to:</b>		
Owners of Huddly AS	<b>(122,050)</b>	<b>(41,036)</b>



# Consolidated statement of financial position at 31 December

Amounts in NOK 1,000	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	10	8,018	8,018
Intangible assets	10	190,679	159,291
Tangible assets	11	7,211	8,782
Right-of-use assets	12	65,060	12,520
Deferred tax asset	6	-	-
Other non-current receivables	13	23,397	19,000
<b>Total non-current assets</b>		<b>294,364</b>	<b>207,611</b>
<b>Current assets</b>			
Inventories	14	29,979	14,887
Consignation inventories	14	104,001	117,864
Trade receivables	15	51,706	71,842
Other current receivables	15	47,097	41,648
Cash and cash equivalents	16	164,231	183,900
<b>Total current assets</b>		<b>397,014</b>	<b>430,143</b>
<b>TOTAL ASSETS</b>		<b>691,378</b>	<b>637,754</b>



Amounts in NOK 1,000	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	298	135
Share premium and other paid in capital		893,144	775,017
Foreign currency translation reserves		2,363	(637)
Retained earnings		(503,096)	(378,045)
<b>Total equity</b>		<b>392,709</b>	<b>396,470</b>
<b>Non-current liabilities</b>			
Long term debt	18	50,000	-
Lease liabilities (non-current portion)	12	62,382	-
Other non-current liabilities	18	4,043	7,650
<b>Total non-current liabilities</b>		<b>116,424</b>	<b>7,650</b>
<b>Current liabilities</b>			
Lease liabilities (current portion)	12	9,716	12,674
Trade payables		35,588	35,404
Current tax payables		1,926	-
Consignment liabilities	19	107,711	117,864
Other current liabilities	19	27,304	67,691
<b>Total current liabilities</b>		<b>182,245</b>	<b>233,633</b>
<b>Total liabilities</b>		<b>298,669</b>	<b>241,284</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>691,378</b>	<b>637,754</b>

Oslo, 16 April 2024

**Jostein Devold**

*Chair of the Board*

**Kristian Kolberg**

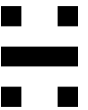
*Board member*

**Michael A  
Brandofino**

*Board member*

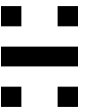
**Graham Spencer  
Williams**

*CEO*



## Consolidated statement of changes in equity

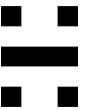
Amounts in NOK 1,000	Share capital	Share premium	Other Paid in Capital	Translation differences reserves	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	<b>135</b>	<b>508,285</b>	<b>282,820</b>	<b>(1,146)</b>	<b>(336,502)</b>	<b>453,593</b>
Profit/(loss) for the year					(41,544)	(41,544)
Currency translation differences				508		508
Total comprehensive income/(loss) for the year	-	-	-	508	(41,544)	(41,036)
Share-based payment to employees			24,399			24,399
Share repurchase			(40,486)			(40,486)
<b>Balance at 31 December 2022</b>	<b>135</b>	<b>508,285</b>	<b>266,732</b>	<b>(637)</b>	<b>(378,045)</b>	<b>396,470</b>
Profit/(loss) for the year					(125,050)	(125,050)
Currency translation differences				3,000		3,000
Total comprehensive income/(loss) for the year	-	-	-	3,000	(125,050)	(122,050)
Issuance of shares	163	122,201				122,363
Share-based payment to employees			(4,074)			(4,074)
<b>Balance at 31 December 2023</b>	<b>298</b>	<b>630,486</b>	<b>262,658</b>	<b>2,363</b>	<b>(503,096)</b>	<b>392,709</b>



# Consolidated statement of cash flows

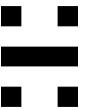
Amounts in NOK 1,000	Note	2023	2022
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		(123,051)	(41,544)
<i>Adjustments for:</i>			
Share-based payments expense		(4,074)	24,399
Depreciation and amortization	10,11,12	64,554	52,790
Net financial items		7,778	(9,819)
<i>Change in operating assets and liabilities:</i>			
Change in trade receivables and other receivables		10,297	13,749
Change in inventories (including consignment inventories)		(1,229)	(60,981)
Change in trade payables		179	(34,954)
Change in other current assets and liabilities		(55,024)	30,139
Taxes paid		-	-
Paid interests		(6,350)	(921)
Items classified as investing or financing		(5,309)	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(112,229)</b>	<b>(27,142)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	11	(3,256)	(7,775)
Payment for investments in intangible assets	10	(73,210)	(73,779)
Proceeds from disposals		100	-
Interest received		3,482	3,669
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(72,884)</b>	<b>(77,886)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		130,000	-
Share repurchase		-	(40,157)
Payments of transaction costs equity transactions		(7,637)	(329)
Repayments of lease liabilities	12	(11,550)	(17,717)
Loan proceeds	18	50,000	-
Paid interest on loan		(914)	-
Paid interest on lease liabilities	12	(4,484)	(488)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>155,415</b>	<b>(58,691)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(29,697)</b>	<b>(163,718)</b>
Cash and cash equivalents as of 1 January		183,900	337,276
Currency translation differences		2,864	1,604
Effects of exchange rate changes on cash and cash equivalents		7,164	8,738
<b>Cash and cash equivalents as of 31 December</b>		<b>164,231</b>	<b>183,900</b>

# **Notes to the consolidated financial statement**



# Notes to the consolidated financial statement

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## 1. General Information

Huddly AS (the Company), the parent company of Huddly Group (Huddly or the Group) is a private limited liability Company incorporated and domiciled in Norway. The address of its registered office is Stortorvet 7, 0155 Oslo, Norway. The company is listed on Euronext Growth (Oslo) and has the ticker “HDLY”.

Huddly uses its technology to create tools for team collaboration and combines expertise across the fields of design, hardware, software, and artificial intelligence. The Company’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.

These consolidated financial statements have been approved for issuance by the Board of Directors on 16 April 2024.

## 2. General accounting principles

The general accounting policies applied in the preparation of these consolidated financial statements are set out below. Specific accounting principles are described in the relevant notes.

### Basis of preparation

The consolidated financial statements of Huddly are prepared in accordance with IFRS® Accounting Standards as adopted by the EU, and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2023.

The consolidated financial statements are presented in Norwegian kroner (NOK), which corresponds to the functional currency of the Parent Company of Huddly Group and have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

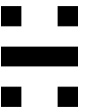
The financial statements are prepared on a going concern basis.

### Principles of consolidation

#### Subsidiaries

Huddly Group consists of Huddly AS, as parent company, and Huddly Inc. as subsidiary.





## Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The Group has determined that the Management team is the chief operating decision maker.

The segment information is reported in accordance with the reporting to the Management team (the chief operating decision makers) and is consistent with financial information used for assessing performance and supporting the Group's direction and strategy, resource allocation and acquisition activities. The Group has identified one segment. The Group is monitored at consolidated income statement, balance sheet and cash flow.

## Use of judgements and estimates

### Estimates and assumptions

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on historical experience and other factors that are considered to be relevant. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

Management has, when preparing the financial statements, made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Consignation inventory, refer to note 14

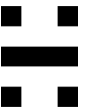
## 3. Revenue from sales of goods

### Accounting principles

#### Revenue from sales of goods

The Group has revenue from sale of various types of cameras to be used in meeting rooms.

Revenue from contracts with customers is recognized 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. Currently all revenue is recognized at a point in time.

The Group accrues for warranty costs, sales returns, and other allowances. 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.

#### *Trade receivables*

Trade receivables are initially recognized at fair value. Trade receivables are non-interest bearing and trading terms range from 30 to 60 days and therefore classified as current.

#### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group fulfils the performance obligations under the contract. Normally, the Group invoices at the time of revenue recognition, thus contract liabilities are rarely recognized.

The Group does not have any costs to obtain or fulfil contracts that are recognized as an asset.

#### Revenue from customers

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

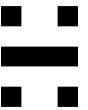
Revenue from costumers	2023	2022
Strategic partners %	48%	79%
Channel partners %	52%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>

#### Amounts in NOK 1,000

Strategic partners	102,006	355,668
Channel partners	108,716	95,929
<b>Revenue from customers</b>	<b>210,722</b>	<b>451,597</b>

#### Revenue by geography

In presenting the geographic information, revenue has been based on the geographic location of customers.



Amounts in NOK 1,000	2023	2022
EMEA/APAC	99,068	134,450
Americas	111,654	317,146
<b>Revenue from customers</b>	<b>210,722</b>	<b>451,597</b>

#### Information about major customers

The Group conducts its sales through one revenue segment. Of the Group's total revenue base per 2023, the two largest customers represent 34% (79% in 2022) and no other customer represents more than 10% of the Group's revenue.

## 4. Employee benefit expense

### Accounting principles

#### Pension plans

The Group has a defined contribution plan for some of its employees. The Group's payments are recognized in the profit or loss as an employee benefit expenses for the year to which the contribution applies.

### Specification of employee benefit expense

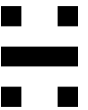
#### Employee benefit expense

Amounts in NOK 1,000	2023	2022
Wages and salaries	136,438	121,049
Share-based payment to employees	(4,074)	24,399
Social security tax	20,215	17,127
Social security tax, share-based payment to employees	(3,753)	(14,216)
Pension costs	6,111	5,827
Other personnel costs	4,916	12,634
Capitalization personnel cost	(56,544)	(55,498)
<b>Total personnel cost</b>	<b>103,308</b>	<b>111,323</b>

Total personnel cost is presented net of government grants, refer to note 8.

The Group had an average of 131 full time employees on payroll in 2023, compared to 123 employees in 2022.

The Group's pension schemes satisfy the requirements in local country legislation regarding mandatory occupational pension act. 116 employees are registered in pension schemes as of December 31, 2023, compared to 114 employees in 2022.



Share-based payments to employees are equity settled and booked directly against the comprehensive statement of equity. Accrued social security is cash settled and booked directly against the statement of comprehensive income. Accrued social security on share-based payments to employees are measured per option based on the reporting period ending share price less the strike price.

## 5. Other operating expenses

### Other operating expenses

Amounts in NOK 1,000	2023	2022
Professional services	25,458	25,803
Advertising	8,127	6,848
Shipping	1,052	1,643
Rent and leases	3,723	4,061
Travel	4,669	3,894
Other costs	12,085	12,207
<b>Total other operating expenses</b>	<b>55,114</b>	<b>54,456</b>

Total other operating expenses are presented net of government grants, refer to note 8.

### Audit fee

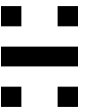
Amounts in NOK 1,000	2023	2022
Statutory audit	1,770	650
Other assurance services	74	50
Other non-assurance services	884	150
Tax services	-	-
<b>Total</b>	<b>2,728</b>	<b>850</b>

Fees are presented excluding VAT. Statutory audit fee to the Company's current engaged auditor was TNOK 1,770 for 2023. In addition, there were other assurance services of TNOK 74 and other non-assurance services of TNOK 884.

## 6. Taxes

### Accounting principles

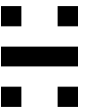
The tax expense/(income) for the period comprises of current tax and changes in deferred tax. Tax expense is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax expense is also recognized 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 operates and generates taxable income.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis 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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Deferred tax assets are calculated with the nominal corporate tax rate in all local group countries and consolidated at group level. At balance sheet date, the recognition criteria in IAS 12 were not met for Huddly AS or Huddly Inc. Carried forward tax losses in the US amount to TNOK 72,000 and Norway amount to TNOK 230,655 at 31 December 2023. There is no expiration date of carried forward losses in either the US or Norway.



## Descriptions

### Specification of income tax expense

Amounts in NOK 1,000	2023	2022
Income tax payable	2,000	-
Deferred tax income	-	-
<b>Total income tax expense</b>	<b>2,000</b>	<b>-</b>

### Specification of deferred tax balances:

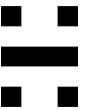
Amounts in NOK 1,000	2023	2022
Non-current assets	599	9,137
Accounts receivable	212	61
Other provisions	1,466	1,907
Other temporary differences	1,788	(1,577)
Tax losses carried forward	66,524	33,830
Total deferred tax assets relating to temporary differences and losses	70,589	43,357
Non-recognized deferred tax assets	(70,589)	(43,357)
<b>Carrying value deferred tax assets</b>	<b>-</b>	<b>-</b>
Tangible assets	-	-
Other temporary differences	-	-
<b>Carrying value deferred tax liabilities</b>	<b>-</b>	<b>-</b>

### Changes in net deferred tax assets/liabilities

Amounts in NOK 1,000	2023	2022
As of 1 January	-	-
Recognized in the statement of profit/(loss)	-	-
Acquisitions of subsidiaries	-	-
Translation differences	-	-
<b>As of 31 December</b>	<b>-</b>	<b>-</b>

### Reconciliation of effective tax rate:

Amounts in NOK 1,000	2023	2022
Net income/(loss) before tax	(125,050)	(41,544)
Expected income tax assessed at 22 %	(27,511)	(9,140)
Adjusted for the tax effect of the following items:	-	-
Permanent differences	(1,714)	203
Tax rate outside Norway, other than 22%	(240)	-
Tax rate outside Norway, adjustment from prior years	(1,760)	-
Changes in prior years	3,993	-
Other	-	(633)
Deferred tax asset not recognised	27,232	9,569
<b>Income tax expense (income)</b>	<b>-</b>	<b>-</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>0%</b>



## 7. Share-based payment

### Accounting policies

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The vesting period is the period over which all the specified vesting conditions are to be satisfied. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity.

The fair value at the grant date is determined using the Monte Carlo simulation option pricing model, which considers the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and the risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and measured at fair value each reporting date. The fair value measurement for the social security liability per option is based on the reporting period ending share price less the strike price. As of 31 December 2023, the Group had accrued TNOK 88 (TNOK 3,841 on 31 December 2022) in social security contributions on share-based payments.

All vested and partially vested options that are in-the-money are included in the fair value measurement of the social security liability. The remeasurement change is recognized as an expense in profit or loss and as an adjustment to the social security liability in the statement of financial position.

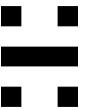
When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

### Descriptions

#### Synthetic options

The Group had 5,871,111 outstanding synthetic options per 31 December 2023. Each synthetic option gives the owner the right to receive a one-time payment up to the value of one share in the Group in a change of control event, deducted by exercise price per share. No expenses or corresponding liability has been recognized for the synthetic option program.

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 Group reached a settlement with the group as set out in the stock exchange notice 7 December 2021. The final instalment of TNOK 25,000 was paid in 2023. After the settlement there have been no



changes to the synthetic option program which at 31 December 2023 had five prior employees participating.

<b>Overview synthetic options</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	5,871,111	5,871,111
<b>Options granted, outstanding 31.12</b>	<b>5,871,111</b>	<b>5,871,111</b>

The weighted average strike price for Synthetic option program on options granted and vested was NOK 0.95 in 2023 and 2022.

### Employee options

As of 31 December 2023 the Group's only active share granting incentive program is the 2021 incentive plan implemented in January 2021, directed at employees and directors. Participants are granted options to subscribe for shares in the Company based on a pre-determined strike price. The 2021 options are as a general rule subject to a three-year vesting schedule. Furthermore, the options may only be exercised in a coordinated process led 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.

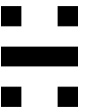
New grants in 2023 have an exercise price varying between NOK 0.92 and NOK 2.31 with a weighted average exercise price of NOK 1.85. The weighted exercise price for all outstanding options is NOK 3.93. As of 31 December, there are 138 employees and former employees participating in the 2021 incentive plan.

Some Award Agreements state that if an employee leaves after a given time, the strike price would increase from their original strike price to NOK 7.81 (given that the original strike price is below this threshold). This reduces the calculated fair value of the options.

The Group has historically issued a limited number of options to employees and directors under the 2017 incentive plan. These options have all expired in 2023.

Fair value of the equity instruments is measured at grant date and recognized over the vesting period. All equity instruments expire after five years from the grant date. Share-based payments included in salary costs are TNOK -4,074 and TNOK 24,399 (exclusive of accrued social security cost on option-based payments), in 2023 and 2022 respectively.





## Overview outstanding options

<b>2017 incentive plan</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	266,672	266,672
Options granted	-	-
Options exercised	-	-
Options forfeited during the year	(266,672)	-
<b>Options granted, outstanding 31.12</b>	<b>-</b>	<b>266,672</b>
<b>Options vested, closing balance 31.12</b>	<b>-</b>	<b>266,672</b>

<b>2021 incentive plan</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	26,424,811	18,992,588
Options granted	1,020,000	7,925,000
Options exercised	-	-
Options forfeited during the year	(3,795,938)	(492,777)
<b>Options granted, outstanding 31.12</b>	<b>23,648,873</b>	<b>26,424,811</b>
<b>Options vested, closing balance 31.12</b>	<b>21,458,910</b>	<b>20,779,772</b>

The weighted average strike price for the 2021 incentive plan on all options vested was NOK 3.46 in 2023 and NOK 2.93 in 2022.

## Overview of outstanding options to key management

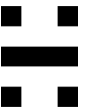
### Share options 2023

	Granted in 2023	Forfeited in 2023	Exercised in 2023	Total outstanding as at 31.12	Weighted average exercise price	Remaining contractual life*
<b>2021 incentive plan</b>						
Graham Spencer Williams, CEO				1,560,000	4.66	2.47
Abhijit Saha Banik, CFO	130,000			160,000	2.79	4.15
Stein Ove Eriksen, CPO				1,344,000	2.50	2.08
Knut Helge Teppan, CDO				1,262,000	5.23	4.43
Vegard Hammer, CTO				2,350,000	1.66	2.48
Fraser Park, COO				1,280,000	1.65	2.08
Rosa Stensen, COO	160,000			160,000	2.31	3.75
Håvard Alstad, VP Engineering				320,000	2.50	2.08
Bo Pintea, VP Product, Growth and Solution	160,000			160,000	2.31	5.42
Alexander Woxen, CEO (Former)		3,000,000		-	-	-
Ragnar Kjos, CFO (Former)		500,000		-	-	-

### Share options 2022

	Granted in 2022	Forfeited in 2022	Exercised in 2022	Total outstanding as at 31.12	Weighted average exercise price	Remaining contractual life*
<b>2021 incentive plan</b>						
Alexander Woxen, CEO (Former)	3,000,000			-	-	-
Stein Ove Eriksen, CPO	-			1,344,000	2.50	3.08
Ragnar Kjos, CFO (Former)	500,000			-	-	-
Knut Helge Teppan, CDO	750,000			1,262,000	5.23	5.43
Vegard Hammer, CTO	750,000			2,350,000	1.66	3.48
Øystein Drageset, CFO (Former)	-			3,200,000	1.81	3.08

\*Weighted average remaining contractual life of outstanding options as of the period



## Monte Carlo parameters

<b>Monte Carlo Option value on 2021 incentive plan</b>	<b>2023</b>	<b>2022</b>
Shareprice (NOK)	1.98	8.39
Strike price (NOK)	2.21	8.38
Risk-free interest rate	3.42%	2.06%
Expected life - years	3.00	3.61
Expected dividend (NOK)	-	-
Volatility	42.3 %	55.9 %
<b>Option fair value (NOK)</b>	<b>0.63</b>	<b>3.65</b>
Number of options granted per tranche	1,020,000	7,416,000
<b>Total option fair value at grant date (NOK)</b>	<b>640,479</b>	<b>27,058,361</b>

Several awards have been granted throughout 2023 and 2022, above table shows variance in share price based on changes in company share price as at time of the award. The vesting period from grant date is 3 years.

## 8. Government grants

### Accounting principles

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

### Description

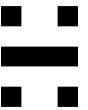
The Group's project: 331274 for 2022 was approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). Final payment of TNOK 4,750 was received during autumn of 2023. The deduction percentage for 2022 for all internal research and development is set at 19 percent of the allowed total project limit.

2023:

The Group did not receive any grants from Skattefunn in 2023.

2022:

Amounts in NOK 1,000	Amount	Reduced salary cost	Reduced other cost	Reduced capitalized employee benefit expense	Reduced capitalization of other additions
Skattefunn	4,750	1,172	245	2,756	576
<b>Total</b>	<b>4,750</b>	<b>1,172</b>	<b>245</b>	<b>2,756</b>	<b>576</b>



## 9. Earnings per share

### Accounting principles

The calculation of basic earnings per share is based on the profit attributable to ordinary shares, using the weighted average number of ordinary shares outstanding during the year after the deduction of the average number of treasury shares held over the period.

The potential dilutive shares are not treated as dilutive in the diluted earnings per share calculation, as the conversion of these shares would decrease the loss per share of the Company.

### Description

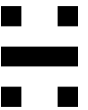
The calculations of earnings per share attributable to the ordinary equity holders of Huddly Group are based on the following net profit/(loss) and share data:

	2023	2022
Basic earnings per share	(0.55)	(0.20)
Diluted earnings per share	(0.55)	(0.20)
Profit/(loss) for the year (Amounts in NOK 1,000)		
used for calculating basic earnings per share	(125,050)	(41,544)
used for calculating diluted earnings per share	(125,050)	(41,544)
Weighted average number of shares used as the denominator in calculating basic earnings per share	228,123,922	211,469,319
Weighted average number of shares outstanding for diluted earnings per share	228,123,922	211,469,319

## 10. Intangible assets

### Accounting principles

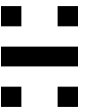
Costs to develop the Group's products that are incurred after the establishment of technological feasibility are capitalized if significant, when it is probable that the expected future economic benefits that are attributable to the assets will flow to the entity, and when the cost of the asset can be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



Capitalized development costs include costs directly attributable to development of the intangible, such as personnel expenses and consultancy services. Otherwise, such expenses are expensed as and when incurred.

Judgment is required in evaluating whether subsequent development expenditure is to be capitalized as an internally generated intangible asset or expensed as incurred. The key element of judgment is whether the development project will generate incremental probable future economic benefit in form of a new product, or not.

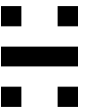
In 2023, the Group increased the focus on securing its intellectual property. Patents, design and trademarks are measured initially at cost and amortized using the straight-line amortization method over the estimated useful life.



## Descriptions

Capitalized development cost was TNOK 64,407 and TNOK 73,779 in 2023 and 2022 respectively. The Group estimates the economic life to be 5 years.

Amounts in NOK 1,000	Development	Patent, design and trademark	Licenses	Domains and Licenses	Goodwill	Total
<b><u>Cost</u></b>						
<b>Cost at 1 January 2022</b>	<b>172,600</b>	-	<b>6,983</b>	<b>224</b>	<b>8,018</b>	<b>187,824</b>
Capitalized employee benefit expense	55,498					55,498
Other additions	18,281					18,281
Disposals	-					-
<b>Cost at 31 December 2022</b>	<b>246,379</b>	-	<b>6,983</b>	<b>224</b>	<b>8,018</b>	<b>261,603</b>
Capitalized employee benefit expense	56,544					56,544
Other additions	7,863	8,803				16,666
Disposals	-			(163)		(163)
<b>Cost at 31 December 2023</b>	<b>310,786</b>	<b>8,803</b>	<b>6,983</b>	<b>61</b>	<b>8,018</b>	<b>334,650</b>
<b><u>Amortization and impairment</u></b>						
<b>Accumulated at 1 January 2022</b>	<b>54,866</b>	-	<b>6,983</b>	-	-	<b>61,849</b>
Disposals	-					-
Amortization for the year	32,446					32,446
Impairment	-					-
<b>Accumulated at 31 December 2022</b>	<b>87,312</b>	-	<b>6,983</b>	-	-	<b>94,294</b>
Disposals	-					-
Amortization for the year	41,475	184				41,659
Impairment	-					-
<b>Accumulated at 31 December 2023</b>	<b>128,787</b>	<b>184</b>	<b>6,983</b>	-	-	<b>135,953</b>
<b>Carrying amount at 31 December 2022</b>	<b>159,067</b>	-	-	<b>224</b>	<b>8,018</b>	<b>167,309</b>
<b>Carrying amount at 31 December 2023</b>	<b>181,999</b>	<b>8,620</b>	-	<b>61</b>	<b>8,018</b>	<b>198,697</b>
<b>Amortization method</b>	<b>Straight-line 5 years</b>	<b>Straight-line 10-20 years</b>	<b>Straight-line 3 years</b>	<b>Indefinite life</b>	<b>Indefinite life</b>	



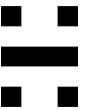
## 11. Tangible assets

### Accounting principles

Property, plant, and equipment are stated at historical cost, less accumulated depreciation, and any impairment charges. Depreciation is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

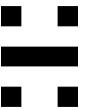
Property, plant, and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

The difference between the asset's carrying amount and its recoverable amount is recognized in the income statement as an impairment loss. Property, plant, and equipment that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



## Descriptions

Amounts in NOK 1,000	Machines	Office equipment	Tools	Fixtures etc.	Total
<b>Cost at 1 January 2022</b>	<b>136</b>	<b>4,364</b>	<b>5,837</b>	<b>1,221</b>	<b>11,558</b>
Additions	-	1,589	5,309	878	7,776
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>Cost at 31 December 2022</b>	<b>136</b>	<b>5,953</b>	<b>11,145</b>	<b>2,099</b>	<b>19,334</b>
Additions	-	646	874	1,722	3,242
Disposals	(136)	-	-	(152)	(288)
Translation difference	-	17	-	-	17
<b>Cost at 31 December 2023</b>	<b>-</b>	<b>6,616</b>	<b>12,019</b>	<b>3,669</b>	<b>22,304</b>
<b><u>Depreciation and impairment</u></b>					
<b>Accumulated at 1 January 2022</b>	<b>136</b>	<b>2,332</b>	<b>3,509</b>	<b>749</b>	<b>6,727</b>
Depreciation for the year	-	1,327	2,153	345	3,826
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>Accumulated at 31 December 2022</b>	<b>136</b>	<b>3,660</b>	<b>5,662</b>	<b>1,094</b>	<b>10,553</b>
Depreciation for the year	-	1,459	2,812	427	4,699
Impairment	-	-	-	-	-
Disposals	(136)	-	-	(24)	(160)
Translation difference	-	3	-	-	3
<b>Accumulated at 31 December 2023</b>	<b>-</b>	<b>5,122</b>	<b>8,474</b>	<b>1,497</b>	<b>15,093</b>
<b>Carrying amount at 31 December 2022</b>	<b>-</b>	<b>2,293</b>	<b>5,483</b>	<b>1,005</b>	<b>8,782</b>
<b>Carrying amount at 31 December 2023</b>	<b>-</b>	<b>1,494</b>	<b>3,545</b>	<b>2,172</b>	<b>7,211</b>
<b>Depreciation method</b>	Straight-line	Straight-line	Straight-line	Straight-line	
<b>Estimated useful life</b>	3 years	3 years	3-5 years	5 years	



## 12. Leases

### Accounting principles

The Group has recognized right of use assets and lease liabilities for all leases with a term of more than 12 months and where the underlying asset has a value of more than TNOK 50.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

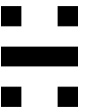
The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.





## Right-of-use assets and lease liabilities

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

### Amounts recognized in the balance sheet

#### Right of use assets

Amounts in NOK 1,000	2023	2022
Offices for own use	44,371	12,520
Subleased office space	20,689	-
<b>Total</b>	<b>65,060</b>	<b>12,520</b>

Useful life	6 years	7 months
Depreciation method	Straight-line	Straight-line

#### Lease liabilities

Amounts in NOK 1,000	2023	2022
Current	9,716	12,674
Non-Current	62,382	-
<b>Total lease liability</b>	<b>72,098</b>	<b>12,674</b>

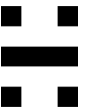
### Amounts recognized in the statement of profit or loss

Amounts in NOK 1,000	2023	2022
Depreciation of right of use asset	12,410	16,521
Depreciation of subleased office space	5,787	-
Interest expense	4,484	488
Expenses relating to short-term leases	3,938	3,910
Expenses relating to leases of low-value	488	473

## Reconciliation of lease arising from financing activities

### Reconciliation of lease arising from financing activities

Amounts in NOK 1,000	2023	2022
Opening balance 1 January	12,674	13,911
Lease payments during the year	(16,034)	(17,717)
New leases recognised during the year	70,974	16,968
Interest expense on lease payments	4,484	(488)
Closing balance 31 December	72,098	12,674



Right-of-use asset and lease liability additions during the year ending 31 December 2023 was TNOK 70,974. Huddly moved into new office premises at Stortorvet 7, 0155 Oslo, 1 July 2023. The lease period is 6 years. Huddly Group, as a lessee, initially measures right of use asset and lease liability at the commencement date of the lease. This is the date on which a lessor makes an underlying asset available for use by a lessee.

The Group has no other lease agreements recognized under IFRS 16.

The Group entered into a sublease agreement with Ernst & Young AS on 1 November 2023. The lease term ends 30 June 2029 and the sublessee can terminate the sublease agreement with 18 months' notice.

#### Annual rent on sublease

Amounts in NOK 1,000	2024	2025	2026	2027	2028	2029
Rent from sublease	5,316	5,316	5,316	5,316	5,316	2,658

## 13. Other non-current receivables

### Accounting principles

The Group initially recognizes other non-current receivables at fair value, and subsequently measures it at amortized cost. Interest income on the receivable is recognized as other financial income.

### Descriptions

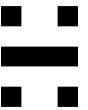
The Group has as of 31 December 2023 other non-current receivables of in total TNOK 23,397 (TNOK 19,000 as of 31 December 2022).

The amount consists of receivables with third parties. The receivables are reviewed for impairment on an ongoing basis based on the 3-stage expected credit loss model. There have been no impairments of other non-current receivables as of 31 December 2023.

## 14. Inventories

### Accounting principles

Inventory is valued at the lower of historical cost and net realizable value. The historical cost is calculated in accordance with the first in, first out principle. Historical cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of conversion includes costs directly related to the units



of production, as well as fixed and variable production overheads that are incurred in converting materials into finished goods.

Net realizable value is the estimated selling price in the operating activities less estimated costs that are necessary to make a sale. Selling cost includes cost of logistic (warehouse, customs, freight etc.). Goods in transit are recognized at their historical cost.

When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.

## Descriptions

Amounts in NOK 1,000	2023	2022
Components	29,979	14,887
Consignation inventories	104,001	117,864
<b>Net financial items</b>	<b>133,980</b>	<b>132,752</b>

The Group buys finished goods from contract manufacturers which purchase components and produce finished goods. Normally the Group purchases finished goods for direct sale, and components comprise cameras and accessories ready for kitting and sale to customers.

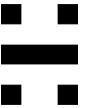
During the production of finished goods, there are raw materials and components in the physical possession of the contractual manufacturers that cannot be used for any other purpose than producing Huddly products. Management has assessed whether the Group controls these raw materials, and using significant judgement management concluded that these raw materials are a present economic resource controlled by the Group based on the economic and contractual relationships between the Group and their production supplies. These raw materials are therefore recognized in the statement of financial position as consignment inventories with corresponding consignment liabilities.

Consignation inventories arise from an assessment of the accounting treatment of the ultimate ownership of risk related to the manufacturers' inventory according to IFRS. Any and all assessments related to the contractual rights and obligations to the inventory remain unchanged. Both the asset and the corresponding consignment liability will be reduced upon purchase of a finalized product. As such, the cash outflow will first occur once the finalized product is purchased. Please refer to note 19, other short-term liabilities.

## 15. Trade receivables and other receivables

### Accounting principles

Trade receivables are initially measured at fair value. Trade receivables are non-interest bearing and trading terms range from 30 to 60 days and therefore classified as current.



Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses.

### Loss allowance and risk exposure

The Group applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payments profiles, customer contracts in the previous years and historical losses.

Receivables are grouped into categories and the expected loss rates reflect the Group's ability to collect once receivables are overdue.

## Descriptions

### Trade receivables

Amounts in NOK 1,000	2023	2022
Trade receivables	52,668	72,092
Loss allowance	(962)	(250)
<b>Total</b>	<b>51,706</b>	<b>71,842</b>

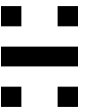
The table below summarizes the trade receivable position according to their maturity on 31 December 2023 and the basis for determining loss allowance:

Amounts in NOK 1,000	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.7%	1.5%	1.8%	35%	
Gross carrying amount- trade receivables	45,799	4,454	831	1,583	52,668
<b>Loss allowance - trade receivables</b>	<b>324</b>	<b>65</b>	<b>15</b>	<b>558</b>	<b>962</b>

The table below summarizes the trade receivable position according to their maturity on 31 December 2022 and the basis for determining loss allowance:

Amounts in NOK 1,000	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.1%	0.5%	5%	33%	
Gross carrying amount- trade receivables	65,590	5,013	1,187	303	72,092
<b>Loss allowance - trade receivables</b>	<b>66</b>	<b>25</b>	<b>59</b>	<b>100</b>	<b>250</b>

Payment terms are on average 45 to 60 days. Accounts receivable due are not interest bearing. It is accrued TNOK 962 for loss on accounts receivable in 2023 and TNOK 250 for 2022.



## Other short-term receivables

Amounts in NOK 1,000	2023	2022
Other short-term receivables	41,761	33,385
Prepaid expenses	5,276	3,515
Deposits	60	4,748
<b>Total other receivables</b>	<b>47,097</b>	<b>41,648</b>

Included in other short-term receivables are value added tax return and other working capital positions. Deposits comprise of deposit paid for office premises.

## 16. Cash and cash equivalents

### Accounting principles

Cash and cash equivalents include bank deposits. 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. The cash flow statement is presented using the indirect method.

### Descriptions

Amounts in NOK 1,000	2023	2022
Bank deposits	164 231	183 900
<b>Total cash and cash equivalents</b>	<b>164 231</b>	<b>183 900</b>

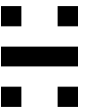
Amounts in NOK 1,000	2023	2022
Restricted cash included in the above	15 654	5 517
Advance payment of social taxes	4 689	5 517
Bank deposit for office premises	10 966	-

Restricted cash at year end 2023 was TNOK 15,654 and included advance payment of social taxes and bank deposit for office premises. In 2022 restricted cash was TNOK 5,517 and was related to advance payment of social taxes.

## 17. Share capital and shareholder information

### Ownership structure

The parent company, Huddly AS (The Company), has 476,328,048 shares, with par value NOK 0.000625 which give a total share capital of NOK 297,705.



The Company has one share class, common shares, which all have the same voting and dividend rights. The Company has 1,531 shareholders at 31 December 2023. Below are the 20 largest shareholders.

<b>Shareholder name</b>	<b>Number of shares</b>	<b>Ownership</b>
G&J WILLIAMS PROPERTY PTY LT	39,200,000	8%
MERTOUN CAPITAL AS	37,845,471	8%
CLEARSTREAM BANKING S.A.	34,367,267	7%
SOM HOLDING AS	23,970,928	5%
KOLBERG MOTORS AS	20,628,000	4%
STAFF HOLDING AS	20,104,543	4%
MP PENSJON PK	17,430,959	4%
VIOLA AS	16,000,000	3%
The Northern Trust Comp	15,446,005	3%
GJEH Pty Ltd ATF GJEH Family Trust	14,324,839	3%
PORTIA AS	12,400,000	3%
HØYLANDET BYGGUTLEIE AS	11,041,264	2%
MELVER INVEST AS	10,832,054	2%
SKIPS AS TUDOR	10,000,000	2%
MULTIPLIKATOR AS	9,915,000	2%
KORINVEST AS	8,216,832	2%
RIVERTOWN TRADING AS	8,100,000	2%
JAHATT AS	7,944,636	2%
HPA HOLDING AS	7,400,000	2%
TTC INVEST AS	7,000,000	1%
All others	138,860,234	29%
<b>Total</b>	<b>471,028,032</b>	<b>100 %</b>

The parent company owns 5,300,016 treasury shares and has 471,028,032 outstanding shares in the market.

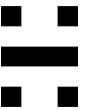
### Changes in share capital

The share capital on 31 December 2022 was NOK 135,205.

In 2023, the Company issued 260,000,000 new shares, with a par value NOK 0.000625 which increased the share capital by NOK 162,500. The details of the private placement are described in the following.

On 6 December 2023, the Company first announced that the extraordinary general meeting had approved the private placement of 260,000,000 new shares at a subscription price of NOK 0.5 (the "Subscription Price") per new share as announced on 21 November 2023 (the "Private Placement"). Further, the Company announced that the following close associates of primary insiders have been allocated and subscribed for shares at the Subscription Price in the Private Placement:

G&J Williams Property PTY (VIC), being a company closely associated with Graham Spencer Williams, CEO of the Company, has been allocated and subscribed for 39,200,000 shares.



HPA Holding AS, being a company closely associated with Håvard Alstad, VP Engineering of the Company, has been allocated and subscribed for 4,800,000 shares.

Kolberg Motors AS and Multiplikator AS, being companies closely associated with Kristian Kolberg, a board member of the Company, have been allocated and subscribed for 14,000,000 and 6,000,000 shares, respectively.

Mertoun Capital AS, being a company closely associated with Jostein Devold, chair of the board of directors of the Company, has been allocated and subscribed for 24,000,000 shares.

Leif Hübert, being closely associated with Jostein Devold, chair of the board of directors of the Company, has been allocated and subscribed for 2,400,000 shares.

SOM Holding AS, being a company closely associated with Stein Ove Eriksen, board observer of the Company, has been allocated and subscribed for 16,000,000 shares.

On 8 December 2023, the Company announced that the shares from the capital raise approved on 6 December 2023, raising gross proceeds of TNOK 130,000 by issuing 260,000,000 new shares, had been registered in the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret). After this capital raise, the total share capital is NOK 297,705.03, divided into 476,328,048 shares, each with a nominal value of NOK 0.000625, of which 471,028,032 are outstanding shares in the market.

After this capital raise, the share capital as of 31 December 2023 was NOK 297,705.

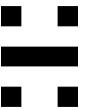
	Number of shares	Share capital
	<b>Ordinary</b>	<b>Share capital</b>
<b>1 January 2022</b>	<b>216,328,048</b>	<b>135</b>
Repurchase of treasury shares	5,300,016	-
<b>31 December 2022</b>	<b>211,028,032</b>	<b>135</b>
Issuance of shares	260,000,000	<b>163</b>
<b>31 December 2023</b>	<b>471,028,032</b>	<b>298</b>

## 18. Long-term liabilities

Amounts in NOK 1,000	2023	2022
Other long-term liabilities	50,000	-
Product warranty provision	4,043	7,650
<b>Net financial items</b>	<b>54,043</b>	<b>7,650</b>

The Group has a three-year product warranty on all products and has recognized a provision of 3 % on all direct manufacturing costs occurred over the last three years at 31 December 2023.

In 2023, the Group entered into a revolving credit facility of NOK 50 MNOK, with a maturity of two years. The facility is at a floating interest rate of NIBOR + 8 %, with interest paid quarterly. The loan is secured to the extent legally possible to intellectual property rights in Huddly AS. Please



refer to note 10, Intangible Assets, for further details. The creditors participating in the revolving credit facility as of 31 December 2023 are the related parties of the Group listed in the table below.

Amounts in NOK 1,000

<b>Related party</b>	<b>Relationship</b>	<b>2023</b>	<b>2022</b>
GJEH PTY LTD	CEO	25,000	-
KOLBERG MOTORS A/S	Board member	10,000	-
Mertoun Capital AS	Chairman	10,000	-
SOM Holding AS	CPO	5,000	-
<b>Total</b>		<b>50,000</b>	<b>-</b>

## 19. Other short-term liabilities

Amounts in NOK 1,000	<b>2023</b>	<b>2022</b>
Other short-term liabilities	8,184	43,247
Consignation liabilities	107,711	117,864
Public dues	9,137	13,652
Accrued vacation pay	9,984	10,792
<b>Total other short-term liabilities</b>	<b>135,015</b>	<b>185,555</b>

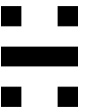
Other short-term liabilities include accrued social security tax and accrued social security on shared-based option payments.

Consignation liabilities arise from an assessment of the accounting treatment of the ultimate ownership of risk related to the manufacturers' inventory according to IFRS. Any and all assessments related to the contractual rights and obligations to the inventory remain unchanged. Both the liability and the corresponding consignment inventory will be reduced upon purchase of a finalized product. As such, the cash outflow will first occur once the finalized product is purchased. Please refer to note 14.

## 20. Related party transactions

The Group's related parties are key management personnel and members of the Board, close members of the family of these, entities that are controlled or jointly controlled by any of these, and owners with significant influence. All transactions with related parties are priced at market conditions and there are no special conditions attached to them. Transactions with subsidiaries have been eliminated in consolidated statements and do not represent transactions with related parties for the Group. As of 31 December 2023, there are no related party balance items, except from borrowings, referring to note 18. There has also been a private placement, involving related parties, referring to note 17.





## Remuneration to leading personnel

Amounts in NOK 1,000	2023			2022		
	CEO	Other key mng.	Board	CEO	Other key mng.	Board
Salaries and wages	2,956	15,455	32	3,735	7,183	1,563
Pension benefits	-	537	-	72	215	-
Other benefits	-	-	700	-	-	1,350
<b>Total key management compensation</b>	<b>2,956</b>	<b>15,991</b>	<b>732</b>	<b>3,807</b>	<b>7,398</b>	<b>2,913</b>

The key management team in 2023 consists of the following personnel: Graham Williams (CEO), Abhijit Banik (CFO), Rosa Ingimundardóttir Stensen (COO), Stein Ove Eriksen (CPO), Knut Helge Teppan (CDO), Vegard Hammer (CTO), Fraser Park (CCO), Håvard Alstad (VP Engineering) and Bo Pintea (VP Products, Growth and Solutions). In 2022, the key management team consisted of Alexander Woxen (CEO, former), Ragnar Kjos (CFO, former), Stein Ove Eriksen (CPO), Knut Helge Teppan (CDO), Vegard Hammer (CTO). The key management team did not receive reimbursement or other financial benefits outside their normal duties as leaders.

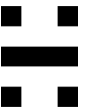
Rosa Ingimundardóttir Stensen, Fraser Park, Håvard Alstad, Bo Pintea and Abhijit Saha Banik joined the key management team in 2023. No loans or guarantees have been granted to senior executives, shareholders, etc.

The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman in August 2019. The agreement has been active for the full year 2022 with a compensation of TNOK 1,563. In January 2023, Mr. Williams accepted the position as CEO for the Group, replacing Alexander Woxen.

Options were granted to members of the key management in 2023. All members of the management and the board are part of the Company's 2021 incentive plan. Refer to note 7, Share based payments.

## Shares held by the board and management

Shares owned / controlled by Management, Board, and their related parties at 31 December 2023	Number	Ownership
Graham S. Williams, CEO (G&J WILLIAMS PROPERTY PTY LT, GJEH Pty Ltd ATF GJEH Family Trust)	60,383,111	13%
Jostein Devold, Chairman (Mertoun Capital AS and Leif Hübert)	41,945,471	9%
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and children)	30,543,000	6%
Stein Ove Eriksen, Co-Founder and Chief Product Officer (SOM Holding AS)	23,970,928	5%
Håvard Alstad, VP Engineering (HPA HOLDING AS)	7,400,000	2%
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	4,042,080	1%
Knut Helge Teppan, CDO (Knut Teppan Design AS)	2,400,000	1%
Abhijit Banik, CFO	30,000	0%
<b>Total</b>	<b>170,714,590</b>	<b>36%</b>



## 21. Financial Risk and Capital Management

Huddly Group's financial risk and capital management is predominantly controlled by the finance department.

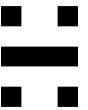
Huddly Group is mainly exposed to the following risks: Market risk, credit risk and liquidity risk.

Huddly Group has interest-bearing debt. The Group is not actively engaged in hedging of financial risk. Excess liquidity is invested in bank deposits. Huddly Group operates with several currencies, whereof the main currencies are NOK, USD and PLN. There is no active exchange rate risk hedging. Focus is on securing operational funding, and currency exchanges are conducted when liquidity in a certain currency is needed. In general, cash in foreign currencies are exchanged to NOK on a regular basis when deemed beneficial, meaning that Huddly Group's cash deposits mainly consist of NOK amounts.

<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk – foreign exchange</b>	Future commercial transactions; Recognized financial assets and liabilities not denominated in NOK	Cash flow forecasting; Sensitivity analysis	Continuous assessment of whether to engage in forwards and/or options hedging of FX
<b>Market risk – interest rate</b>	Long-term borrowings	Sensitivity analysis	Continuous assessment of whether to engage in any interest rate swap arrangements
<b>Credit risk</b>	Trade receivables; Cash and cash equivalents	Aging analysis, credit ratings; Rolling cash flow forecasts	Credit assessment, regular following up of the outstanding balances
<b>Liquidity risk</b>	Other liabilities	Rolling cash flow forecasts; sensitivity analysis	Continuous monitoring of liquidity and assessment of potential need for debt facilities

### Market risk - foreign exchange

Huddly Group holds bank deposits mainly in the following currencies: NOK, USD, PLN. The main exposure to foreign currency is derived from accounts payable and accounts receivable in connection with the sale and purchase of goods in foreign currency, in addition to other operating expenses denominated in a foreign currency, such as foreign payroll and services. Finally, the exposure relates to foreign indirect tax receivables exposure.



Huddly Group does not normally use contracts to hedge the foreign exchange exposure. The exposure is largely hedged through receipts and debts being denominated, directly or indirectly, in the same currency (a "natural hedge").

**Pre-tax effect from a 10% change of exchange rate per year end**

<b>Sensitivity currency exposure</b>	<b>2023</b>	<b>2022</b>
NOK depreciated 10% against USD	4,173	8,825
NOK depreciated 10% against PLN	1,663	3,411

**Market risk – interest rate**

During 2023 Huddly Group entered into a revolving credit facility arrangement with a group of related parties, and at end 2023 the total borrowings on this arrangement are TNOK 50,000. The related interests are calculated based on NIBOR + 8 percentage points. Management is on a continuous basis following up the development of the interest rate. Huddly Group has not entered into any interest swap arrangements.

**Pre-tax effect from change of interest rate per year**

<b>Sensitivity, interest rate exposure. Amounts in NOK 1,000</b>	<b>2023</b>	<b>2022</b>
Interest rates – increase by 70 basis points*	(65)	-
Interest rates – decrease by 100 basis points*	93	-

\* - Holding all other variables constant

**Credit risk**

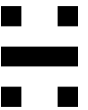
Huddly Group's credit risk is related to the sale of goods and services on credit.

Huddly Group monitors the outstanding amounts and follows up closely with its customers should amounts become overdue.

As of 31 December 2023, Huddly Group had TNOK 52,668 in outstanding accounts receivables, of which TNOK 6,868 were more than 30 days overdue. Traditionally, overdue amounts are paid in full, and Huddly Group has historically had a low rate of loss on receivables. Huddly Group had no expenses on bad debt during 2023. A small increase in provision for bad debt was recognized in 2023 but no material changes.

**Net interest-bearing debt**

<b>Amounts in NOK 1,000</b>	<b>2023</b>	<b>2022</b>
Total interest-bearing debt	50,000	-
Cash	164,231	183,077
Net interest-bearing debt	(114,231)	(183,077)



## Liquidity risk

Huddly Group manages liquidity risk by monitoring that the expected future cash from operations and available cash and are adequate to serve the operational and financial obligations. This is done by preparing cash flow forecasts on a 12 month forward rolling basis, and detailed by weekly cash monitoring, based on different sales and cost scenarios. Capital tied up is supervised, focusing on inventory, accounts receivable, and accounts payable.

Huddly Group's liquidity strategy is to secure sufficient cash, cash equivalents and credit facilities available at any time to finance the operations and investments for the next 12 months.

Excess liquidity sits on Huddly Group's bank accounts. Except for the revolving credit facility, which is fully drawn up, Huddly Group holds no credit facilities as of 31 December 2023.

Huddly Group holds no loan agreements against financial institutions and has no covenants.

The following table discloses the maturity analysis for non-derivative liabilities, showing its undiscounted remaining contractual liabilities:

### Overview of maturity structure of financial liabilities

Amounts in NOK 1,000	2023				
	Carrying Amount	< 1 year	1-5 years	> 5 years	Total
Borrowings	50,000	-	50,000	-	50,000
Lease liabilities	72,098	9,716	48,582	13,799	72,098
Trade payables	35,588	35,588	-	-	35,588
Other current liabilities	27,304	27,304	-	-	27,304
<b>Total</b>	<b>184,990</b>	<b>72,609</b>	<b>98,582</b>	<b>13,799</b>	<b>184,990</b>

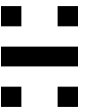
Amounts in NOK 1,000	2022				
	Carrying Amount	< 1 year	1-5 years	> 5 years	Total
Lease liabilities	12,674	12,674	-	-	12,674
Trade payables	35,404	35,404	-	-	35,404
Other current liabilities	67,691	67,691	-	-	67,691
<b>Total</b>	<b>115,769</b>	<b>115,769</b>	<b>-</b>	<b>-</b>	<b>115,769</b>

The payment of financial obligations is intended to be covered by the payment of accounts receivable, sale of goods and services, and available cash.

At the end of the reporting period Huddly Group held deposits at call for managing liquidity risk:

### Deposits

Amounts in NOK 1,000	2023	2022
Deposits at the end of the period	164,231	183,077
- of which is restricted	15,654	5,517



## Capital Management

The Board's objective is to maintain a healthy capital base to retain the trust of shareholders, creditors, customers, suppliers, and the market to continually develop Huddly Group. The Board continuously monitor the capital structure and makes appropriate actions when deemed necessary. The ultimate objective of the Board is to ensure Huddly's shareholders over time will gain a competitive return on their investment. Huddly Group did not pay any dividend in 2023 and 2022.

## **22. New and amended standards not yet adopted by the Group**

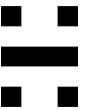
Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **23. Events after the reporting period**

A total number of 60,000,000 new shares were subscribed for and allocated at a subscription price of NOK 0.50 per share on 25 January 2024 as a result of the subsequent offering following the private placement in Q4 2023. As a result, the Company received gross proceeds of TNOK 30,000.

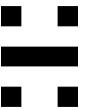
# **Huddly AS**

## **financial statement**



## **Huddly AS financial statement**

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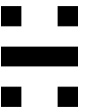


# Statement of profit or loss

## Statement of profit or loss

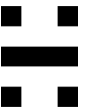
Amounts in NOK 1,000	Note	2023	2022
Sales of goods		210,722	451,597
<b>Total revenue</b>	3	<b>210,722</b>	<b>451,597</b>
Cost of goods sold		(109,803)	(284,178)
<b>Gross profit</b>		<b>100,919</b>	<b>167,419</b>
Other revenue	12	992	-
Employee benefit expenses	4	(81,450)	(91,215)
Other operating expenses	5	(76,532)	(146,106)
Amortization and depreciation	10,11,12	(64,401)	(52,661)
Total operating expenses		(222,383)	(289,983)
<b>Operating profit/(loss)</b>		<b>(120,472)</b>	<b>(122,564)</b>
Interest income		3,482	4,586
Interest expense		(10,891)	(459)
Other financial expense		(6,719)	(3,064)
Net foreign exchange gains (losses)		6,356	8,772
Net financial items		(7,771)	9,836
<b>Profit/(loss) before income tax</b>		<b>(128,243)</b>	<b>(112,728)</b>
Income tax	6	-	-
<b>Profit/(loss) for the year</b>		<b>(128,243)</b>	<b>(112,728)</b>
<b>Profit/(loss) for the year is attributable to:</b>			
Owners of Huddly AS		<b>(128,243)</b>	<b>(112,728)</b>





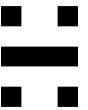
# Statement of comprehensive income or loss

<b>Amounts in NOK 1,000</b>	<b>2023</b>	<b>2022</b>
<b>Profit/(loss) for the year</b>	<b>(128,243)</b>	<b>(112,728)</b>
Other comprehensive income:		
<b>Total comprehensive income for the year</b>	<b>(128,243)</b>	<b>(112,728)</b>
<b>Total comprehensive income is attributable to:</b>		
Owners of Huddly AS	<b>(128,243)</b>	<b>(112,728)</b>



## Statement of financial position at 31 December

Amounts in NOK 1,000	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	10	8,018	8,018
Intangible assets	10	190,679	159,291
Tangible assets	11	7,106	8,537
Right-of-use assets	12	65,060	12,520
Investment in subsidiary	20	74,107	74,107
Deferred tax asset		-	-
Other non-current receivables	13	23,397	19,000
<b>Total non-current assets</b>		<b>368,367</b>	<b>281,473</b>
<b>Current assets</b>			
Inventories	14	29,979	14,887
Consignation inventories	14	104,001	117,864
Trade receivables	15	51,706	71,842
Other current receivables	15	47,044	41,494
Cash and cash equivalents	16	163,581	183,077
<b>Total current assets</b>		<b>396,311</b>	<b>429,165</b>
<b>TOTAL ASSETS</b>		<b>764,677</b>	<b>710,638</b>



Amounts in NOK 1,000	Note	2023	2022
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	298	135
Share premium and other paid in capital		893,144	775,018
Retained earnings		(518,841)	(390,599)
<b>Total equity</b>		<b>374,601</b>	<b>384,554</b>
<b>Non-current liabilities</b>			
Long term debt	18	50,000	-
Lease liabilities (non-current portion)	12	62,382	-
Other non-current liabilities	18	4,043	7,650
<b>Total non-current liabilities</b>		<b>116,424</b>	<b>7,650</b>
<b>Current liabilities</b>			
Lease liabilities (current portion)	12	9,716	12,674
Trade payables		35,568	35,218
Consignment liabilities	19	107,711	117,864
Other current liabilities	19	120,658	152,677
<b>Total current liabilities</b>		<b>273,652</b>	<b>318,433</b>
<b>Total liabilities</b>		<b>390,076</b>	<b>326,084</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>764,677</b>	<b>710,638</b>

Oslo, 16 April 2024

**Jostein Devold**

*Chair of the Board*

**Kristian Kolberg**

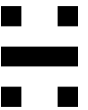
*Board member*

**Michael A  
Brandofino**

*Board member*

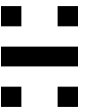
**Graham Spencer  
Williams**

*CEO*



## Statement of changes in equity

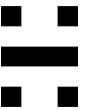
Amounts in NOK 1,000	Share capital	Share premium	Other Paid in Capital	Retained earnings	Total equity
<b>Balance at 1 January 2022</b>	<b>135</b>	<b>508,285</b>	<b>282,819</b>	<b>(277,871)</b>	<b>513,369</b>
Profit/(loss) for the year				(112,728)	(112,728)
Total comprehensive income/(loss) for the year	-	-	-	(112,728)	(112,728)
Share-based payment to employees			24,399		24,399
Share repurchase			(40,486)		(40,486)
<b>Balance at 31 December 2022</b>	<b>135</b>	<b>508,285</b>	<b>266,732</b>	<b>(390,599)</b>	<b>384,554</b>
Profit/(loss) for the year				(128,243)	(128,243)
Total comprehensive income/(loss) for the year				(128,243)	(128,243)
Issuance of shares	163	122,201			122,363
Share-based payment to employees			(4,074)		(4,074)
<b>Balance at 31 December 2023</b>	<b>298</b>	<b>630,486</b>	<b>262,659</b>	<b>(518,841)</b>	<b>374,601</b>



# Statement of cash flows

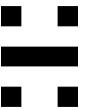
Amounts in NOK 1,000	Note	2023	2022
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		(128,243)	(112,728)
<i>Adjustments for:</i>			
Share-based payments expense		(4,074)	24,399
Depreciation and amortization	10,11,12	64,401	52,661
Net financial items		7,771	(9,836)
<i>Change in operating assets and liabilities:</i>			
Change in trade receivables and other receivables		10,191	13,858
Change in inventories (including consignment inventories)		(1,229)	(60,981)
Change in trade payables		349	(35,014)
Change in other current assets and liabilities		(46,719)	115,292
Taxes paid		-	-
Paid interests		(6,343)	(905)
Items classified as investing or financing		(5,309)	-
<b>Net cash inflow/(outflow) from operating activities</b>		<b>(109,206)</b>	<b>(13,253)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment	11	(3,242)	(7,635)
Payment for investments in intangible assets	10	(73,210)	(73,779)
Proceeds from disposals		100	-
Interest received		3,482	3,669
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(72,870)</b>	<b>(77,746)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issuance of ordinary shares		130,000	-
Share repurchase		-	(40,157)
Payments of transaction costs equity transactions		(7,637)	(329)
Repayments of lease liabilities	12	(11,550)	(17,717)
Loan proceeds	18	50,000	-
Paid interest on loan		(914)	-
Paid interest on lease liabilities	12	(4,484)	(488)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>155,415</b>	<b>(58,691)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(26,660)</b>	<b>(149,690)</b>
Cash and cash equivalents as of 1 January		183,077	324,028
Effects of exchange rate changes on cash and cash equivalents		7,164	8,738
<b>Cash and cash equivalents as of 31 December</b>		<b>163,581</b>	<b>183,077</b>

# Notes to the Huddly AS financial statement



## Notes to the Huddly AS financial statement

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## 1. General Information

Huddly AS (the Company), the parent company of Huddly Group (Huddly or the Group) is a private limited liability Company incorporated and domiciled in Norway. The address of its registered office is Stortorvet 7, 0155 Oslo, Norway. The company is listed on Euronext Growth (Oslo) and has the ticker “HDLY”.

Huddly uses its technology to create tools for team collaboration, and combines expertise across the fields of design, hardware, software, and artificial intelligence. The Company’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.

These financial statements have been approved for issuance by the Board of Directors on 16 April 2024.

## 2. General accounting principles

The general accounting policies applied in the preparation of these financial statements are set out below. Specific accounting principles are described in the relevant notes.

### Basis of preparation

The financial statements of Huddly AS are prepared in accordance with IFRS® Accounting Standards as adopted by the EU (IFRS), and additional disclosure requirements in the Norwegian Accounting Act as effective of 31 December 2023.

The financial statements are presented in Norwegian kroner (NOK), which corresponds to the functional currency of the Company and have been rounded to the nearest thousand unless otherwise stated. As a result of rounding adjustments, amounts and percentages may not add up to the total.

The financial statements are prepared on a going concern basis.

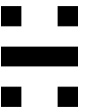
### Subsidiaries

Shares in the subsidiary Huddly Inc. are valued at cost and tested for impairment. The cost includes debt to equity conversions.

### Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses. The Company has determined that the Management team are the chief operating decision maker.





The segment information is reported in accordance with the reporting to the Management team (the chief operating decision makers) and is consistent with financial information used for assessing performance and supporting the Company's direction and strategy, resource allocation and acquisition activities. The Company has identified one segment. The Company is monitored at income statement, balance sheet and cash flow.

## Use of judgements and estimates

### Estimates and assumptions

Management has used estimates and assumptions that have affected assets, liabilities, revenues, expenses and information on potential liabilities. Future events may lead to these estimates being changed. Estimates and their underlying assumptions are reviewed on a regular basis and are based on historical experience and other factors. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Judgements

Management has, when preparing the financial statements, made certain significant assessments based on critical judgment when it comes to application of the accounting principles.

Material exercise of judgment and estimates relate to the following matters:

- Consignation Inventory, refer to note 14.

## 3. Revenue from sales of goods

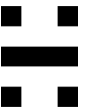
### Accounting principles

#### Revenue from sales of goods

The Company has revenue from sale of various types of cameras to be used in meeting rooms.

Revenue from contracts with customers is recognized 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. Currently all revenue is recognized at a point in time.

The Company accrues for warranty costs, sales returns, and other allowances. 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 Company.



### *Trade receivables*

Trade receivables are initially recognized at fair value. Trade receivables are non-interest bearing and trading terms range from 30 to 60 days and therefore classified as current.

### *Contract liabilities*

A contract liability is the obligation to transfer goods to a customer for which The Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before The Company transfers goods to the customer, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when The Company fulfils the performance obligations under the contract. Normally, The Company invoices at the time of revenue recognition, thus contract liabilities are rarely recognized.

The Company does not have any costs to obtain or fulfil contracts that are recognized as an asset.

### Revenue from customers

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

Revenue from costumers	<b>2023</b>	<b>2022</b>
Strategic partners %	48%	79%
Channel partners %	52%	21%
<b>Total</b>	<b>100%</b>	<b>100%</b>
Amounts in NOK 1,000		
Strategic partners	102,006	355,668
Channel partners	108,716	95,929
<b>Revenue from customers</b>	<b>210,722</b>	<b>451,597</b>

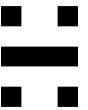
### Revenue by geography

In presenting the geographic information, revenue has been based on the geographic location of customers.

Amounts in NOK 1,000	<b>2023</b>	<b>2022</b>
EMEA/APAC	99,068	134,450
Americas	111,654	317,146
<b>Revenue from customers</b>	<b>210,722</b>	<b>451,597</b>

### Information about major customers

The Company conducts its sales through one revenue segment. Of the Company's total revenue base per 2023, the two largest customers represent 34% (79% in 2022) and no other customer represents more than 10% of the Company's revenue.



## 4. Employee benefit expense

### Accounting principles

#### Pension plans

The Company has a defined contribution plan for some of its employees. The Company's payments are recognized in the profit or loss as an employee benefit expenses for the year to which the contribution applies.

### Specification of employee benefit expense

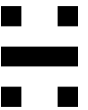
Amounts in NOK 1,000	2023	2022
Wages and salaries	119,959	103,315
Share-based payment to employees	(4,074)	24,399
Social security tax	18,944	17,127
Social security tax, share-based payment to employees	(3,753)	(14,216)
Pension costs	6,111	5,827
Other personnel costs	2,686	10,261
Capitalized personnel cost	(56,544)	(55,498)
<b>Total personnel cost</b>	<b>83,328</b>	<b>91,215</b>

Total personnel cost is presented net of government grants, refer to note 8.

The Company had an average of 116 full time employees on payroll in 2023, compared to 110 employees in 2022.

The Company's pension schemes satisfy the requirements in the local country legislation regarding mandatory occupational pension act. 116 employees are registered in pension schemes as of December 31, 2023, compared to 114 employees in 2022.

Share-based payments to employees are equity settled and booked directly against the comprehensive statement of equity. Accrued social security is cash settled and booked directly against the statement of comprehensive income. Accrued social security on share-based payments to employees are measured per option based on the reporting period ending share price less the strike price.



## 5. Other operating expenses

### Other operating expenses

Amounts in NOK 1,000	2023	2022
Professional services	26,427	27,409
Advertising	8,084	7,066
Shipping	1,121	1,773
Rent and leases	3,965	4,384
Travel	2,448	1,813
Other costs	34,488	103,662
<b>Total other operating expenses</b>	<b>76,532</b>	<b>146,106</b>

In 2023, Other costs include TNOK 27,002 relating to Inter-company Marketing service agreement invoiced from Huddly Inc. to Huddly AS. In addition, the Company accrued for TNOK 70,152 relating to historical cost in Huddly Inc and expensed in 2022. Total other operating expenses are presented net of government grants, refer note 8.

### Audit fee

Amounts in NOK 1,000	2023	2022
Statutory audit	1,770	650
Other assurance services	74	50
Other non-assurance services	884	150
Tax services	-	-
<b>Total</b>	<b>2,728</b>	<b>850</b>

Fees are presented excluding VAT. Statutory audit fee to the Company's current engaged auditor was TNOK 1,770 for 2023. In addition, there were other assurance services of TNOK 74 and other non-assurance services of TNOK 884.

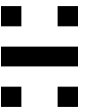
## 6. Taxes

### Accounting principles

The tax expense/(income) for the period comprises current tax and changes in deferred tax. Tax expense 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 expense 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 Company operates and generates taxable income.

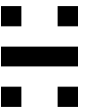
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the local financial



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 tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

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 AS.

Carried forward tax loss in Norway amount to TNOK 230,655 as of 31 December 2023. There is no expiration date of carried forward losses in Norway.



## Descriptions

### Specification of income tax expense

Amounts in NOK 1,000	2023	2022
Income tax payable	-	-
Deferred tax income	-	-
<b>Total income tax expense</b>	-	-

### Specification of deferred tax balances:

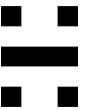
Amounts in NOK 1,000	2023	2022
Non-current assets	599	9,137
Accounts receivable	212	61
Other provisions	18,269	1,907
Other temporary differences	1,788	13,856
Tax losses carried forward	50,744	20,715
Total deferred tax assets relating to temporary differences and losses	71,612	45,677
Non-recognized deferred tax assets	(71,612)	(45,677)
<b>Carrying value deferred tax assets</b>	-	-
Tangible assets	-	-
Other temporary differences	-	-
<b>Carrying value deferred tax liabilities</b>	-	-

### Changes in net deferred tax assets/liabilities

Amounts in NOK 1,000	2023	2022
As of 1 January	-	-
Recognized in the statement of profit/(loss)	-	-
Acquisitions of subsidiaries	-	-
Translation differences	-	-
<b>As of 31 December</b>	-	-

### Reconciliation of effective tax rate:

Amounts in NOK 1,000	2023	2022
Net income/(loss) before tax	(128,243)	(112,728)
Expected income tax assessed at 22 %	(28,213)	(24,800)
Adjusted for the tax effect of the following items:	-	-
Permanent differences	(1,714)	1,210
Changes in prior years	3,993	-
Other	-	(9)
Deferred tax asset not recongnised	25,935	23,599
<b>Income tax expense (income)</b>	-	-
<b>Effective tax rate</b>	<b>0%</b>	<b>0%</b>



## 7. Share-based payment

### Accounting policies

Equity-settled, share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the grant date. The vesting period is the period over which all of the specified vesting conditions are to be satisfied. The fair value is expensed over the vesting period as an employee benefit expense, with a corresponding increase in equity.

The fair value at the grant date is determined using the Monte Carlo simulation option pricing model, which takes into account the exercise price, the life of the option, the current price of the underlying shares, the expected volatility of the share price, any dividends expected on the shares and the risk-free interest rate for the life of the option. The expected share price volatility is based on historical volatility for a selection of comparable listed companies. The risk-free interest rate is based on zero-coupon government bonds with a term equal to the expected term of the option being valued.

Social security contributions payable in connection with an option grant are considered an integral part of the grant itself. The charges are treated as cash-settled, share-based payments and measured at fair value each reporting date. The fair value measurement for the social security liability per option is based on the reporting period ending share price less the strike price. As at 31 December 2023, the Company had accrued TNOK 88 (TNOK 3,841 on 31 December 2022) in social security contributions on share-based payments.

All vested and partially vested options that are in-the-money are included in the fair value measurement of the social security liability. The remeasurement change is recognized as an expense in profit or loss and as an adjustment to the social security liability in the statement of financial position.

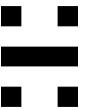
When the options are exercised, the appropriate number of shares are transferred to the employee. The proceeds received from the exercise of the options (net of any directly attributable transaction costs) are credited directly to equity.

### Descriptions

#### Synthetic options

The Company had 5,871,111 outstanding synthetic options per 31 December 2023. 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. No expenses or corresponding liability has been recognized for the synthetic option program.

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 Company as set out in the stock exchange notice 7 December 2021.



The final installment of TNOK 25,000 was paid in 2023. After the settlement there has been no changes to the synthetic option program which at 31 December 2022 has five prior employees participating.

<b>Overview synthetic options</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	5,871,111	5,871,111
<b>Options granted, outstanding 31.12</b>	<b>5,871,111</b>	<b>5,871,111</b>

The weighted average strike price for Synthetic option program on options granted and vested was NOK 0.95 in 2023 and 2022.

## Employee options

As of 31 December 2023 The Company's only active share granting incentive program is the 2021 incentive plan implemented in January 2021, directed at employees and directors. Participants are granted options to subscribe for shares in the company based on a pre-determined strike price. The 2021 options are as a general rule subject to a three-year vesting schedule. Furthermore, the options may only be exercised in a coordinated process led 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.

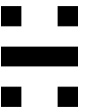
New grants in 2023 have an exercise price varying between NOK 0.92 and NOK 2.31 with a weighted average of NOK 1.85. The weighted exercise price for all outstanding options is NOK 3.93. As of 31 December, there are 138 employees and former employees participating in the 2021 incentive plan.

Some Award Agreements state that if an employee leaves after a given time, the strike price would increase from their original strike price to NOK 7.81 (given that the original strike price is below this threshold). This reduces the calculated fair value of the options.

The Company has historically issued a limited number of options to employees and directors under the 2017 incentive plan. These options have all expired in 2023.

Fair value of the equity instruments is measured at grant date and recognized over the vesting period. All equity instruments expire after five years from the grant date. Share-based payments included in salary costs are TNOK -4,074 and TNOK 24,399 (exclusive of accrued social security cost on option-based payments), in 2023 and 2022 respectively.





## Overview outstanding options

<b>2017 incentive plan</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	266,672	266,672
Options granted	-	-
Options exercised	-	-
Options forfeited during the year	(266,672)	-
<b>Options granted, outstanding 31.12</b>	<b>-</b>	<b>266,672</b>
<b>Options vested, closing balance 31.12</b>	<b>-</b>	<b>266,672</b>

<b>2021 incentive plan</b>	<b>2023</b>	<b>2022</b>
Options granted, outstanding 01.01	26,424,811	18,992,588
Options granted	1,020,000	7,925,000
Options exercised	-	-
Options forfeited during the year	(3,795,938)	(492,777)
<b>Options granted, outstanding 31.12</b>	<b>23,648,873</b>	<b>26,424,811</b>
<b>Options vested, closing balance 31.12</b>	<b>21,458,910</b>	<b>20,779,772</b>

The weighted average strike price for the 2021 incentive plan on all options vested was NOK 3.46 in 2023 and NOK 2.93 in 2022.

## Overview of outstanding options to key management

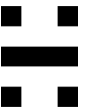
### Share options 2023

	Granted in	Forfeited in	Exercised in	Total	Weighted	Remaining
<b>2021 incentive plan</b>	<b>2023</b>	<b>2023</b>	<b>2023</b>	<b>outstanding as at 31.12</b>	<b>average exercise price</b>	<b>contractual life*</b>
Graham Spencer Williams, CEO				1,560,000	4.66	2.47
Abhijit Saha Banik, CFO	130,000			160,000	2.79	4.15
Stein Ove Eriksen, CPO				1,344,000	2.50	2.08
Knut Helge Teppan, CDO				1,262,000	5.23	4.43
Vegard Hammer, CTO				2,350,000	1.66	2.48
Fraser Park, COO				1,280,000	1.65	2.08
Rosa Stensen, COO	160,000			160,000	2.31	3.75
Håvard Alstad, VP Engineering				320,000	2.50	2.08
Bo Pintea, VP Product, Growth and Solution	160,000			160,000	2.31	5.42
Alexander Woxen, CEO (Former)		3,000,000		-	-	-
Ragnar Kjos, CFO (Former)		500,000		-	-	-

### Share options 2022

	Granted in	Forfeited in	Exercised in	Total	Weighted	Remaining
<b>2021 incentive plan</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>outstanding as at 31.12</b>	<b>average exercise price</b>	<b>contractual life*</b>
Alexander Woxen, CEO (Former)	3,000,000			-	-	-
Stein Ove Eriksen, CPO	-			1,344,000	2.50	3.08
Ragnar Kjos, CFO (Former)	500,000			-	-	-
Knut Helge Teppan, CDO	750,000			1,262,000	5.23	5.43
Vegard Hammer, CTO	750,000			2,350,000	1.66	3.48
Øystein Drageset, CFO (Former)	-			3,200,000	1.81	3.08

\*Weighted average remaining contractual life of outstanding options as of the period



## Monte Carlo parameters

<b>Monte Carlo Option value on 2021 incentive plan</b>	<b>2023</b>	<b>2022</b>
Shareprice (NOK)	1.98	8.39
Strike price (NOK)	2.21	8.38
Risk-free interest rate	3.42%	2.06%
Expected life - years	3.00	3.61
Expected dividend (NOK)	-	-
Volatility	42.3 %	55.9 %
<b>Option fair value (NOK)</b>	<b>0.63</b>	<b>3.65</b>
Number of options granted per tranche	1,020,000	7,416,000
<b>Total option fair value at grant date (NOK)</b>	<b>640,479</b>	<b>27,058,361</b>

Vesting period from grant date is 3 years.

Several awards have been granted throughout 2023 and 2022, above table shows variance in share price based on changes in company share price as at time of the award. The Vesting period from grant date is 3 years.

## 8. Government grants

### Accounting principles

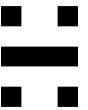
Government grants are recognized in profit or loss on a systematic basis over the periods in which the entity recognizes and expenses the related costs for which the grants are intended to compensate. Grants related to R&D of capitalized intangible assets are recognized as reductions in capitalized costs.

### Description

The Company's project: 331274 for 2022 was approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). Final payment of TNOK 4,750 was received during autumn of 2023. The deduction percentage for 2022 for all internal research and development is set at 19 percent of the allowed total project limit.

2023:

The Company did not receive any grants from Skattefunn in 2023.



2022:

Amounts in NOK 1,000	Amount	Reduced salary cost	Reduced other cost	Reduced capitalized employee benefit expense	Reduced capitalization of other additions
Skattefunn	4,750	1,172	245	2,756	576
<b>Total</b>	<b>4,750</b>	<b>1,172</b>	<b>245</b>	<b>2,756</b>	<b>576</b>

## 9. Earnings per share

Referring to note 9 in the consolidated financial statements for The Company.

## 10. Intangible assets

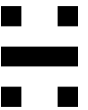
### Accounting principles

Costs to develop the Company's products that are incurred subsequent to the establishment of technological feasibility are capitalized if significant, 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.

Capitalized development costs include costs directly attributable to development of the intangible, such as personnel expenses and consultancy services. Otherwise, such expenses are expensed as and when incurred.

Judgment is required in evaluating whether subsequent development expenditure is to be capitalized as an internally generated intangible asset or expensed as incurred. The key element of judgment is whether the development project will generate incremental probable future economic benefit in form of a new product, or not.

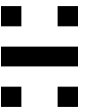
In 2023, the Company increased the focus on securing its intellectual property. Patents, design and trademarks are measured initially at cost and amortized using the straight-line amortization method over the estimated useful life.



## Descriptions

Capitalized development cost was TNOK 64,407 and TNOK 73,779 in 2023 and 2022 respectively. The Company estimates the economic life to be 5 years.

Amounts in NOK 1,000	Development	Patent, design and trademark	Licenses	Domains and Licenses	Goodwill	Total
<b><u>Cost</u></b>						
<b>Cost at 1 January 2022</b>	<b>172,600</b>	-	<b>6,983</b>	<b>224</b>	<b>8,018</b>	<b>187,824</b>
Capitalized employee benefit expense	55,498					<b>55,498</b>
Other additions	18,281					<b>18,281</b>
Disposals	-					-
<b>Cost at 31 December 2022</b>	<b>246,379</b>	-	<b>6,983</b>	<b>224</b>	<b>8,018</b>	<b>261,603</b>
Capitalized employee benefit expense	56,544					<b>56,544</b>
Other additions	7,863	8,803				<b>16,666</b>
Disposals	-			(163)		<b>(163)</b>
<b>Cost at 31 December 2023</b>	<b>310,786</b>	<b>8,803</b>	<b>6,983</b>	<b>61</b>	<b>8,018</b>	<b>334,650</b>
<b><u>Amortization and impairment</u></b>						
<b>Accumulated at 1 January 2022</b>	<b>54,866</b>	-	<b>6,983</b>	-	-	<b>61,849</b>
Disposals	-					-
Amortization for the year	32,446					<b>32,446</b>
Impairment	-					-
<b>Accumulated at 31 December 2022</b>	<b>87,312</b>	-	<b>6,983</b>	-	-	<b>94,294</b>
Disposals	-					-
Amortization for the year	41,475	184				<b>41,659</b>
Impairment	-					-
<b>Accumulated at 31 December 2023</b>	<b>128,787</b>	<b>184</b>	<b>6,983</b>	-	-	<b>135,953</b>
<b>Carrying amount at 31 December 2022</b>	<b>159,067</b>	-	-	<b>224</b>	<b>8,018</b>	<b>167,309</b>
<b>Carrying amount at 31 December 2023</b>	<b>181,999</b>	<b>8,620</b>	-	<b>61</b>	<b>8,018</b>	<b>198,697</b>
<b>Amortization method</b>	<b>Straight-line 5 years</b>	<b>Straight-line 10-20 years</b>	<b>Straight-line 3 years</b>	<b>Indefinite life</b>	<b>Indefinite life</b>	



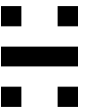
## 11. Tangible assets

### Accounting principles

Property, plant, and equipment are stated at historical cost, less accumulated depreciation, and any impairment charges. Depreciation is calculated on a straight-line basis over the assets' expected useful life and adjusted for any impairment charges. Ordinary repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in operating profit. Major assets with different expected useful lives are reported as separate components.

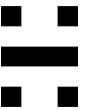
Property, plant, and equipment are reviewed for potential impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its recoverable amount.

The difference between the asset's carrying amount and its recoverable amount is recognized in the income statement as an impairment loss. Property, plant, and equipment that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.



## Descriptions

Amounts in NOK 1,000	Machines	Office equipment	Tools	Fixtures etc.	Total
<b>Cost at 1 January 2022</b>	<b>136</b>	<b>3,848</b>	<b>5,837</b>	<b>1,221</b>	<b>11,042</b>
Additions	-	1,449	5,309	878	7,635
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>Cost at 31 December 2022</b>	<b>136</b>	<b>5,297</b>	<b>11,145</b>	<b>2,099</b>	<b>18,678</b>
Additions	-	646	874	1,722	3,242
Disposals	(136)	-	-	(152)	(288)
Translation difference	-	-	-	-	-
<b>Cost at 31 December 2023</b>	<b>-</b>	<b>5,943</b>	<b>12,019</b>	<b>3,669</b>	<b>21,631</b>
<b><u>Depreciation and impairment</u></b>					
<b>Accumulated at 1 January 2022</b>	<b>136</b>	<b>2,052</b>	<b>3,509</b>	<b>749</b>	<b>6,447</b>
Depreciation for the year	-	1,196	2,153	345	3,694
Impairment	-	-	-	-	-
Disposals	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>Accumulated at 31 December 2022</b>	<b>136</b>	<b>3,248</b>	<b>5,662</b>	<b>1,094</b>	<b>10,141</b>
Depreciation for the year	-	1,306	2,812	427	4,545
Impairment	-	-	-	-	-
Disposals	(136)	-	-	(24)	(160)
Translation difference	-	-	-	-	-
<b>Accumulated at 31 December 2023</b>	<b>-</b>	<b>4,554</b>	<b>8,474</b>	<b>1,497</b>	<b>14,525</b>
<b>Carrying amount at 31 December 2022</b>	<b>-</b>	<b>2,048</b>	<b>5,483</b>	<b>1,005</b>	<b>8,537</b>
<b>Carrying amount at 31 December 2023</b>	<b>-</b>	<b>1,388</b>	<b>3,545</b>	<b>2,172</b>	<b>7,106</b>
<b>Depreciation method</b>	Straight-line	Straight-line	Straight-line	Straight-line	
<b>Estimated useful life</b>	3 years	3 years	3-5 years	5 years	



## 12. Leases

### Accounting principles

The Company has recognized right of use assets and lease liabilities for all leases with a term of more than 12 months and where the underlying asset has a value of more than NOK 50 thousand.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees.
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option

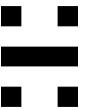
Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.



## Right-of-use assets and lease liabilities

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

### Amounts recognized in the balance sheet

#### Right of use assets

Amounts in NOK 1,000	2023	2022
Offices for own use	44,371	12,520
Subleased office space	20,689	-
<b>Total</b>	<b>65,060</b>	<b>12,520</b>

Useful life	6 years	7 months
Depreciation method	Straight-line	Straight-line

#### Lease liabilities

Amounts in NOK 1,000	2023	2022
Current	9,716	12,674
Non-Current	62,382	-
<b>Total lease liability</b>	<b>72,098</b>	<b>12,674</b>

### Amounts recognized in the statement of profit or loss

Amounts in NOK 1,000	2023	2022
Depreciation of right of use asset	12,410	16,521
Depreciation of subleased office space	5,787	-
Interest expense	4,484	488
Expenses relating to short-term leases	3,938	3,910
Expenses relating to leases of low-value	488	473

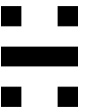
## Reconciliation of lease arising from financing activities

### Reconciliation of lease arising from financing activities

Amounts in NOK 1,000	2023	2022
Opening balance 1 January	12,674	13,911
Lease payments during the year	(16,034)	(17,717)
New leases recognised during the year	70,974	16,968
Interest expense on lease payments	4,484	(488)
Closing balance 31 December	72,098	12,674

Right-of-use asset and lease liability additions during the year ending 31 December 2023 was TNOK 70,974. Huddly moved into new office premises at Stortorvet 7, 0155 Oslo, 1 July 2023. The lease period is 6 years. Huddly Group, as a lessee, initially measures right of use asset and lease liability at the commencement date of the lease. This is the date on which a lessor makes an underlying asset available for use by a lessee.





The Company has no other lease agreements recognized under IFRS 16.

The Company entered into a sublease agreement with Ernst & Young AS on 1 November 2023. The lease term ends 30 June 2029 and the sublessee can terminate the sublease agreement with 18 months' notice.

#### Annual rent on sublease

Amounts in NOK 1,000	2024	2025	2026	2027	2028	2029
Rent from sublease	5,316	5,316	5,316	5,316	5,316	2,658

## 13. Other non-current receivables

### Accounting principles

The Company initially recognizes other non-current receivables at fair value, and subsequently measures it at amortized cost. Interest income on the receivable is recognized as other financial income.

### Descriptions

The Company has as of 31 December 2023 other non-current receivables of in total TNOK 23,397 (TNOK 19,000 as of 31 December 2022).

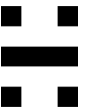
The amount consists of receivables with third parties. The receivables are reviewed for impairment on an ongoing basis based on the 3-stage expected credit loss model. There have been no impairments of other non-current receivables as of 31. December 2023.

## 14. Inventories

### Accounting principles

Inventory is valued at the lower of historical cost and net realizable value. The historical cost is calculated in accordance with the first in, first out principle. The historical cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of conversion includes costs directly related to the units of production, as well as fixed and variable production overheads that are incurred in converting materials into finished goods.

Net realizable value is the estimated selling price in the operating activities less estimated costs that are necessary to make a sale. Selling cost includes cost of logistic (warehouse, customs, freight etc.). Goods in transit are recognized at their historical cost.



When inventories are sold, the carrying amount of those inventories shall be recognized as an expense in the period in which the related revenue is recognized.

## Descriptions

Amounts in NOK 1,000	2023	2022
Components	29,979	14,887
Consignation inventories	104,001	117,864
<b>Net financial items</b>	<b>133,980</b>	<b>132,752</b>

The Company buys finished goods from contract manufacturers which purchase components and produce finished goods. Normally the Company purchases finished goods for direct sale, and components comprise cameras and accessories ready for kitting and sale to customers.

During the production of finished goods, there are raw materials and components in the physical possession of the contractual manufacturers, that cannot be used for any other purpose than producing Huddly products. Management has assessed whether the Company controls these raw materials, and using significant judgement management concluded that these raw materials are a present economic resource controlled by the Company based on the economic and contractual relationships between the Company and their production supplies. These raw materials are therefor recognized in the statement of financial position as consignment inventories with corresponding consignment liabilities.

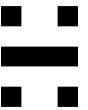
Consignation inventories arise from an assessment of the accounting treatment of the ultimate ownership of risk related to the manufacturers' inventory according to IFRS. Any and all assessments related to the contractual rights and obligations to the inventory remain unchanged. Both the asset and the corresponding consignment liability will be reduced upon purchase of a finalized product. As such, the cash outflow will first occur once the finalized product is purchased. Please refer to note 19, other short-term liabilities.

## 15. Trade receivables and other receivables

### Accounting principles

Trade receivables are initially measured at fair value. Trade receivables are non-interest bearing and trading terms range from 30 to 60 days and therefore classified as current.

Trade receivables and other receivables are reflected in the balance sheet at nominal value less provision for estimated losses.



## Loss allowance and risk exposure

The Company applies the simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payments profiles, customer contracts in the previous years and historical losses.

Receivables are grouped into categories and the expected loss rates reflect the Company's ability to collect once receivables are overdue.

## Descriptions

### Trade receivables

Amounts in NOK 1,000	2023	2022
Trade receivables	52,668	72,092
Loss allowance	(962)	(250)
<b>Total</b>	<b>51,706</b>	<b>71,842</b>

The table below summarizes the trade receivable position according to their maturity on 31 December 2023 and the basis for determining loss allowance:

Amounts in NOK 1,000	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.7%	1.5%	1.8%	35%	
Gross carrying amount- trade receivables	45,799	4,454	831	1,583	52,668
<b>Loss allowance - trade receivables</b>	<b>324</b>	<b>65</b>	<b>15</b>	<b>558</b>	<b>962</b>

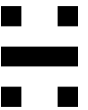
The table below summarizes the trade receivable position according to their maturity on 31 December 2022 and the basis for determining loss allowance:

Amounts in NOK 1,000	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	0.1%	0.5%	5%	33%	
Gross carrying amount- trade receivables	65,590	5,013	1,187	303	72,092
<b>Loss allowance - trade receivables</b>	<b>66</b>	<b>25</b>	<b>59</b>	<b>100</b>	<b>250</b>

Payment terms are on average 45 to 60 days. Accounts receivable due are not interest bearing. It is accrued TNOK 962 for loss on accounts receivable in 2023 and TNOK 250 for 2022.

### Other short-term receivables

Amounts in NOK 1,000	2023	2022
Other short-term receivables	41,707	33,343
Prepaid expenses	5,276	3,403
Deposits	60	4,748
<b>Total other receivables</b>	<b>47,044</b>	<b>41,494</b>



Included in other short-term receivables are value added tax return and other working capital positions. Deposits comprise of deposit paid for office premises.

## 16. Cash and cash equivalents

### Accounting principles

Cash and cash equivalents include bank deposits. 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. The cash flow statement is presented using the indirect method.

### Descriptions

Amounts in NOK 1,000	2023	2022
Bank deposits	163,581	183,077
<b>Total cash and cash equivalents</b>	<b>163,581</b>	<b>183,077</b>

Amounts in NOK 1,000	2023	2022
Restricted cash included in the above	15,654	5,517
Advance payment of social taxes	4,689	5,517
Bank deposit for office premises	10,966	-

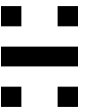
Restricted cash at year end 2023 was TNOK 15,654 and included advance payment of social taxes and bank deposit for office premises. In 2022 restricted cash was TNOK 5,517 and was related to advance payment of social taxes.

## 17. Share capital and shareholder information

### Ownership structure

Huddly AS has 476,328,048 shares, with par value NOK 0.000625 which give a total share capital of NOK 297,705.

The Company has one share class, common shares, which all have the same voting and dividend rights. The Company has 1,531 shareholders at 31 December 2023. Below are the 20 largest shareholders.



Shareholder name	Number of shares	Ownership
G&J WILLIAMS PROPERTY PTY LT	39,200,000	8%
MERTOUN CAPITAL AS	37,845,471	8%
CLEARSTREAM BANKING S.A.	34,367,267	7%
SOM HOLDING AS	23,970,928	5%
KOLBERG MOTORS AS	20,628,000	4%
STAFF HOLDING AS	20,104,543	4%
MP PENSJON PK	17,430,959	4%
VIOLA AS	16,000,000	3%
The Northern Trust Comp	15,446,005	3%
GJEH Pty Ltd ATF GJEH Family Trust	14,324,839	3%
PORTIA AS	12,400,000	3%
HØYLANDET BYGGUTLEIE AS	11,041,264	2%
MELVER INVEST AS	10,832,054	2%
SKIPS AS TUDOR	10,000,000	2%
MULTIPLIKATOR AS	9,915,000	2%
KORINVEST AS	8,216,832	2%
RIVERTOWN TRADING AS	8,100,000	2%
JAHATT AS	7,944,636	2%
HPA HOLDING AS	7,400,000	2%
TTC INVEST AS	7,000,000	1%
All others	138,860,234	29%
<b>Total</b>	<b>471,028,032</b>	<b>100 %</b>

The Company owns 5,300,016 treasury shares and has 471,028,032 outstanding shares in the market.

### Changes in share capital

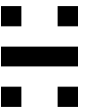
The share capital on 31 December 2022 was NOK 135,205.

In 2023, the Company issued 260,000,000 new shares, with a par value NOK 0.000625 which increased the share capital by NOK 162,500. The details of the private placement are described in the following.

On 6 December 2023, the Company first announced that the extraordinary general meeting had approved the private placement of 260,000,000 new shares at a subscription price of NOK 0.5 (the "Subscription Price") per new share as announced on 21 November 2023 (the "Private Placement"). Further, the Company announced that the following close associates of primary insiders have been allocated and subscribed for shares at the Subscription Price in the Private Placement:

G&J Williams Property PTY (VIC), being a company closely associated with Graham Spencer Williams, CEO of the Company, has been allocated and subscribed for 39,200,000 shares.

HPA Holding AS, being a company closely associated with Håvard Alstad, VP Engineering of the Company, has been allocated and subscribed for 4,800,000 shares.



Kolberg Motors AS and Multiplikator AS, being companies closely associated with Kristian Kolberg, a board member of the Company, have been allocated and subscribed for 14,000,000 and 6,000,000 shares, respectively.

Mertoun Capital AS, being a company closely associated with Jostein Devold, chair of the board of directors of the Company, has been allocated and subscribed for 24,000,000 shares.

Leif Hübert, being closely associated with Jostein Devold, chair of the board of directors of the Company, has been allocated and subscribed for 2,400,000 shares.

SOM Holding AS, being a company closely associated with Stein Ove Eriksen, board observer of the Company, has been allocated and subscribed for 16,000,000 shares.

On 8 December 2023, the Company announced that the shares from the capital raise approved on 6 December 2023, raising gross proceeds of TNOK 130,000 by issuing 260,000,000 new shares, had been registered in the Norwegian Register of Business Enterprises (Nw. Foretaksregisteret). After this capital raise, the total share capital is NOK 297,705.03, divided into 476,328,048 shares, each with a nominal value of NOK 0.000625, of which 471,028,032 are outstanding shares in the market.

After this capital raise, the share capital as of 31 December 2023 was NOK 297,705.

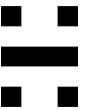
	Number of shares	Share capital
	<b>Ordinary</b>	<b>Share capital</b>
<b>1 January 2022</b>	<b>216,328,048</b>	<b>135</b>
Repurchase of treasury shares	5,300,016	-
<b>31 December 2022</b>	<b>211,028,032</b>	<b>135</b>
Issuance of shares	260,000,000	<b>163</b>
<b>31 December 2023</b>	<b>471,028,032</b>	<b>298</b>

## 18. Long-term liabilities

Amounts in NOK 1,000	2023	2022
Other long-term liabilities	50,000	-
Product warranty provision	4,043	7,650
<b>Net financial items</b>	<b>54,043</b>	<b>7,650</b>

The Company has a three-year product warranty on all products and has recognized a provision of 3 % on all direct manufacturing costs occurred over the last three years at 31 December 2023.

In 2023, the company entered into a revolving credit facility of NOK 50 MNOK, with a maturity of two years. The facility is at a floating interest rate of NIBOR + 8 %, with interest paid quarterly. The loan is secured to the extent legally possible to intellectual property rights in Huddly AS. Please refer to note 10, Intangible Assets, for further details. The creditors participating in the revolving credit facility as of 31 December 2023 are the related parties of the company listed in the table below.



Amounts in NOK 1,000

<b>Related party</b>	<b>Relationship</b>	<b>2023</b>	<b>2022</b>
GJEH PTY LTD	CEO	25,000	-
KOLBERG MOTORS A/S	Board member	10,000	-
Mertoun Capital AS	Chairman	10,000	-
SOM Holding AS	CPO	5,000	-
<b>Total</b>		<b>50,000</b>	<b>-</b>

## 19. Other short-term liabilities

Amounts in NOK 1,000	<b>2023</b>	<b>2022</b>
Other short-term liabilities	8,025	43,155
Consignation liabilities	107,711	117,864
Public dues	9,137	13,652
Accrued vacation pay	9,984	10,792
IC payable	93,512	85,078
<b>Total other short-term liabilities</b>	<b>228,369</b>	<b>270,541</b>

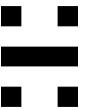
Other short-term liabilities include accrued social security tax and accrued social security on shared-based option payments.

IC payable of TNOK 93,512, consists of the Inter-company Marketing service agreement invoiced from Huddly Inc. to Huddly AS not yet paid. In addition, the Company has accrued for additional TNOK 70,152 relating to historical cost and interest in Huddly Inc.

Consignation liabilities arise from an assessment of the accounting treatment of the ultimate ownership of risk related to the manufacturers' inventory according to IFRS. Any and all assessments related to the contractual rights and obligations to the inventory remain unchanged. Both the liability and the corresponding consignation inventory will be reduced upon purchase of a finalized product. As such, the cash outflow will first occur once the finalized product is purchased. Please refer to note 14.

## 20. Related party transactions

The Company's related parties are key management personnel and members of the Board, close members of the family of these, entities that are controlled or jointly controlled by any of these, and owners with significant influence. All transactions with related parties are priced at market conditions and there are no special conditions attached to them. Transactions with subsidiaries have been eliminated in consolidated statements and do not represent transactions with related parties for The Company. As of 31 December 2023, there are no related party balance items, except from borrowings, referring to note 18. There has also been a private placement, involving related parties, referring to note 17.



## Remuneration to leading personnel

Amounts in NOK 1,000	2023			2022		
	CEO	Other key mng.	Board	CEO	Other key mng.	Board
Salaries and wages	2,956	15,455	32	3,735	7,183	1,563
Pension benefits	-	537	-	72	215	-
Other benefits	-	-	700	-	-	1,350
<b>Total key management compensation</b>	<b>2,956</b>	<b>15,991</b>	<b>732</b>	<b>3,807</b>	<b>7,398</b>	<b>2,913</b>

The key management team in 2023 consists of the following personnel: Graham Williams (CEO), Abhijit Banik (CFO), Rosa Ingimundardóttir Stensen (COO), Stein Ove Eriksen (CPO), Knut Helge Teppan (CDO), Vegard Hammer (CTO), Fraser Park (CCO), Håvard Alstad (VP Engineering) and Bo Pintea (VP Products, Growth and Solutions). In 2022, the key management team consisted of Alexander Woxen (CEO, former), Ragnar Kjos (CFO, former), Stein Ove Eriksen (CPO), Knut Helge Teppan (CDO), Vegard Hammer (CTO). The key management team did not receive reimbursement or other financial benefits outside their normal duties as leaders.

Rosa Ingimundardóttir Stensen, Fraser Park, Håvard Alstad, Bo Pintea and Abhijit Saha Banik joined the key management team in 2023. No loans or guarantees have been granted to senior executives, shareholders, etc.

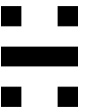
The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman in August 2019. The agreement has been active for full year 2022 with a compensation of TNOK 1,563. In January 2023, Mr. Williams accepted the position as CEO for The Company, replacing Alexander Woxen.

Options were granted to members of the key management in 2023. All members of the management and the board are part of the company's 2021 incentive plan. Refer to note 7, Share based payments.

## Shares held by the board and management

Shares owned / controlled by Management, Board, and their related parties at 31 December 2023	Number	Ownership
Graham S. Williams, CEO (G&J WILLIAMS PROPERTY PTY LT, GJEH Pty Ltd ATF GJEH Family Trust and ATF G+J Williams Super Fund)	60,383,111	13%
Jostein Devold, Chariman (Mertoun Capital AS and Leif Hübert)	41,945,471	9%
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and children)	30,543,000	6%
Stein Ove Eriksen, Co-Founder and Chief Product Officer (SOM Holding AS)	23,970,928	5%
Håvard Alstad, VP Engineering (HPA HOLDING AS)	7,400,000	2%
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	4,042,080	1%
Knut Helge Teppan, CDO (Knut Teppan Design AS)	2,400,000	1%
Abhijit Banik, CFO	30,000	0%
<b>Total</b>	<b>170,714,590</b>	<b>36%</b>





## Subsidiaries

Huddly AS is a 100% owner of Huddly Inc. (INC), based in the USA. In 2022, AS entered into a marketing service agreement with INC. As a result, Huddly AS had a cost of TNOK 27,002 in 2023 and TNOK 26,493 in 2022. As of 31 December 2023 the Company had an intercompany payable towards INC of TNOK 17,136, compared to TNOK 14,926 in 2022. The investment in Huddly Inc. amounts to NOK 74,106,916 as at end December 2023.

### Transactions with related parties

Amounts in NOK 1,000

Related party	Relationship	Transaction type	2023	2022
Huddly INC	Subsidiary	Marketing service agreement	27,002	26,493
			<b>27,002</b>	<b>26,493</b>

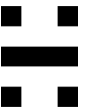
In addition, the company recognized TNOK 70,152 in historical cost in Huddly Inc in 2022 as a one off non-reoccurring expense. Refer to note 5. Other operating expenses for further information.

## 21. Financial Risk and Capital Management

The Company's financial risk and capital management is predominantly controlled by the finance department.

The Company is mainly exposed to the following risks: Market risk, credit risk and liquidity risk.

The Company has interest-bearing debt. The Company is not actively engaged in hedging of financial risk. Excess liquidity is invested in bank deposits. The Company operates with several currencies, of which the main currencies are NOK, USD and PLN. There is no active exchange rate risk hedging. The focus is on securing operational funding, and currency exchanges are conducted when liquidity in a certain currency is needed. In general, cash in foreign currencies are exchanged to NOK on a regular basis when deemed beneficial, meaning that the Company's cash deposits mainly consist of NOK amounts.



<b>Risk</b>	<b>Exposure arising from</b>	<b>Measurement</b>	<b>Management</b>
<b>Market risk – foreign exchange</b>	Future commercial transactions; Recognized financial assets and liabilities not denominated in NOK	Cash flow forecasting; Sensitivity analysis	Continuous assessment of whether to engage in forwards and/or options hedging of FX
<b>Market risk – interest rate</b>	Long-term borrowings	Sensitivity analysis	Continuous assessment of whether to engage in any interest rate swap arrangements
<b>Credit risk</b>	Trade receivables; Cash and cash equivalents	Aging analysis, credit ratings; Rolling cash flow forecasts	Credit assessment, regular following up of the outstanding balances
<b>Liquidity risk</b>	Other liabilities	Rolling cash flow forecasts; sensitivity analysis	Continuous monitoring of liquidity and assessment of potential need for debt facilities

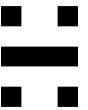
### Market risk - foreign exchange

The Company holds bank deposits mainly in the following currencies: NOK, USD, PLN. The main exposure to foreign currency is derived from accounts payable and accounts receivable in connection with the sale and purchase of goods in foreign currency, in addition to other operating expenses denominated in a foreign currency, such as foreign payroll and services. Finally, the exposure relates to foreign indirect tax receivables exposure.

The Company does not normally use contracts to hedge the foreign exchange exposure. The exposure is largely hedged through receipts and debts being denominated, directly or indirectly, in the same currency (a "natural hedge").

#### Pre-tax effect from a 10% change of exchange rate per year end

Sensitivity, currency exposure. Amounts in NOK 1,000	2023	2022
NOK depreciated 10% against USD	4,110	8,761
NOK depreciated 10% against PLN	1,663	3,411



## Market risk – interest rate

During 2023 the Company entered into a revolving credit facility arrangement with a group of related parties, and at end 2023 the total borrowings on this arrangement are TNOK 50,000. The related interests are calculated based on NIBOR + 8 percentage points. Management is on a continuous basis following up the development of the interest rate. The Company has not entered into any interest swap arrangements.

### Pre-tax effect from change of interest rate

Amounts in NOK 1,000	2023	2022
Interest rates – increase by 70 basis points*	(65)	-
Interest rates – decrease by 100 basis points*	93	-

\* - Holding all other variables constant

## Credit risk

The Company's credit risk is related to the sale of goods and services on credit.

The Company monitors the outstanding amounts and follow up closely with its customers should amounts become overdue.

As of 31 December 2023, the Company had TNOK 52,668 in outstanding accounts receivables, of which TNOK 6,868 were more than 30 days overdue. Traditionally, overdue amounts are paid in full and the Company has historically had a low rate of loss on receivables. The Company had no expenses on bad debt during 2023. A small increase in provision for bad debt was recognized in 2023 but no material changes.

### Net interest-bearing debt

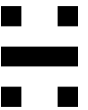
Amounts in NOK 1,000	2023	2022
Total interest-bearing debt	50,000	-
Cash	163,581	183,077
Net interest-bearing debt	(113,581)	(183,077)

## Liquidity risk

The Company manages liquidity risk by monitoring that the expected future cash from operations and available cash are adequate to serve the operational and financial obligations. This is done by preparing cash flow forecasts on a 12 month forward rolling basis, and detailed by weekly cash monitoring, based on different sale and cost scenarios. Capital tied up is supervised, focusing on inventory, accounts receivable, and accounts payable.

The Company's liquidity strategy is to secure sufficient cash, cash equivalents and credit facilities available at any time to finance the operations and investments for the next 12 months.

Excess liquidity sits on the Company's bank accounts. Except for the revolving credit facility, which is fully drawn up, the Company holds no credit facilities as of 31 December 2023.



The Company holds no loan agreements against financial institutions and has no covenants.

The following table discloses the maturity analysis for non-derivative liabilities, showing its undiscounted remaining contractual liabilities:

**Overview of maturity structure of financial liabilities**

Amounts in NOK 1,000	2023				
	Carrying Amount	< 1 year	1-5 years	> 5 years	Total
Borrowings	50,000	-	50,000	-	50,000
Lease liabilities	72,098	9,716	48,582	13,799	72,098
Trade payables	35,568	35,568	-	-	35,568
Other current liabilities	120,658	120,658	-	-	120,658
<b>Total</b>	<b>278,324</b>	<b>165,942</b>	<b>98,582</b>	<b>13,799</b>	<b>278,324</b>

Amounts in NOK 1,000	2022				
	Carrying Amount	< 1 year	1-5 years	> 5 years	Total
Lease liabilities	12,674	12,674	-	-	12,674
Trade payables	35,218	35,218	-	-	35,218
Other current liabilities	152,677	152,677	-	-	152,677
<b>Total</b>	<b>200,569</b>	<b>200,569</b>	<b>-</b>	<b>-</b>	<b>200,569</b>

The payment of financial obligations is intended to be covered by the payment of accounts receivable, sale of goods and services, and available cash.

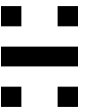
At the end of the reporting period the Company held deposits at call for managing liquidity risk:

**Deposits**

Amounts in NOK 1,000	2023	2022
Deposits at the end of the period	163,581	183,077
- of which is restricted	15,654	5,517

## Capital Management

The Board's objective is to maintain a healthy capital base to retain the trust of shareholders, creditors, customers, suppliers, and the market to continually develop the company. The Board continuously monitors the capital structure and makes appropriate actions when deemed necessary. The ultimate objective of the Board is to ensure Huddly's shareholders over time will gain a competitive return on their investment. The Company did not pay any dividend in 2023 and 2022.



## **22. New and amended standards not yet adopted by the Company**

Certain amendments to accounting standards have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## **23. Events after the reporting period**

A total number of 60,000,000 new shares were subscribed for and allocated at a subscription price of NOK 0.50 per share on 25 January 2024 as a result of the subsequent offering following the private placement in Q4 2023. As a result, the Company received gross proceeds of TNOK 30,000.

# Auditors' report



To the General Meeting of Huddly AS

## Independent Auditor's Report

### Opinion

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

- the financial statements of the parent company Huddly AS (the Company), which comprise the financial position at 31 December 2023, the statement of profit or loss, statement of comprehensive income or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, and
- the consolidated financial statements of Huddly AS and its subsidiaries (the Group), which comprise the consolidated statement of financial position at 31 December 2023, the consolidated statements of profit or loss, comprehensive income or loss, changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

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 Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

### 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 relevant laws and regulations in Norway 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 and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board



of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

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

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, 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, matters related to going concern and using 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 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, 16 April 2024

**PricewaterhouseCoopers AS**

Audun Bakke Andersen

State Authorised Public Accountant

(This document is signed electronically)



## Audit report 2023

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### Signers:

<i>Name</i>	<i>Method</i>	<i>Date</i>
Andersen, Audun Bakke	BANKID	2024-04-16 17:51



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