

Financial Statements Huddly Group

Financial Statements Huddly AS

2020





Huddly

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Huddly Group

Annual Summary of Consolidated results for the year ending 31 December 2020

The board of directors present their annual summary of consolidated financial results and board report for the year ended 31 December 2020.

About the Company

Founded in Oslo, Norway in 2013, Huddly is a technology company that creates tools for team collaboration. Huddly combines expertise across the fields of design, hardware, software, and artificial intelligence. Huddly's smart cameras are designed to make it easier and better for people to communicate with each other. Huddly's solutions with industry-leading partners enable high-quality video experiences on all major collaboration platforms.

Huddly has its headquarters in Oslo and a subsidiary in Palo Alto, California, USA.

Overview of development and results

Huddly opened the first quarter of the year with a record quarter. The Huddly IQ range was expanded by making the microphone array optional. The new range consists of Huddly IQ and Huddly IQ with mic. A new contract with the Company's second manufacturer was also signed, following the Company's drive to dual source components and limit manufacturing risk.

In the second quarter the Huddly IQ was certified as a Microsoft Teams Room Peripheral for small meeting rooms and focus rooms for both Microsoft Teams and Skype for Business. The camera is also certified as a Microsoft Personal Peripheral for Microsoft Teams and Skype for Business.

The Company launched Huddly GO – Work from home kit in the third quarter of the year, making high-quality video accessible to more users.

Huddly Canvas later launched and is a Microsoft-certified smart camera that makes it easy to use whiteboards in video meetings. Huddly Canvas is natively integrated with Microsoft Teams Rooms and Zoom Rooms. It is certified as a Microsoft Teams content camera.

Two all-new smart cameras made by Huddly featuring in the Google Meet Series One, a new generation of meeting room devices from Google Cloud and Lenovo was the highlight in the third quarter of 2020. Camera XL and the Series One Smart Camera are designed to deliver an excellent video experience in a compact form factor, no matter the size of the room.

Crestron and Google continue to be strong partners and Huddly is progressing with other strategic accounts. In the final quarter of the year Huddly announced a new collaboration with Shure, legendary makers of audio products, to provide a new set of meeting room bundles and bring great new audiovisual experiences to meeting rooms across the world. To kick off the partnership, Shure will be offering the Huddly IQ AI-powered camera as an add-on in a variety of bundle choices. Huddly has continuously expanded the distributor network throughout 2020.

**Results and dividends**

The Group had a net profit before tax of TNOK 100,755 in 2020 compared to a net profit before tax of TNOK 2,742 in prior year. Revenue increased by TNOK 178,533 in 2020 to TNOK 365,555. Total equity was TNOK 216,307 in 2020 and TNOK 116,831 in 2019. Total assets were TNOK 300,807 in 2020 and TNOK 181,847 in prior year.

The parent company, Huddly AS, had a net profit before tax of TNOK of 104,433 in 2020 compared to a net loss of (18,523) in prior year, of which all is allocated to retained earnings. Revenue increased by TNOK 180,191 in 2020 to TNOK 365,134. Total equity was TNOK 217,295 in 2020 and TNOK 116,218 in 2019. Total assets were TNOK 300,299 in 2020 and TNOK 180,862 in prior year.

No dividend payments have been made during 2020 and the directors do not recommend payment of a final dividend for 2020.

Directors

The directors who served during the year were:

Graham Spencer Williams
Jostein Devold
Per Kåre Haug Kogstad
Kristian Kolberg

Going concern

The financial results for 2020 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 (IFRS) and IFRIC interpretations as adopted by the European Union (EU) and valid as of December 31, 2020.

Financial risk factors

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

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

Research and development

The Company has in 2020 received a grant from Skattefunn through The Research Council of Norway. The R&D costs are capitalized and amortized over 3 years.

**Workplace culture**

The Board believes the workplace culture is satisfactory. There have been no accidents or injuries in 2020.

Equal opportunity

The Company has 71 employees, 57 men and 14 women. The Board is composed of 4 men. The Board has reviewed the number of employees and positions and found no cause to develop additional programs to address equal opportunity.

Environment

The Company does not pollute.

Events after the balance sheet date

Refer to Note 17 in the Group's consolidated financial statements.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements for 2020.

Auditors

Huddly have appointed Mazars, authorized statutory audit, tax and advisory firm, as the groups auditors for the financial year 2020.

Outlook 2021

Huddly's leading engineering and design, Huddly is well positioned to take continued part in the fast-growing Unified Communication and Collaboration market.

Huddly's Go-to-Market strategy in collaboration with strategic and channel partners will create a presence in relevant channels and drive growth.

Accelerated investments in products, sales, marketing, and support functions will accommodate for growth and extended product portfolio and software features.

Huddly has revolutionized the camera experience for huddle rooms with game-changing intelligence and expects hybrid working environments will have a positive effect on the company into 2021 and beyond.

The outbreak of the coronavirus (COVID-19) continues to have a material impact on the world's economy and the short and long-term effects are not fully understood. The coronavirus may affect the overall performance of the Group, including the Group's ability to develop its products and services and implement its business plan, and may result in delays, additional costs, and liabilities, which in turn could have a material adverse effect on the Group's results, financial condition, cash flows and prospects.

The board recognizes that this may affect activity but is comfortable the group has satisfactory liquidity at the time of presentation of the accounts and considers that at the date of signing the balance sheet there is no significant risk of the assumption of continued operation not being met.



Oslo, March 2, 2021

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Graham Spencer Williams
Chairman

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Jostein Devold
Board member

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Per Kåre Haug Kogstad
Board member

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Kristian Kolberg
Board member

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Stein Ove Eriksen
CEO

Huddly Group

Financial Statements

2020



Huddly

Accounting policies – Huddly Group

Corporate information

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

The subsidiary mentioned above is included in the consolidated financial statements as the control criteria in IFRS 10 are met.

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

These consolidated financial statements were approved by the Board of Directors on March 2, 2021.

Basis of preparation

The consolidated financial statements of the Parent entity and the Group have been prepared in accordance with IFRS and IFRIC interpretations as adopted by the European Union (EU) and valid as of December 31, 2018. The consolidated financial statements have been prepared under the historical cost convention.

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

All numbers are in NOK thousands unless otherwise stated.

Future changes in standards

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

Principles of consolidation

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

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



Principal rules for evaluation and classification of assets and liabilities

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

Cash and cash equivalents

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

Inventories

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

Accounts receivables and allowances for doubtful accounts

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

Foreign currency translation

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

Revenue recognition

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

**Intangible assets – R&D**

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

Government grants

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

Leases

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

Tax expenses

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

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

Financial risk factors

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



Huddly Group
Consolidated Statement of comprehensive income 2020

<i>NOK '000</i>	Notes	2020	2019
Sales of goods		365,555	187,022
Total revenue		365,555	187,022
Cost of Sales		(159,712)	(89,218)
Gross profit		205,842	97,804
Salary costs	1,2,3	(40,014)	(36,724)
Sales and Distribution costs		(3,479)	(4,243)
Depreciation and Amortization	7,8	(42,896)	(39,090)
Other costs	1,4,7	(14,432)	(15,308)
Total operating costs		(100,822)	(95,365)
Operating result		105,020	2,439
Interest income		283	61
Other financial income		10,546	2,067
Total finance income		10,829	2,128
Interest expense		(8)	-
Other financial expense		(15,086)	(1,825)
Total finance expense		(15,095)	(1,825)
Net financial income/(expense)		(4,266)	303
Net profit before tax		100,755	2,742
Tax expenses	5	(3,588)	-
Net Profit		97,167	2,742
Other comprehensive income			
Foreign exchange gains/(losses)		2,078	(192)
Total comprehensive profit for the year		99,245	2,550
Earnings per share			
Basic shares	6	8.14	0.23
Fully diluted shares	6	6.72	0.19



Huddly Group

Consolidated Statement of financial position at 31 December 2020

	Notes	2020	2019
<i>NOK '000</i>			
ASSETS			
<i>Non-current assets</i>			
Goodwill	7	8,018	8,018
Intangible assets	7	70,126	53,472
Patents, licenses, trademarks etc	7	2,358	4,685
Deferred tax asset	5	3,713	-
Total intangible assets		84,214	66,175
<i>Tangible assets</i>			
Tools, machines, fixtures etc	8, 16	9,437	6,160
Total tangible assets		9,437	6,160
<i>Financial assets</i>			
Other receivables		-	10
Total financial assets		-	10
Total non-current assets		93,651	72,344
<i>Current Assets</i>			
Inventory	9	3,238	406
Trade receivables	10	59,315	40,014
Other receivables	11	18,233	15,099
Total Receivables		80,785	55,518
Cash and cash equivalents	12	126,371	53,985
Total cash and cash equivalents		126,371	53,985
Total current assets		207,156	109,503
Total assets		300,807	181,847



Huddly Group
Consolidated Statement of financial position at 31 December 2020

NOK '000	Notes	2020	2019
EQUITY AND LIABILITY			
<i>Equity</i>			
Issued capital		120	120
Share premium		230,502	230,502
Other components of equity		11,591	11,360
Total issued capital	13	242,212	241,981
<i>Retained earnings</i>			
Retained earnings		(25,905)	(125,150)
Total retained earnings		(25,905)	(125,150)
Total equity		216,307	116,831
Long term liabilities	14	8,956	6,534
<i>Current liabilities</i>			
Accounts Payable		42,571	39,230
Public dues		17,352	6,239
Other short term liabilities	15, 16	15,622	13,014
Total Current Liabilities		75,545	58,482
Total liabilities		84,500	65,015
Total equity and liabilities		300,807	181,847

Oslo, March 2, 2021

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 Graham Spencer Williams
 Chairman

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 Kristian Kolberg
 Board member

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 Jostein Devold
 Board member

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 Stein Ove Eriksen
 CEO

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 Per Kåre Haug Kogstad
 Board member



Consolidated Statement of changes in equity 2020

	Issued capital	Share premium	Not- registered issued capital	Other equity	Translation reserve	Retained earnings	Total equity
Balance at 1 January 2019	118	230,502	-	4,277	(1,202)	(126,498)	107,196
Registered capital increase							
Issue of share capital	1						
Share-based payment to employees				2,083			
Share repurchase				5,000			
Loss for the year						2,742	
Foreign exchange differences					(192)		
Balance at 31 December 2019	120	230,502	-	11,360	(1,394)	(123,756)	116,831
Balance at 1 January 2020	120	230,502	-	11,360	(1,394)	(123,756)	116,831
Share-based payment to employees				(916)			
Share repurchase				1,186			
Resale own shares				(38)			
Result for the period						97,167	
Foreign exchange differences					2,078		
Balance at 31 December 2020	120	230,502	-	11,591	684	(26,589)	216,307



Huddly Group
Consolidated Statement of cashflow 2020

	2020	2019
<i>NOK '000</i>		
Cashflow from operations		
Result before tax	100,755	2,742
Share-based payments to employees	(916)	2,083
Depreciation and amortization	42,896	36,149
Changes in provisions	2,422	3,670
Changes in working capital	(13,427)	(2,677)
Net change in cash from operations	131,730	41,967
Cashflow from investments		
Changes in other long term investments	10	55
Changes in capitalized assets	(52,309)	(42,634)
Purchase of tangible assets	(8,192)	(1,656)
Net change in cash from investments	(60,491)	(44,235)
Cashflow from financing		
Net proceeds own shares	1,147	5,000
Receipt of issued capital	-	1
Net change in cash from financing	1,147	5,001
Net change in cash	72,386	2,733
Beginning balance Bank deposits	53,985	51,252
End balance Bank deposits	126,371	53,985



Huddly Group

Notes to the Consolidated financial statements

Note 1: Tax grants and other government grants

Tax Grants

The Company's project: 308646 for 2020 has been approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). These funds are accounted for as a reduction of cost in accordance with IAS 20 and the receivable is included in "Other receivables". Payment of TNOK 4,750 will be received as part of the final tax settlement for 2020 during the autumn of 2021. As of 2020, the deduction percentage for all internal research and development is set at 19 percent of the allowed total project limit, reduced from 20% in prior year.

Government grants

Grants from	Amount	Reduced salary cost	Reduced other cost
Skattefunn	4,750	3,382	1,368
Total	4,750	3,382	1,368

Note 2: Salary and related

	2020	2019
Salary	28,337	27,345
Share-based payment to employees	3,515	1,483
Pension costs	688	726
Other personnel costs	7,474	7,169
Total personnel costs	40,014	36,724

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

The Group had an average of 65 full time employees on payroll in 2020.

64 employees are registered in pension schemes as of December 31, 2020.

Employee overview by country

	2020	2019
Norway	63	53
USA	7	3
United Kingdom	1	1
Germany	-	1
Total	71	58

Compensation for the management team

	Board compensation	Salary	Bonus	Pension cost	Other	Total
Key management employees						
Stein Ove Eriksen, CEO		2,000		24	3	2,028
Øystein Drageset, CFO		1,800		24	3	1,828
Knut Helge Teppan, CDO		1,500		24	3	1,528
Vegard Hammer, CTO		1,500		24	3	1,528
Board of directors						
Graham S. Williams, Chairman	150				1,867	2,017
Jostein Devold, Board member	100					100
Per K. H. Kogstad, Board member	100					100
Kristian Kolberg, Board member	100					100
Total	450	6,800	-	97	1,880	9,227

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

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

The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman relating to change of CEO in August 2019.

**Note 2: Salary and related (continued)****Shares owned / controlled by Management and Board**

Graham S. Williams, Chairman (GJEH Pty Ltd ATF GJEH Family Trust og ATF G+J Williams Super Fund)	1,787,743
Jostein Devold, Board member (Mertoun Capital AS and Leif Hübner)	1,041,826
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and Isar Invest AS)	640,000
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	347,037
Stein Ove Eriksen, CEO (SOM Holding AS)	700,683
Knut Helge Teppan, CDO (Knut Teppan Design AS)	150,000
Total	4,667,289

Note 3: Employee share-based compensation**Employee options**

As at 31 December there are 20 employees participating in the option program. Employees have three years vesting period for options. Fair value of the equity instruments are measured at grant date and is recognized over the vesting period of three years respectively. Share-based payment included in salary costs are TNOK 3,515 and TNOK 1,483 in 2020 and 2019 respectively. Exercise price is 0,01 kr per share.

Overview outstanding options:

	2020	2019
Options granted, vested 01.01	209,790	383,333
Options granted	-	-
Options exercised	-	(140,875)
Options expired during the year	(36,667)	(32,668)
Options granted, vested 31.12	173,123	209,790

The outstanding options have the following expiry date:

Expiry date	Number
2020	-
2021	47,233
2022	83,001
2023	42,889
Total	173,123

All equity-settled share-based payments expire after five years from grant date. Fair value of the equity instruments is measured at the last known issue price.

Shares held by the board and management

See note 2 for details.

Kruse Smith share agreements

Six executives were given total 625,000 shares under the Kruse Smith provision in January 2017 based on the Kruse Smith tax judgement. The strike price was NOK 26.35 with a three year vesting period for the employee. The employee paid 10% of the strike price per share to the company upon issuance of the shares. The remaining 90% are due upon sale of the shares of the minimum price as the strike price. At termination of employment any unvested portion shall be bought back by the company at 10% of the strike price. The company bought back 104,166 shares in 2018 and 14,585 shares in 2020 for NOK 2.635 per share. Two of the leading employees were employed by the company at the end of 2020 and have 200,000 shares under this program.

Synthetic options

The Board has as of year-end 2020 granted 2,137,333 synthetic options to employees with three year vesting period. Each synthetic option gives the owner the right to receive a one-time payment up to the value of one share in the company in a change of control event, deducted by exercise price per share. A change of control event is defined as a sale of more than 50% of the ordinary shares in the Company to a single buyer or two or more buyers acting in concert, over a continuous period of 12 months. Average exercise price per share is NOK 27.80. It is issued 225,000 synthetic options to the Board, according to remuneration for the Board approved at the Annual General Meeting in 2018 and 2020, with average exercise price NOK 39.96.

**Note 4: Other costs****Other costs**

	2020	2019
Shipping	519	510
Utilities	13	50
Advertizing	318	129
Rent and leases	908	746
Travel	150	1,758
Professional services	7,451	6,162
Other costs	5,072	5,953
Total other costs	14,432	15,308

Audit fee

	2020	2019
Statutory Audit	210	106
Other services not relating to audit	57	127
Total	267	233

Positions are presented exclusive of VAT.

Note 5: Taxes

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

Basis for tax calculation	2020	2019
Profit(loss) before tax	100,755	2,742
+/- Not deductible expenses	(1,268)	(3,371)
+/- Change in temporary differences	6,461	8,320
Current tax basis	105,948	7,691

Tax costs in results

	3,588	-
Changes in temporary differences	(3,713)	-
Taxes due	7,300	-

Reconciliation between profit before tax and tax expense

	2020	2019
Profit/(loss) before tax	100,755	2,742
Tax calculated at nominal statutory tax rate	(22,166)	(603)
Net expenses(income) not deductible	279	742
Change in temporary differences	(1,422)	(1,830)
Effect on deferred tax asset included	3,713	-
Tax losses for which no deferred income tax assets was recognized	16,008	1,692
Tax income(expense)	(3,588)	-

Specification of temporary differences due to deferred tax liabilities/(assets):

	1/1/2020	12/31/2020	Change
Fixed assets	(1,588)	(3,795)	2,207
Accounts receivables	(5,685)	(6,091)	406
Warranty provision	(9,835)	(14,281)	4,446
Other	-	598	(598)
Items not included in deferred tax	-	7,292	(7,292)
Losses carried forward	(114,587)	(39,793)	(74,794)
Net deferred tax assets base	(131,695)	(56,071)	(75,624)

Total deferred tax assets

	(28,974)	(7,178)	(21,797)
Deferred tax assets not recognized in the balance sheet	28,974	3,465	25,509

Net deferred tax assets recognized in the balance sheet

	-	(3,713)	3,713
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Deferred tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the tax benefit through taxable profits is probable.

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

**Note 6: Earnings per share**

Ordinary earnings per share is calculated by taking the net profit for the year of TNOK 97,167 (TNOK 2,742 in 2019) and outstanding shares at year end of 11,951,714 shares (11,951,714 in 2019) deducted by Treasury shares of 18,751 (4,166 in 2019).

	2020	2019
Result for the year attributable to the shareholders in the consolidated company		
Net profit for the year	97,167	2,742
Result for the year attributable to the shareholders	97,167	2,742
Basic shares	8.14	0.23
Fully diluted shares	6.72	0.19
Fully diluted shares		
Registered ordinary shares	11,951,714	11,951,714
Treasury shares	(18,751)	(4,166)
Employee options	173,123	209,790
Board synthetic options	225,000	112,500
Employee synthetic options	2,137,333	2,063,944
Fully diluted shares	14,468,419	14,333,782

See note 3 for a description of options and synthetic options.

Note 7: Intangible assets

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2020	53,472	4,625	61	8,018	66,175
Additions	52,309	-	-	-	52,309
Amortization	(35,656)	(2,327)	-	-	(37,983)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501
At 1 January 2020					
Acquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Ending balance	53,472	4,625	61	8,018	66,175
At 31 December 2020					
Acquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501
	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2019	48,241	6,952	61	8,018	63,271
Additions developed internally	37,634	-	-	-	37,634
Amortization	(32,403)	(2,328)	-	-	(34,731)
Balance at 31 December 2019	53,472	4,625	61	8,018	66,175
At 1 January 2019					
Acquisition cost	76,416	7,146	61	8,018	91,641
Accumulated amortization	(28,175)	(194)	-	-	(28,369)
Ending balance	48,241	6,952	61	8,018	63,271
At 31 December 2019					
Acquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Balance at 31 December 2019	53,472	4,625	61	8,018	66,175

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

Work performed by departments that in relation to research and development in 2020 was TNOK 52,309.

The Company estimates the economic life to be 3 years.

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



Note 8: Fixed assets

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

At 1 January 2020

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

At 31 December 2020

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

	Office					
	Machines	equipment	Tools	Fixture etc.	Right-to-use	Total
Balance at 1 January 2019	67	741	1,213	601	6,242	8,863
Additions	-	404	1,059	194	-	1,656
Depreciation	(36)	(554)	(662)	(167)	(2,941)	(4,359)
Balance at 31 December 2019	31	591	1,610	627	3,301	6,160

At 1 January 2019

Aquisition cost	136	1,244	1,847	742	6,242	10,212
Accumulated depreciation	(70)	(503)	(635)	(141)	-	(1,349)
Ending balance	67	741	1,213	601	6,242	8,863

At 31 December 2019

Aquisition cost	136	1,648	2,906	936	6,242	11,868
Accumulated depreciation	(106)	(1,057)	(1,296)	(309)	(2,941)	(5,708)
Balance at 31 December 2019	31	591	1,610	627	3,301	6,160

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

Note 9: Inventory

	2020	2019
Components	3,238	406
Total inventory	3,238	406

The company buys finished goods from Hapro Electronics AS and Flextronics Industrials Ltd which purchases components and produces finished goods. Huddly AS purchases some components with long lead times and some finished goods. These are strategic purchases to optimize the supply chain and ensure the most efficient logistic. These components/products are assessed for obsolescence on a continual basis.

**Note 10: Accounts receivable**

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

	Sum	Not due	<30 d	30-60 d	60-90 d	>90 d
2020	59,315	54,051	3,959	-	1,297	8
2019	40,014	39,586	356	-	-	72

Accounts receivables due are not interest bearing and payment terms are on average 30 to 45 day's. It is accrued TNOK 250 for loss on accounts receivable in 2020, and it was accrued TNOK 250 for 2019.

Note 11: Other short term receivables

	2020	2019
Prepaid expenses	3,792	1,971
Other short term receivables	14,441	13,128
Total other receivables	18,233	15,099

Other short term receivables is primarily made up of Skattefunn grant and receivable on value added tax.

Note 12: Cash and cash equivalents

	2020	2019
Cash and cash equivalents	126,371	53,985
Ending cash and equivalents	126,371	53,985

Restricted cash at year end 2020 was TNOK 5,693 (2019 TNOK 3,141) which is related to advance payment of social taxes, deposit for office premises, and cash collateral guarantee to Polish VAT fiscal representative.

Note 13: Sharecapital and shareholders

The Company has 11,951,714 shares, with par value NOK 0.01, which give a total share capital of NOK 119,517.14. The Company has one share class, common shares, which all have the same voting and dividend rights.

The Company has 507 shareholders. Below are the 20 largest shareholders.

Shareholder name	Number of shares	Ownership
GJEH Pty Ltd ATF GJEH Family Trust	1,359,101	11.4 %
MERTOUN CAPITAL AS	941,826	7.9 %
STAFF HOLDING AS	780,500	6.5 %
SOM HOLDING AS	700,683	5.9 %
PORTIA AS	520,000	4.4 %
MP PENSJON PK	460,000	3.8 %
ATF G+J Williams Super Fund	428,642	3.6 %
SKIPS AS TUDOR	400,000	3.3 %
KOLBERG MOTORS AS	383,000	3.2 %
BJØBERG EIENDOM AS	347,037	2.9 %
HØYLANDET BYGGUTLEIE AS	333,829	2.8 %
KORINVEST AS	251,677	2.1 %
TVECO AS	225,000	1.9 %
MULTIPLIKATOR AS	217,000	1.8 %
HPA HOLDING AS	186,000	1.6 %
SALAMANDER HOLDING AS	166,300	1.4 %
ELECTRIC WORK AS	160,415	1.3 %
KNUT TEPPAN DESIGN AS	150,000	1.3 %
CRESSIDA AS	132,500	1.1 %
The Dromoland Capital Trust	125,052	1.0 %
All others	3,683,152	30.8 %
Total	11,951,714	100.0 %

**Note 14: Long term liability**

	2020	2019
Product warranty provision	8,956	6,534
Total long term liability	8,956	6,534

The company has two years product warranty on all products and has recognised a provision of 4% on all direct manufacturing costs occurred over the last 2 years at 31 December 2020.

Note 15: Other short term liabilities

	2020	2019
Accrued vacation pay	4,866	4,461
Lease obligation	5,037	3,301
Other short term liabilities	5,720	5,251
Total	15,622	13,014

Note 16: Leases**The Group as lessee****Right-of-use assets**

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

Right-of-use assets	Real Estate	Total
Acquisition cost 1 January 2020	3,301	3,301
Additions	4,737	4,737
Disposals	-	-
Acquisition cost 31 December 2020	8,038	8,038
Accumulated depreciation and impairment 1 January 2019	-	-
Depreciation	3,301	3,301
Impairment	-	-
Disposals	-	-
Accumulated depreciation and impairment 31 December 2020	3,301	3,301
	-	-
Book value Right-of-use assets 31 December 2020	4,737	4,737

Remaining lease period	1 year
Amortization method	Straightline

Lease liability**Changes in lease liability**

Lease liability 1 January 2020	3,301
Acquired during the year	5,037
Lease payments	(3,301)
Interest payment	-
Lease liability 31 December 2020	5,037
	-
Current lease liability	5,037
Non-current lease liability	-
Net cash flow from lease liability	3,301

**Note 17: Events after the balance sheet date**

On 22 January, **Notice of Extraordinary General Meeting.** The board of directors of Huddly AS hereby called for an extraordinary general meeting to be held on 29 January 2021 at 10:00 (CET).

On 29 January, **Share split.** At the extraordinary general meeting a decision was passed to split each of the Huddly AS shares at a ratio of 1:16 (1 existing share give 16 new shares). After the split, the share capital of the company is NOK 119,517.14 divided into 191,227,424 shares each having a nominal value of NOK 0.000625. Last day for the Huddly AS share before the share split is Tuesday 2 February 2021. First day after the share split is Wednesday 3 February 2021 (Ex. date). The extraordinary general meeting also resolved to grant the board of directors mandate to issue new shares to fulfil the Company's option programs.

The Company's only active incentive program is the new 2021 Incentive Plan implemented by the board of directors in January 2021, directed at employees and directors. Participants are granted options to subscribe for Shares in the Company based on a pre-determined strike price. The options are as a general rule subject to a three-year vesting schedule. Further, the options may only be exercised in a coordinated process lead by the Company's board of directors. This implies that the participant may only exercise a number of options each year equal to 20% of its total number of options, and the Shares issued or bought in conjunction with such exercise event are immediately put out for sale. As of the date of the Information Document (15 February 2021), the number of options outstanding under the 2021 Incentive Plan are 21,968,000 and the average strike price is NOK 2.76. Vesting and exercise of all outstanding options will lead to a dilution of 10.2%. The 2021 Incentive Plan was established by converting previous off balance sheet synthetic options to options for current employees and directors. The conversion will have a significant impact on financial statements in 2021. It will be a non-cash impact, except for social security tax on exercised options.

On 5 February, the Company received a letter, which serves as a legal process notice, on behalf of five former employees claiming that the synthetic options issued by the Company to such persons are triggered by the Company's contemplated admission to trading on Euronext Growth. The letter indicates a claim for a cash payment from the Company in an amount around NOK 135 million (based on a share price of NOK 15.50). The Company's view is that the synthetic options pursuant to the options agreements are only exercisable at a change of control event (to be settled in cash). This view is supported by the company's external law firm and a professor of law at the faculty of law. Although the claimants appear to argue that the option agreements are to be construed more widely, it is the Company's opinion that this lacks both factual and legal basis, and that the claim raised are unfounded and without merit.

On 8 February, **Contemplated private placement and listing on Euronext Growth Oslo.** The Company engaged ABG Sundal Collier ASA and Pareto Securities AS as Joint Global Coordinators and Joint Bookrunners to advise on and effect a contemplated private placement of new and existing shares in the Company in connection with a listing on Euronext Growth Oslo.

On 8 February, **Investor presentation.** In connection with the contemplated private placement and listing on Euronext Growth Oslo, the company released an updated investor presentation.

On 9 February, **Offering successfully completed.** In reference to made to the announcement by the Company published on 8 February, regarding the terms for the offering of shares and subsequent admission to trading on Euronext Growth Oslo. The Offering was successfully completed.

On 9 February, **Share capital increase.** The issuance of 19,123,200 new shares under the offering completed and has been registered with the Norwegian Register of Business Enterprises. In addition, 3,500,800 new shares and 2,476,624 new shares have been issued under incentive schemes. Following registration, the share capital of Huddly AS is NOK 135,205.03, divided into 216,328,048 shares, each with a nominal value of NOK 0.000625. Each share represents one vote in the company's general meeting.

On 12 February, **Approved for admission to trading on Euronext Growth and deregistration from NOTC.** The Company was informed that Oslo Børs has approved the Company's application for Listing. The first day of trading on Euronext Growth Oslo will be Tuesday, 16 February 2021. As a consequence of this, the Company's shares will be deregistered from the NOTC on 12 February after close of trading.

On 15 February, **Publication of Information Document.** The Information Document prepared by the Company was published in connection with the admission to trading on Euronext Growth Oslo.

On 16 February, **The first day of trading on Euronext Growth Oslo.** Trading under ISIN NO 001 0776990 and trading symbol "HDLY".

On 16 February, **Stabilisation and over-allotment notice.** Pareto Securities AS may, on behalf of the Company, engage in stabilisation activities from 16 February 2021, to, and including, 17 March 2021. Any stabilisation transactions will be aimed to support the market price of Huddly shares traded on Euronext Growth Oslo.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements for 2020.

Huddly AS

Financial Statements

2020



Huddly

Accounting policies – Huddly AS

Corporate information

Huddly AS is the parent Company in the Huddly Group. Huddly is a technology company that creates tools for team collaboration. Based in Oslo, Norway, Huddly combines expertise across the fields of design, hardware, software, and artificial intelligence. Huddly's smart cameras are designed to make it easier and better for people to communicate with each other. Huddly's solutions with industry-leading partners enable high-quality video experiences on all major collaboration platforms.

The subsidiary mentioned above is included in the consolidated financial statements as the control criteria in IFRS 10 are met.

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

These consolidated financial statements were approved by the Board of Directors on March 2, 2021.

Basis of preparation

The consolidated financial statements of the parent entity and the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the European Union (EU) and valid as of December 31, 2018. The consolidated financial statements have been prepared under the historical cost convention.

All numbers are in NOK thousands unless otherwise stated.

Future changes in standards

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

Principal rules for evaluation and classification of assets and liabilities

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

Cash and cash equivalents

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



Inventories

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

Accounts receivables and allowances for doubtful accounts

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

Foreign currency translation

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

Revenue recognition

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

Intangible assets – R&D

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

Government grants

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

Leases

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

**Tax expenses**

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

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

Financial risk factors

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

Shares in subsidiaries

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



Huddly AS

Statement of comprehensive income 2020

	Notes	2020	2019
<i>NOK '000</i>			
Sales of goods		365,134	184,944
Total revenue		365,134	184,944
Cost of Sales		(159,712)	(89,206)
Gross profit		205,422	95,737
Salary costs	1,2,3	(27,975)	(30,041)
Sales and Distribution costs		(1,936)	(2,795)
Depreciation and Amortization	7,8	(42,887)	(38,916)
Other costs	1,4,7	(14,833)	(19,127)
Total operating costs		(87,631)	(90,880)
Operating result		117,791	4,857
Interest income		283	1,073
Other financial income		10,555	2,067
Total finance income		10,838	3,140
Interest expense		(8)	-
Other financial expense	17	(24,188)	(26,520)
Total finance expense		(24,196)	(26,520)
Net financial income/(expense)		(13,358)	(23,380)
Net profit/(loss) before tax		104,433	(18,523)
Tax expenses	5	(3,588)	-
Net Profit/(loss) for the year		100,846	(18,523)
Earnings per share			
Basic shares	6	8.45	(1.55)
Fully diluted shares	6	6.97	(1.29)

**Huddly AS****Statement of financial position at 31 December 2020**

	Notes	2020	2019
<i>NOK '000</i>			
ASSETS			
<i>Non-current assets</i>			
Goodwill	7	8,018	8,018
Intangible assets	7	70,126	53,472
Patents, licenses, trademarks etc	7	2,358	4,685
Deferred tax asset	5	3,713	-
Total intangible assets		84,214	66,175
<i>Tangible assets</i>			
Tools, machines, fixtures etc	8, 16	9,419	6,153
Total tangible assets		9,419	6,153
<i>Financial assets</i>			
Other receivables		-	10
Total financial assets		-	10
Total non-current assets		93,632	72,337
<i>Current Assets</i>			
Inventory	9	3,238	406
Trade receivables	10	59,270	39,667
Other receivables	11	18,197	14,991
Total Receivables		80,705	55,064
Cash and cash equivalents	12	125,962	53,461
Total cash and cash equivalents		125,962	53,461
Total current assets		206,667	108,525
Total assets		300,299	180,862



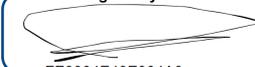
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Huddly AS

Statement of financial position at 31 December 2020

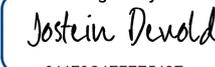
NOK '000	Notes	2020	2019
EQUITY AND LIABILITY			
<i>Equity</i>			
Issued capital		120	120
Share premium		230,502	230,502
Other components of equity		11,591	11,360
Total issued capital	13	242,212	241,981
<i>Retained earnings</i>			
Retained earnings		(24,917)	(125,763)
Total retained earnings		(24,917)	(125,763)
Total equity		217,295	116,218
Long term liabilities			
	14	8,956	6,534
<i>Current liabilities</i>			
Accounts Payable		42,571	39,031
Public dues		17,346	6,173
Other short term liabilities	15, 16	14,131	12,906
Total Current Liabilities		74,048	58,110
Total liabilities		83,003	64,644
Total equity and liabilities		300,299	180,862

Oslo, March 2, 2021

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 Graham Spencer Williams
 Chairman

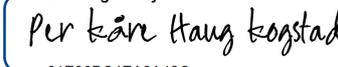
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 E9A62FD368D940B...
 Kristian Kolberg
 Board member

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 Jostein Devold
 Board member

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 Stein Ove Eriksen
 CEO

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 Per Kåre Haug Kogstad
 Board member



Huddly AS

Statement of changes in equity 2020

	Issued capital	Share premium	Not-registered issued capital	Other equity	Retained earnings	Total equity
Balance at 1 January 2019	118	230,502	-	4,277	(107,240)	127,657
Registered capital increase	1					
Share-based payment to employees				2,083		
Share repurchase				5,000		
Loss for the year					(18,523)	
Balance at 31 December 2019	120	230,502	-	11,360	(125,763)	116,219
Balance at 1 January 2020	120	230,502	-	11,360	(125,763)	116,219
Share-based payment to employees				(916)		
Share repurchase				1,186		
Resale own shares				(38)		
Result for the period					100,846	
Balance at 31 December 2020	120	230,502	-	11,591	(24,917)	217,295

**Huddly AS****Statement of cashflow 2020**

NOK '000

Cashflow from operations

	2020	2019
Result before tax	104,433	(18,523)
Impairment loss to subsidiary	9,107	25,016
Exchange rate differences loss	1,526	-
Share-based payments to employees	(916)	2,083
Depreciation and amortization	42,887	35,975
Changes in provisions	2,422	3,670
Changes in working capital	(17,003)	(197)
Net change in cash from operations	142,455	48,024

Cashflow from investments

Payment of intercompany loan	(10,632)	(5,704)
Changes in other long term investments	10	55
Changes in capitalized assets	(52,309)	(42,634)
Purchase of tangible assets	(8,170)	(1,501)
Net change in cash from investments	(71,102)	(49,784)

Cashflow from financing

Net proceeds own shares	1,147	5,000
Receipt of issued capital	-	1
Net change in cash from financing	1,147	5,001

Net change in cash	72,501	3,241
Beginning balance Bank deposits	53,461	50,220
End balance Bank deposits	125,962	53,461



Huddly AS

Notes to the financial statements Huddly AS

Note 1: Tax grants and other government grants

Tax Grants

The Company's project: 308646 for 2020 has been approved by Norwegian Research Council as a research and development grant as per Norwegian Tax Law §16-40 (Skattefunn procedure). These funds are accounted for as a reduction of cost in accordance with IAS 20 and the receivable is included in "Other receivables". Payment of TNOK 4,750 will be received as part of the final tax settlement for 2020 during the autumn of 2021. As of 2020, the deduction percentage for all internal research and development is set at 19 percent of the allowed total project limit, reduced from 20% in prior year.

Government grants

Grants from	Amount	Reduced salary cost	Reduced other cost
Skattefunn	4,750	3,382	1,368
Total	4,750	3,382	1,368

Note 2: Salary and related

	2020	2019
Salary	18,461	21,644
Share-based payment to employees	3,515	1,483
Pension costs	688	726
Other personnel costs	5,311	6,188
Total personnel costs	27,975	30,041

The Company had an average of 58 full time employees on payroll in 2020.

The Company's pension schemes satisfy the requirements in local country legislation regarding mandatory occupational pension act. 57 employees are registered in the pension scheme as of December 31, 2020.

Employee overview by country

	2020	2019
Norway	63	53
United Kingdom	1	1
Germany	-	1
Total	64	55

Compensation for the management team

	Board compensation	Salary	Bonus	Pension cost	Other	Total
Key management employees						
Stein Ove Eriksen, CEO		2,000		24	3	2,028
Øystein Drageset, CFO		1,800		24	3	1,828
Knut Helge Teppan, CDO		1,500		24	3	1,528
Vegard Hammer, CTO		1,500		24	3	1,528
Board of directors						
Graham S. Williams, Chairman	150				1,867	2,017
Jostein Devold, Board member	100					100
Per K. H. Kogstad, Board member	100					100
Kristian Kolberg, Board member	100					100
Total	450	6,800	-	97	1,880	9,227

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

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

The Board signed a consultancy agreement with Graham S. Williams as Executive Chairman relating to change of CEO in August 2019.

**Note 2: Salary and related (continued)****Shares owned / controlled by Management and Board**

Graham S. Williams, Chairman (GJEH Pty Ltd ATF GJEH Family Trust og ATF G+J Williams Super Fund)	1,787,743
Jostein Devold, Board member (Mertoun Capital AS and Leif Hübert)	1,041,826
Kristian Kolberg, Board member (Kolberg Motors AS, Multiplikator AS and	640,000
Per K. H. Kogstad, Board member (Bjøberg Eiendom AS)	347,037
Stein Ove Eriksen, CEO (SOM Holding AS)	700,683
Knut Helge Teppan, CDO (Knut Teppan Design AS)	150,000
Total	4,667,289

Note 3: Employee share-based compensation**Employee options**

As at 31 December there are 20 employees participating in the option program. Employees have three years vesting period for options. Fair value of the equity instruments are measured at grant date and is recognized over the vesting period of three years respectively. Share-based payment included in salary costs are TNOK 3,515 and TNOK 1,483 in 2020 and 2019 respectively. Exercise price is 0,01 kr per share.

Overview outstanding options:

	2020	2019
Options granted, vested 01.01	209,790	383,333
Options granted	-	-
Options exercised	-	(140,875)
Options expired during the year	(36,667)	(32,668)
Options granted, vested 31.12	173,123	209,790

The outstanding options have the following expiry date:

Expiry date	Number
2020	-
2021	47,233
2022	83,001
2023	42,889
Total	173,123

All equity-settled share-based payments expire after five years from grant date. Fair value of the equity instruments is measured at the last known issue price.

Shares held by the board and management

See note 2 for details.

Kruse Smith share agreements

Six executives were given total 625,000 shares under the Kruse Smith provision in January 2017 based on the Kruse Smith tax judgement. The strike price was NOK 26.35 with a three year vesting period for the employee. The employee paid 10% of the strike price per share to the company upon issuance of the shares. The remaining 90% are due upon sale of the shares of the minimum price as the strike price. At termination of employment any unvested portion shall be bought back by the company at 10% of the strike price. The company bought back 104,166 shares in 2018 and 14,585 shares in 2020 for NOK 2.635 per share. Two of the leading employees were employed by the company at the end of 2020 and have 200,000 shares under this program.

Synthetic options

The Board has as of year-end 2020 granted 2,137,333 synthetic options to employees with three year vesting period. Each synthetic option gives the owner the right to receive a one-time payment up to the value of one share in the company in a change of control event, deducted by exercise price per share. A change of control event is defined as a sale of more than 50% of the ordinary shares in the Company to a single buyer or two or more buyers acting in concert, over a continuous period of 12 months. Average exercise price per share is NOK 27.80. It is issued 225,000 synthetic options to the Board, according to remuneration for the Board approved at the Annual General Meeting in 2018 and 2020, with average exercise price NOK 39.96.

**Note 4: Other costs****Other costs**

	2020	2019
Shipping	519	510
Utilities	13	27
Advertizing	318	129
Rent and leases	908	490
Travel	150	1,758
Professional services	7,451	4,806
Accrued loss on receivable Huddly Inc	401	5,465
Other costs	5,072	5,942
Total other costs	14,833	19,127

Audit fee	2020	2019
Statutory Audit	210	106
Other services not relating to audit	57	127
Total	267	233

Positions are presented exclusive of VAT.

Note 5: Taxes

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

Basis for tax calculation	2020	2019
Profit(loss) before tax	104,433	(18,523)
+/- Not deductible expenses	7,839	21,644
+/- Change in temporary differences	7,059	8,320
Current tax basis	119,331	11,441
Tax costs in results	3,588	-
Changes in temporary differences	(3,713)	-
Taxes due	7,300	-

Reconciliation between profit before tax and tax expense	2020	2019
Profit/(loss) before tax	104,433	(18,523)
Tax calaculated at nominal statutory tax rate	(22,975)	4,075
Net expenses(income) not deductible	(1,725)	(4,762)
Change in temporary differences	(1,553)	(1,830)
Effect on deferred tax asset included	3,713	-
Tax losses for which no deferred income tax assets was recognized	18,952	2,517
Tax income(expense)	(3,588)	-

Specifiation of temporary differences due to deferred tax liabilities/(assets):	1/1/2020	12/31/2020	Change
Fixed assets	(1,588)	(3,795)	2,207
Accounts receivables	(5,685)	(6,091)	406
Warranty provision	(9,835)	(14,281)	4,446
Items not included in deferred tax	-	7,292	(7,292)
Losses carried forward	(86,148)	-	(86,148)
Net deferred tax assets base	(103,256)	(16,876)	(86,380)
Total deferred tax assets	(22,716)	(3,713)	(19,004)
Deferred tax assets not recognized in the balance sheet	22,716	-	22,716
Net deferred tax assets recognized in the balance sheet	-	(3,713)	3,713

Deferred tax assets are recognized for tax loss carry-forwards and deductible temporary differences to the extent that the realization of the tax benefit through taxable profits is probable. At balance sheet date, the recognition criteria in IAS 12 were not met.

**Note 6: Earnings per share**

Ordinary earnings per share is calculated by taking the net profit for the year of TNOK 100,846 (net loss TNOK (18,523) in 2019) and outstanding shares at year end of 11,951,714 shares (11,951,714 in 2019) deducted by Treasury shares of 18,751 (4,166 in 2019).

	2020	2019
Result for the year attributable to the shareholders in the consolidated company		
Net profit for the year	100,846	(18,523)
Result for the year attributable to the shareholders	100,846	(18,523)
Basic shares	8.45	(1.55)
Fully diluted shares	6.97	(1.29)
Fully diluted shares		
Registrated ordinary shares	11,951,714	11,951,714
Treasury shares	(19)	(4)
Employee options	173,123	209,790
Board synthetic options	225,000	112,500
Employee synthetic options	2,137,333	2,063,944
Fully diluted shares	14,468,419	14,333,782

See note 3 for a description of options and synthetic options.

Note 7: Intangible assets

	Development costs	Licenses	Domains	Goodwill	Total
Balance at 1 January 2020	53,472	4,625	61	8,018	66,175
Additions	52,309	-	-	-	52,309
Amortization	(35,656)	(2,327)	-	-	(37,983)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501
At 1 January 2020					
Aquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Ending balance	53,472	4,625	61	8,018	66,175
At 31 December 2020					
Aquisition cost	166,360	7,146	61	8,018	181,584
Accumulated amortization	(96,234)	(4,849)	-	-	(101,083)
Balance at 31 December 2020	70,126	2,297	61	8,018	80,501
Balance at 1 January 2019	48,241	6,952	61	8,018	63,271
Additions developed internally	37,634	-	-	-	37,634
Amortization	(32,403)	(2,328)	-	-	(34,731)
Balance at 31 December 2019	53,472	4,625	61	8,018	66,175
At 1 January 2019					
Aquisition cost	76,416	7,146	61	8,018	91,641
Accumulated amortization	(28,175)	(194)	-	-	(28,369)
Ending balance	48,241	6,952	61	8,018	63,271
At 31 December 2019					
Aquisition cost	114,050	7,146	61	8,018	129,275
Accumulated amortization	(60,579)	(2,521)	-	-	(63,100)
Balance at 31 December 2019	53,472	4,625	61	8,018	66,175

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

Work performed by departments that in relation to research and development in 2020 was TNOK 52,309.

The Company estimates the economic life to be 3 years.

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



Note 8: Fixed assets

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

At 1 January 2020

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

At 31 December 2020

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

	Office		Tools	Fixture etc.	Right-to-use	Total
	Machines	equipment				
Balance at 1 January 2019	67	716	1,213	601	6,242	8,838
Additions	-	248	1,059	194	-	1,501
Depreciation	(36)	(380)	(662)	(167)	(2,941)	(4,186)
Balance at 31 December 2019	31	584	1,610	627	3,301	6,153

At 1 January 2019

Aquisition cost	136	1,169	1,847	742	6,242	10,137
Accumulated depreciation	(70)	(453)	(635)	(141)	-	(1,299)
Ending balance	67	716	1,213	601	6,242	8,838

Aquisition cost	136	1,417	2,906	936	6,242	11,638
Accumulated depreciation	(106)	(833)	(1,296)	(309)	(2,941)	(5,484)
Balance at 31 December 2019	31	584	1,610	627	3,301	6,153

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

Note 9: Inventory

	2020	2019
Components	3,238	406
Total inventory	3,238	406

The company buys finished goods from Hapro Electronics AS and Flextronics Industrials Ltd which purchases components and produces finished goods. Huddly AS purchases some components with long lead times and some finished goods. These are strategic purchases to optimize the supply chain and ensure the most efficient logistic. These components/products are assessed for obsolescence on a continual basis.

**Note 10: Accounts receivable**

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

	Sum	Not due	<30 d	30-60 d	60-90 d	>90 d
2020	59,270	54,051	3,959	-	1,253	8
2019	39,667	39,540	127	-	-	-

Accounts receivables due are not interest bearing and payment terms are on average 30 to 45 day's. It is accrued TNOK 250 for loss on accounts receivable in 2020, and it was accrued TNOK 250 for 2019.

Note 11: Other short term receivables

	2020	2019
Prepaid expenses	3,792	1,901
Other short term receivables	14,405	13,090
Total other receivables	18,197	14,991

Other short term receivables is primarily made up of Skattefunn grant and receivable on value added tax.

Note 12: Cash and cash equivalents

	2020	2019
Cash and cash equivalents	125,962	53,461
Ending cash and equivalents	125,962	53,461

Restricted cash at year end 2020 was TNOK 5,693 (2019 TNOK 3,141) which is related to advance payment of social taxes, deposit for office premises, and cash collateral guarantee to Polish VAT fiscal representative.

Note 13: Sharecapital and shareholders

The Company has 11,951,714 shares, with par value NOK 0.01, which give a total share capital of NOK 119,517.14. The Company has one share class, common shares, which all have the same voting and dividend rights.

The Company has 507 shareholders. Below are the 20 largest shareholders.

Shareholder name	Number of shares	Ownership
GJEH Pty Ltd ATF GJEH Family Trust	1,359,101	11.4 %
MERTOUN CAPITAL AS	941,826	7.9 %
STAFF HOLDING AS	780,500	6.5 %
SOM HOLDING AS	700,683	5.9 %
PORTIA AS	520,000	4.4 %
MP PENSJON PK	460,000	3.8 %
ATF G+J Williams Super Fund	428,642	3.6 %
SKIPS AS TUDOR	400,000	3.3 %
KOLBERG MOTORS AS	383,000	3.2 %
BJØBERG EIENDOM AS	347,037	2.9 %
HØYLANDET BYGGUTLEIE AS	333,829	2.8 %
KORINVEST AS	251,677	2.1 %
TVECO AS	225,000	1.9 %
MULTIPLIKATOR AS	217,000	1.8 %
HPA HOLDING AS	186,000	1.6 %
SALAMANDER HOLDING AS	166,300	1.4 %
ELECTRIC WORK AS	160,415	1.3 %
KNUT TEPPAN DESIGN AS	150,000	1.3 %
CRESSIDA AS	132,500	1.1 %
The Dromoland Capital Trust	125,052	1.0 %
All others	3,683,152	30.8 %
Total	11,951,714	100.0 %

**Note 14: Long term liability**

	2020	2019
Product warranty provision	8,956	6,534
Total long term liability	8,956	6,534

The company has two years product warranty on all products and has recognised a provision of 4% on all direct manufacturing costs occurred over the last 2 years at 31 December 2020.

Note 15: Other short term liabilities

	2020	2019
Accrued vacation pay	4,866	4,461
Lease obligation	5,037	3,301
Other short term liabilities	4,229	5,143
Total	14,131	12,906

Note 16: Leases**The Company as lessee****Right-of-use assets**

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

Right-of-use assets	Real Estate	Total
Acquisition cost 1 January 2020	3,301	3,301
Additions	4,737	4,737
Disposals	-	-
Acquisition cost 31 December 2020	8,038	8,038

Accumulated depreciation and impairment 1 January 2019

Depreciation	3,301	3,301
Impairment	-	-
Disposals	-	-

Accumulated depreciation and impairment 31 December 2020	3,301	3,301
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Book value Right-of-use assets 31 December 2020	4,737	4,737
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Remaining lease period	1 year
Amortization method	Straightline

Lease liability

Changes in lease liability	
Lease liability 1 January 2020	3,301
Acquired during the year	5,037
Lease payments	(3,301)
Interest payment	-
Lease liability 31 December 2020	5,037

Current lease liability	5,037
Non-current lease liability	-
Net cash flow from lease liability	3,301

**Note 17: Intercompany balances**

	2020	2019
Loan to Subsidiary	-	-
Receivable from subsidiary	-	-

Huddly AS has in 2020 recognised a loss on receivable of TNOK 5,865 (2019 TNOK 5,465) and loss on long term loan to its subsidiary Huddly Inc. of TNOK 34,123 (2019 TNOK 25,016)

Loss on receivable is included in other costs and loss on loan is included in finance expenses.

Note 18: Overview of subsidiary

The following subsidiary is included in the consolidated financial statements.

Company	Location	Purpose	Ownership	Voting Rights	Book value	Result	Equity
Huddly Inc.	USA	Sales and marketing	100%	100%	88	(13,186)	(40,976)

**Note 19: Events after the balance sheet date**

On 22 January, **Notice of Extraordinary General Meeting**. The board of directors of Huddly AS hereby called for an extraordinary general meeting to be held on 29 January 2021 at 10:00 (CET).

On 29 January, **Share split**. At the extraordinary general meeting a decision was passed to split each of the Huddly AS shares at a ratio of 1:16 (1 existing share give 16 new shares). After the split, the share capital of the company is NOK 119,517.14 divided into 191,227,424 shares each having a nominal value of NOK 0.000625. Last day for the Huddly AS share before the share split is Tuesday 2 February 2021. First day after the share split is Wednesday 3 February 2021 (Ex. date). The extraordinary general meeting also resolved to grant the board of directors mandate to issue new shares to fulfil the Company's option programs.

The Company's only active incentive program is the new 2021 Incentive Plan implemented by the board of directors in January 2021, directed at employees and directors. Participants are granted options to subscribe for Shares in the Company based on a pre-determined strike price. The options are as a general rule subject to a three-year vesting schedule. Further, the options may only be exercised in a coordinated process lead by the Company's board of directors. This implies that the participant may only exercise a number of options each year equal to 20% of its total number of options, and the Shares issued or bought in conjunction with such exercise event are immediately put out for sale. As of the date of the Information Document (15 February 2021), the number of options outstanding under the 2021 Incentive Plan are 21,968,000 and the average strike price is NOK 2.76. Vesting and exercise of all outstanding options will lead to a dilution of 10.2%. The 2021 Incentive Plan was established by converting previous off balance sheet synthetic options to options for current employees and directors. The conversion will have a significant impact on financial statements in 2021. It will be a non-cash impact, except for social security tax on exercised options.

On 5 February, the Company received a letter, which serves as a legal process notice, on behalf of five former employees claiming that the synthetic options issued by the Company to such persons are triggered by the Company's contemplated admission to trading on Euronext Growth. The letter indicates a claim for a cash payment from the Company in an amount around NOK 135 million (based on a share price of NOK 15.50). The Company's view is that the synthetic options pursuant to the options agreements are only exercisable at a change of control event (to be settled in cash). This view is supported by the company's external law firm and a professor of law at the faculty of law. Although the claimants appear to argue that the option agreements are to be construed more widely, it is the Company's opinion that this lacks both factual and legal basis, and that the claim raised are unfounded and without merit.

On 8 February, **Contemplated private placement and listing on Euronext Growth Oslo**. The Company engaged ABG Sundal Collier ASA and Pareto Securities AS as Joint Global Coordinators and Joint Bookrunners to advise on and effect a contemplated private placement of new and existing shares in the Company in connection with a listing on Euronext Growth Oslo.

On 8 February, **Investor presentation**. In connection with the contemplated private placement and listing on Euronext Growth Oslo, the company released an updated investor presentation.

On 9 February, **Offering successfully completed**. In reference to made to the announcement by the Company published on 8 February, regarding the terms for the offering of shares and subsequent admission to trading on Euronext Growth Oslo. The Offering was successfully completed.

On 9 February, **Share capital increase**. The issuance of 19,123,200 new shares under the offering completed and has been registered with the Norwegian Register of Business Enterprises. In addition, 3,500,800 new shares and 2,476,624 new shares have been issued under incentive schemes. Following registration, the share capital of Huddly AS is NOK 135,205.03, divided into 216,328,048 shares, each with a nominal value of NOK 0.000625. Each share represents one vote in the company's general meeting.

On 12 February, **Approved for admission to trading on Euronext Growth and deregistration from NOTC**. The Company was informed that Oslo Børs has approved the Company's application for Listing. The first day of trading on Euronext Growth Oslo will be Tuesday, 16 February 2021. As a consequence of this, the Company's shares will be deregistered from the NOTC on 12 February after close of trading.

On 15 February, **Publication of Information Document**. The Information Document prepared by the Company was published in connection with the admission to trading on Euronext Growth Oslo.

On 16 February, **The first day of trading on Euronext Growth Oslo**. Trading under ISIN NO 001 0776990 and trading symbol "HDLY".

On 16 February, **Stabilisation and over-allotment notice**. Pareto Securities AS may, on behalf of the Company, engage in stabilisation activities from 16 February 2021, to, and including, 17 March 2021. Any stabilisation transactions will be aimed to support the market price of Huddly shares traded on Euronext Growth Oslo.

There have been no other material events subsequent to the reporting period that might have a significant effect on these financial statements for 2020.



To the Shareholders' Meeting of

Huddly AS

JOP/8397

Independent auditor`s report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Huddly AS (the company and group), in our opinion:

- The financial statements are prepared in accordance with the law and regulations
- The accompanying financial statements give a true and fair view of the financial position of the company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards as adopted by the EU
- The accompanying financial statements give a true and fair view of the financial position of the group as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Accounting Standards as adopted by the EU.

The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet at 31 December 2020, statement of comprehensive income, cash flow for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the balance sheet at 31 December 2020, statement of comprehensive income, cash flow for the year then ended, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included 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 as required by laws and regulations, 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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements of the parent company and the group in accordance with international accounting standards according 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Refer to <https://revisorforeningen.no/revisjonsberetninger> which contains a description of Auditor's responsibilities.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

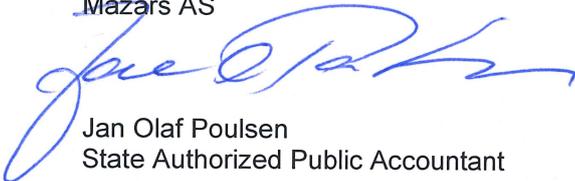
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 02.03.2021

Mazars AS



Jan Olaf Poulsen
State Authorized Public Accountant