

HUDDLESTOCK FINTECH AS
("the Company")

DIRECTORS REPORT FOR 2021 (AMOUNTS IN NOK 1000)

Purpose

The parent entity is Huddlestock Fintech AS, headquartered in Stavanger, Norway. The groups subsidiaries include, Huddlestock Technologies AS, Huddlestock Systems GmbH, Visigon Nordic AB and Visigon Sweden AB, Visigon Denmark ApS, and Huddlestock Asia Sdn Bhd.

Huddlestock Fintech AS is headquartered in Stavanger, Norway.

The group's subsidiaries are located as follows: Huddlestock Technologies AS in Oslo, Norway; Huddlestock Systems GmbH in Munich, Germany; Visigon Nordic AB and Visigon Sweden AB in Stockholm, Sweden; Visigon Denmark ApS in Copenhagen, Denmark; and Huddlestock Asia Sdn Bhd in Kuala Lumpur, Malaysia.

The Group has developed a suite of unique software as a service solutions for banks, wealth managers, and retail trading venues. During 2021 and following the acquisition of Visigon Nordic AB and its daughter companies, the Group has a significant IT and management consulting business.

The Company's head office is located at Forus in Stavanger municipality, Norway. The group has offices in Norway, Germany, Sweden, Denmark and Malaysia, respectively.

Continued operation

For the preparation of the financial statements, the Company and Group is continuing to be in operations and is in good standing.

The parent Company and the Group has the share capital intact.

The Company and the Group has a budget for 2022 with an annual positive net income and has sufficient liquidity to continue operations for the next 12 months.

The Board of Directors are presenting the annual accounts under the assumption of going concern.

Future development

The Company and the Group signed several new client agreements in 2021 and early 2022, which will secure the Company and the Group with increased revenues and will ensure a basis for continued growth and profitable development.

Statement of the annual accounts

The Company's turnover was NOK 76 in 2021 and NOK 370 in 2020.

The Company's annual result was a loss of NOK 11 918 in 2021, compared with a loss of NOK 15 598 in 2020.

The Group's turnover was NOK 22 363 in 2021 and NOK 225 in 2020.

The Group's annual result was a loss of NOK 19 626 in 2021, compared with a loss of NOK 12 428 in 2020.

The Company and the Group has until late 2021 been doing research and development, and management and IT consulting. The Company has now a finished version 1 of the core product which has been introduced to the market. During 2022 the product will be upgraded and a version 2.0 will be introduced. Other, new, products are under development.

Total cash flow from operating activities in the Group was a loss of NOK 6 837 in 2021 and **NOK 6 815 in 2020.**

The operating loss for the Group was NOK 19 626 in 2021 and NOK 12 428 in 2020.

The total investment in the Company in 2021 were NOK 92 519, compared with NOK 48 390 the year before.

The total investment in the Group in 2021 were NOK 122 954, compared with NOK 65 260 the year before.

The total cash and cash equivalents in the Company as of 31.12.2021 is NOK 7 728 at the end of the year, compared with NOK 2 246 the year before.

The equity ratio in the Company was 92,6%, compared to 94,1% by 31.12.2020.

The total cash and cash equivalents in the Group as of 31.12.2021 is NOK 16 222 at the end of the year, compared with NOK 2 958 the year before.

The equity ratio in the Group was 72,6%, compared to 94,3% by 31.12.2020.

The company has invested more in technology development and products during 2021, which is reflected in the financial accounts. The investments are now bearing fruits, with key projects set to be delivered in 2022. In addition, the M&A activities has strengthened the groups core capabilities, and will help accelerate the company's vision in becoming the leading B2B Fintech provider in Europe. Our backbone will be scalable and proprietary technology, set to increase company revenues and reduce costs going forward.

The company has taken the necessary steps to cut costs during 2021 so that the company does not incur unnecessarily large operating and development cost.

Environment, gender equality and employee matters

As of December 31, 2021 the Company and Group had 30 permanent employees, twenty-seven men and three women.

The work environment in the Company is considered good.

No serious injuries, work-related wear / strain injuries or property damage was recorded during 2021.

There has been no sick leave in 2021.

The Board of Directors (the "Board") consists of two men.

The Board has not found it necessary to take special measures with regards to gender equality.

Risks

Overall on objectives and strategy

The Company and the Group is exposed to financial risk in very limited areas. The current strategy does not include the use of financial instruments, but this is subject of ongoing assessment by the administration and the board.

The Company and the Group has conducted extensive research and developed into technology solutions and has developed a suite of unique software as a service-solutions for banks, asset managers and retail trading venues. It has a portfolio of licenses for these technology solutions.

Market risk

The Company and the Group have debt of NOK 3.867, respectively NOK 6.283. The Company has a revolving overdraft facility of NOK4.000. Increases in interest rates will affect the Company. Should these be prolonged and substantially permanently higher, this could affect the Company's profitability.

The Company and the Group has no equity market investments, so it is not exposed to changes in equity markets. The Company and the Group have foreign exchange exposures, mainly through normal international business to Euro, Swedish Kronor, and Danish Kroner, which is considered to be manageable.

With regards to other market risks, there are the possibility of increased competition for winning clients, however this risk is viewed as low due to the significant number of potential clients and the secular growth of the Company's target market.

In order to quantify the risk of not achieving the company plans and goals, we view this as low to medium risk. There are always risks in achieving plans, however the company has good visibility for existing contracts and with the view of our pipeline going forward.

Credit risk

The risk of losses on receivables is considered low. To date, the Company and the Group has not incurred significant losses on receivables.

Liquidity risk

The Company and the Group considers the liquidity to be manageable due to cash in accounts and budget for 2022. The company is structured with low fixed cost and with short term contracts. For variable costs, the company has the ability to efficiently scale up or down as it sees the opportunities. The company has also proven to have favourable possibilities to efficiently raise equity and debt funding, and establishing ongoing lending facilities in the form of short- and long term bank loans, revolving credit lines and overdraft facilities.

Environmental reporting

The activities of the Company and the Group do not cause environmental damages.

Insurance

The company has set up an insurance for the board and the general manager for their possible liability to the company and third parties.

Annual Result

The result for the year for the Company and Group were respectively a loss after tax of NOK 11 918 and NOK 19 626. These will be allocated to Share Premium.

The Board and CEO is of the opinion that the profit & loss statement and balance sheet, including the explanatory notes contained therein, includes a fair description of the 2021 operations and the financial status at the end of the year, December 31, 2021.

Events after the reporting period and going concern

The Huddlestock teams are relentlessly focused on growing our business; we remain completely sold out within our consulting business and have, since the beginning of the year, expanded our team with 4 new hires to meet increased demand from existing clients. We are also seeing increased demand for our capital markets expertise from new potential clients; in February 2022, our leading fintech consultancy business won a mandate with Danish fintech company Lunar.

The ongoing war in Ukraine has somewhat affected the roll- out of our technology. We are monitoring the situation for both direct and indirect consequences, as well as any increased cyber risks, and are working closely with our local partner. At the time of this report, our partners are unharmed and continue to operate under suboptimal conditions. Huddlestock Fintech and its daughter companies have no direct investments in Ukraine. While the situation, if prolonged for an extended period, would somewhat affect the implementation timelines and ongoing deliveries for existing client commitments, we continue to see high demand for our SaaS white label trading solution. Since the beginning of the year we have signed agreements with a leading Nordic investor news site counting more than 25.000 users, and a Northern European investment club of sophisticated retail traders, to launch a retail trading offer by implementing Huddlestock's Bedrock Software- as- a- Servicesolution.

M&A remains a core part of Huddlestock's strategy, and at the end of March, a term sheet was signed with the intention to acquire 100% of F5 IT, a software developer focused on customised application and integration solutions within Fintech, PropTech and IoT, for a total consideration of NOK 32m paid in Huddlestock Fintech shares, to be paid in two tranches of NOK 20m and NOK 12m. The latter payment is tied to mutually agreed performance targets and agreed paid over a period of three years in 3 instalments. The company is highly complementary with existing Huddlestock operations and will further the company onshoring strategy. This acquisition will also accelerate our ambition to become a leading Fintech in Europe.

Revenues were lower in 2021 than expected, with Covid- 19 playing a key role. Regardless of this, the Huddlestock Group is well capitalized, and will have capital going forward. The company is also experiencing strong interest in its products and technology. The Company has taken the necessary steps to cut costs during 2021 so that the company does not incur unnecessarily large operating and development costs. Furthermore, the company has sufficient liquidity to manage without income in the next 12 months and the board has no qualms about presenting the annual accounts under the assumption of continued operations.

Stavanger, 5 May 2022

Øyvind Hovland
Chairman of the Board

Murshid Hugberg-Ali
Board member

John Egil Skajem
CEO

Consolidated income statement

(amounts in NOK 1000)	Note	2021	2020
Operating income			
Other operating income	2	23 363	225
Total operating income		<u>23 363</u>	<u>225</u>
Operating expenses			
Cost of materials/subcontractors		2 931	0
Personnel costs	4,5	17 406	432
Depreciation and amortisation	6	10 595	0
Other operating expenses	5	10 626	8 267
Total operating expenses		<u>41 558</u>	<u>8 699</u>
Operating profit (loss)		<u>-18 195</u>	<u>-8 474</u>
Financial income			
Interest income		0	9
Other financial income		221	142
Total financial income		<u>221</u>	<u>151</u>
Financial expenses			
Interest expenses		2 023	39
Other financial expenses		201	33
Total financial expenses		<u>2 224</u>	<u>72</u>
Net financial items		<u>-2 003</u>	<u>79</u>
Net profit (loss) from discontinued operations	12	-85	-4 033
Profit (loss) before tax		<u>-20 282</u>	<u>-12 428</u>
Income tax	9	657	0
Net profit (loss)		<u>-19 626</u>	<u>-12 428</u>

Consolidated statement of financial position

(amounts in NOK 1000)	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Research and development		23 333	19 308
Goodwill		42 474	0
Technology		2 650	0
Customer contracts and relationships		22 314	0
Licenses		32 182	45 952
Total intangible assets	6	<u>122 954</u>	<u>65 260</u>
Current assets			
Receivables			
Trade receivables	7	8 854	0
Other short-term receivables		9 433	762
Total receivables		<u>18 287</u>	<u>762</u>
Bank deposits, cash and cash equivalents	8	16 222	2 958
Net assets discontinued operations	12	0	2 233
Total current assets		<u>34 509</u>	<u>5 954</u>
Total assets		<u>157 463</u>	<u>71 214</u>

EQUITY AND LIABILITIES

Equity		2021	2020
Paid-in capital			
Share capital	11	245	208
Own shares		-20	0
Share premium		114 085	66 965
Total paid-in capital		<u>114 309</u>	<u>67 173</u>
Retained earnings			
Other equity		0	0
Total retained earnings		<u>0</u>	<u>0</u>
Non-controlling interest		0	0
Total equity	10	<u>114 309</u>	<u>67 173</u>
Liabilities			
Deferred tax		5 492	0
Loans and borrowings	13	<u>6 283</u>	<u>0</u>
Total long-term liabilities and provisions		<u>11 776</u>	<u>0</u>
Short-term liabilities			
Accounts payable		2 829	1 206
Payroll taxes, VAT etc.		2 833	169
Loans and borrowings	13	217	0
Other short-term liabilities	14	<u>25 497</u>	<u>2 455</u>
Total short-term liabilities		<u>31 376</u>	<u>3 830</u>
Net liabilities discontinued operations	12	0	211
Total liabilities		<u>43 151</u>	<u>4 041</u>
Total equity and liabilities		<u>157 463</u>	<u>71 214</u>

Stavanger, May 5, 2022

Øyvind Hovland
Chairman of the Board

Murshid Hugberg-Ali
Board member

John Egil Skajem
CEO

Consolidated statement of cash flows

(amounts in NOK 1000)

	Note	2021	2020
Cash flows from operating activities			
Profit (loss) before tax		-20 282	-12 428
Depreciation and amortisation		10 595	4 033
Net result discontinued operations		85	0
Changes to accounts receivable		-2 491	552
Changes to accounts payable		-1 596	349
Changes to other accruals and prepayments		6 853	679
Net cash flow from operating activities from continuing operations		-6 837	-6 815
Net cash flow from operating activities from discontinued operations	12	0	-475
Cash flows from investment activities			
Additions intangible assets	6	-5 014	-3 519
Aquisition of subsidiaries, net of cash acquired	15	-30 928	0
Transaction cost	15	-2 624	0
Short term loan		0	-2 169
Received government grants	3	0	0
Net cash flow from investment activities from continuing operations		-38 566	-5 689
Net cash flow from investing activities from discontinued operations	12	0	0
Cash flows from financing activities			
Proceeds from capital increase	10	54 166	6 785
Costs of capital increase	10	-2 000	0
Loans obtained	13	6 500	0
Net cash flow from financing activities from continuing operations		58 666	6 785
Net cash flow from financing activities from discontinued operations	12	-2 185	0
Net changes to cash and cash equivalents from continuing operations		13 264	-5 718
Net changes to cash from discontinued operations		-2 185	-475
<i>Continued operations</i>			
Bank deposits, cash and cash equivalents per 1.1.		2 958	8 677
Bank deposits, cash and cash equivalents per 31.12.	9	16 222	2 958
- Hereof restricted bank deposits		143	68
<i>Discontinued operations</i>			
Bank deposits, cash and cash equivalents per 1.1.		2 185	2 660
Bank deposits, cash and cash equivalents per 31.12.	9	0	2 185
- Hereof restricted bank deposits		0	0

Note 1 – General accounting policies

Basis for preparation

The consolidated financial statements have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP) for smaller Companies and NRS 8. The financial statements have been prepared on the going concern basis.

The Company is listed on Euronext Growth, and is therefore required to prepare consolidated financial statements.

All amounts are presented in thousands of NOK, unless otherwise clearly stated.

Group composition

The Company's head office is located at Forus in Stavanger municipality, Norway. In addition to the parent entity, Huddlestock Fintech AS, headquartered in Stavanger, Norway, the group includes the subsidiaries Huddlestock Technologies AS, Oslo, Norway; Huddlestock Systems GmbH, Munich, Germany; Visigon Nordic AB and Visigon Sweden AB, Stockholm, Sweden; Visigon Denmark ApS, Copenhagen, Denmark; and Huddlestock Asia Sdn Bhd, Kuala Lumpur, Malaysia. It has offices in Norway, Germany, Sweden, Denmark and Asia, respectively.

The Group entered into a Share Purchase Agreement with Opera Financial Technologies Limited on 22 September 2020, regarding sale and purchase of all issued shares in Dovre Forvaltning UAB. The transaction was dependent on approval from Bank of Lithuania. Opera Financial Technologies Limited never received an approval, so the deal was cancelled at the 'long stop date'. Thereafter did the Group enter into a new sales agreement with DTSocialize Holding. All the proceeds from the sale has been received. The associated assets and liabilities were consequently presented as discontinued operations in the consolidated consolidated financial statements in 2020.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale.

The results of discontinued operations are presented separately in the statement of profit or loss.

The consolidated financial statements have been prepared in accordance with uniform policies by converting the subsidiaries to the same principles as the parent company.

Classification of items in the statement of financial position

Assets intended for long-term ownership or use are classified as non-current assets. Assets associated with the normal operating cycle are classified as current assets. Receivables are classified as current assets if they fall due within one year. Analogue criteria are applied to liabilities. Unless otherwise stated, long-term liabilities also includes next year's installments.

Foreign currency translation

The functional currency of the parent entity is NOK. For consolidation purposes, the results and financial position of all the Group's entities that have a functional currency other than NOK are translated to the closing rate at the reporting date of each month. Income and expenses for each income statement are translated to the average exchange rate for the period, this being a reasonable approximation for estimating actual rate. Exchange differences are recognized directly against equity.

Note 2 – Revenues

Significant accounting policies

Revenues is services provided, and is recognised when the service is rendered.

Revenues by nature		
(amounts in NOK 1000)	2021	2020
Other revenue	23 363	225
Total	23 363	225

Revenues by country		
(amounts in NOK 1000)	2021	2021
Norway	76	102
Sweden	11 887	123
Denmark	10 024	-
Malaysia	103	-
Germany	1 273	-
Total	23 363	225

Note 3 – Government grants

Significant accounting policies

The group receives government grants in relation to its research and development activities. When such grants are received to carry out certain activities or compensate specific expenses, the grant is recognised in the income statement over the same period as the associated costs. Grants that compensate the group for the cost of an asset are recognised as a reduction in the carrying value of the related asset and recognised as reduced depreciation over the useful life of the asset.

SkatteFUNN

The current Skattefunn-project is approved from 2019 to 2021 og relates to the development of a platform that makes investment in the share- and blockchain market understandable and available for the public. Internally, the project is named "Marketplace for Investing" (MIF).

	Licenses	Research and development
Development cost	33 036	33 199
Received government grants	-854	-9 865
Carrying value 31.12	32 182	23 333

Note 4 – Personnel costs

Significant accounting policies

Personnel costs are expensed as the employees earn the right to the payment of wages for hours worked. Payments to defined contribution pension are expensed over the period in which the employees earn the right to the deposit. Personnel costs related to research and development projects are capitalised to the extent that the conditions for this are met.

Specification of personnel costs

(amounts in NOK 1000)	2021	2020
Wages	11 645	407
Pension contributions	696	0
Social security tax	2 454	24
Capitalised development costs	0	0
Other personnel costs	2 611	0
Total	17 406	432

Number of employees

(average FTE for the period)	2021	2020
Norway	2	0
Sweden	9	0
Denmark	6	0
Germany	2	2
Malaysia	1	1
Lithuania	3	5

Note 5 – Remuneration of management and auditor

The current CEO has a yearly salary of 1,2 mNOK. He is not entitled to severance pay, and has no loans from the Company.

There has not been paid fees to The Board of Directors.

Specification of auditors remuneration

(amounts in NOK 1000)	2021	2020
Statutory audit fee	298	321
Other certification services	12	84
Tax advisory services	0	48
Other non-auditing services	209	219
Total	519	672

Reported amounts are exclusive of VAT.

Note 6 – Intangible assets, research and development

Significant accounting policies

Expenditures on research and development are capitalized to the extent that they are part of projects generating identifiable intangible assets, of which future economic benefits can be attributed. Expenses related to projects not meeting these criterias are charged to the income statement as they accrue.

Capitalised development costs

For the year 2021, the Company invested further resources and funding into our technology. Huddlestock is a "technology first" company and spend much of the resources on development and creating enhancements. In order to stay with the developments in the market and continue to have a leading role, Huddlestock prioritizes to continue to develop our platform. The platforms have been designed for "multi tenants" and easy implementation. Scalability is of essence with quick roll out, which the company has achieved. The company's most important technology, Bedrock solutions, have completed version 1.0 and at the current time we are mostly focusing on tailor making the solutions to custom fit our contracted clients. For 2021, the most significant project the Company has been to completing the Bedrock 1.0 version, while in 2022 the company will continue to develop the platform for version 2.0 and 3.0.

Furthermore, we have also continued to finalize the wealth management platform APEX, which was originally developed for BNP Paribas DAB. Qinfen is a digital platform where fund managers can offer their clients strategies and several other services in one place. Qinfen is based on Huddlestock technology.

Licences

The Group, through its parent Company, holds licences that are licensed perpetual from Blue Ocean. The licences are for the use of the technology Apex and Bedrock.

Specification

(amounts in NOK 1000)	Research and development assets	Licenses	Technology	Goodwill	Customer contracts and relations
Cost 01.01.	19 308	45 952	0	0	0
Additions	4 025	0	3 000	45 105	29 928
Disposals	0	-13 770	0	0	0
Cost 31.12.	23 333	32 182	3 000	45 105	29 928
Accumulated depreciation 01.01.	0	0	0	0	0
Depreciations and amortisation for the year	0	0	350	2 631	7 613
Disposals	0	0	0	0	0
Accumulated depreciation 31.12.	0	0	350	2 631	7 613
Book value 31.12.	23 333	32 182	2 650	42 474	22 314
Amortisation period	*	*	6 yrs	10 yrs	10 yrs

*At December 31, 2021 the intangible asset is not ready for its intended use. When ready for its intended use, Management will assess the amortisation plan for the intangible assets.

As part of the transaction to repurchase the Company's own shares, part of the license was returned to the Company.

Note 7 – Trade and other receivables

Significant accounting policies

Trade and other receivables are recognised at face value, less provisions for expected credit losses. Provisions for expected credit losses are made on the basis of a specific assessment of the individual receivables. For trade receivables, a general provision is also made based on historical losses.

Specification of trade receivables	2021	2020
(amounts in NOK 1000)		
Trade receivables at face value	8 854	0
Provision for expected credit losses	0	0
Net trade receivables	8 854	12

Note 8 – Bank deposits, overdraft facility and restricted cash

Significant accounting policies

Bank deposits, cash and cash equivalents includes all cash, bank deposits and other liquid investments that can be immediately converted into cash, with negligible exchange rate risk.

Restricted cash	2021	2020
(amounts in NOK 1000)		
Payroll tax account	143	68

Note 9 – Income tax

Significant accounting policies

The income tax expense in the income statement includes the tax payable for the period and changes in deferred tax. Tax payable and deferred tax is calculated using tax rates and tax legislation that have been enacted at the end of the reporting period. Deferred tax is calculated on all temporary differences between tax base and amount recognised in the statement of financial position. In addition deferred tax is also calculated on tax loss carryforward at the end of the reporting period. Deferred tax is only recognised to the extent that it is probable that future taxable income will be generated against which it can be utilized. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset them.

Basis for recognition of deferred tax asset

The deferred tax asset has not been recognised, in line with the exemption under NGAAP for smaller companies.

Specification of Income tax expense

(amounts in NOK 1000)	2021	2020
Tax payable	-1 095	0
Change in deferred tax	1 752	0
Income tax expense	657	0

Reconciliation of tax expense with tax calculated at nominal rate

(amounts in NOK 1000)	2021	2020
Result before tax	-20 282	-12 428
Tax at nominal rate (22 %)	-4 462	-2 734
Permanent differences	2 331	878
Effect of different tax rates	0	0
Change in deferred tax not recognised	2 131	1 856
Income tax expense	0	0

Specification of deferred tax

(amounts in NOK 1000)	2021	2020	Change
Fixed assets	0	0	0
Intangible assets	5 492	0	-5 492
Receivables	0	0	0
Deferred government grants	0	0	0
Net deferred tax on temporary differences	5 492	0	-5 492
Tax loss carryforward	-7 012	-5 281	1 731
Total deferred tax	-1 520	-5 281	-3 761
Deferred tax recognised	5 492	0	0

Note 10 – Equity**Specification of equity**

(amounts in NOK 1000)	Share capital	Own shares	Share premium	Other equity	Sum
Equity as per 31.12.2020	208	0	66 965	0	67 173
Net profit (loss)	0	0	0	-19 626	-19 626
Purchase of own shares	0	-20	-13 350	0	-13 370
Currency translation differences	0	0	0	-214	-214
Contribution in kind	8	0	26 122	0	26 130
Capital increase	28	0	56 190	0	56 218
Costs associated with capital increase	0	0	-2 000	0	-2 000
Reclassification	0	0	-19 839	19 839	0
Equity as per 31.12.2021	245	-20	114 085	0	114 309

As of 31 December 2021 17 tNOK of the share capital and 24 527 NOK of the share premium was paid in but not registered. The capital increase was registered 25 March 2022. Of the total amount 2,052 tNOK was paid in January / February.

The Company has acquired own shares to an extent higher than the power of attorney from the General Assembly. As such, the Board of Directors did not act in Compliance with the Norwegian Limited Companies Act. The Board of Directors are seeking to correct the issue and has used part of the shares as consideration in the transaction described in note 16. In addition, the Board of Directors are seeking to increase the Power of Attorney in the General Assembly.

The Company has entered into a loan agreement in total of 10,2 mNOK to fund acquisition of its own shares. The transaction is not in accordance with the Norwegian Limited Companies Act § 9-5, ref. § 8-7. The Company has entered into a repayment agreement where the receivable should be repaid within 3 months from the signing of the financial statements. As of year end, 5,1 mNOK was paid out under the loan agreement and are included as part of short term receivables.

Note 11 – Share capital and shareholder information

Share capital

The parent entity, Huddlestock Fintech AS, has 119 302 483 shares outstanding, each with a nominal value of NOK 0,0019. All shares have equal voting and dividend rights.

Significant shareholders

	Shares	Ownership
VISION INVEST STAVANGER AS	8 286 715	6,9 %
RETROPI LIMITED	7 607 608	6,4 %
BERKER GROUP AS	6 597 665	5,5 %
GRUNNFJELLET AS	5 408 334	4,5 %
Total (shareholders holding > 4,5 %)	27 900 322	23,4 %
Other shareholders	91 402 161	76,6 %
Total	119 302 483	100,0 %

Shareholders associated with leading roles

	Representative	Role in Huddlestock Fintech AS	Transactions during 2021*
Berker Group AS	Murshid Hugberg-Ali	Board member	0
Vision Invest Stavanger AS	Øyvind Hovland	Chairman of the Board	853
Lerke Gård AS	John E. Skajem	Chairman of the Board	274

* Included in other operating cost

Note 12 – Discontinued operations

The Group entered into a Share Purchase Agreement with Opera Financial Technologies Limited on 22 September 2020, regarding sale and purchase of all issued shares in Dovre Forvaltning UAB. The transaction was dependent on approval from Bank of Lithuania. Opera Financial Technologies Limited never received an approval, so the deal was cancelled at the 'long stop date'. Thereafter did the Group enter into a new sales agreement with DTSocialize Holding. All the proceeds from the sale has been received.

The transactions resulted in a loss of 85 tNOK

The net asset position in the Group accounts is derived as the following:

	31.12.2021	31.12.2020
Fixed assets	0	15
Trade receivables	0	0
Other receivables	0	33
Cash and cash equivalents	0	2 185
Public duties payable	0	0
Net asset position	0	2 233

Note 13 – Loans and borrowings

The Group holds the following loans as of December 31, 2021:

	Limit	Drawn amount 31.12	Nominal amounts		
			Due within one year	Due between 2-5 yrs	Due thereafter
Long term loan	4 000	4 000	133	3 867	0
Long term loan Innovasjon Norge	2 500	2 500	83	2 417	0
Overdraft facility	4 000	0	0	0	0

The following assets are pledged as security

	31.12.2021
Trade receivables	8 854

The long term loan has a covenant that the drawn amount should not exceed 70 % of the trade receivables. As of 31.12.2021 the Group is in compliance with its loan covenants.

Note 14 – Provisions and other short-term liabilities

Significant accounting policies

Other short-term liabilities are mainly related to services received or wages to employees, for which payment is due within the next twelve months. These liabilities are measured at nominal amounts.

Specification of other short-term liabilities

(amounts in NOK 1000)	2021	2020
Accrued holiday pay	1 751	23
Other short-term liabilities	23 746	2 432
Total	25 497	2 455

Note 15 – Business combination

Description of business combination

Huddlestock Fintech AS was listed on Euronext Growth Market Oslo - 26 November 2020, as Norway's first fintech company to be publicly traded. Huddlestock Fintech is a company that develops and implements unique software as a service-solutions for digitizing work processes for custody banks, asset managers and trading venues.

The open, compliance-optimized and data centric wealthtech platform allows our customers to offer a differentiated real-time product that reduces cost and increases efficiency. Huddlestock Fintech's technology enables end-to-end digital services such as onboarding, client communication, reporting, order execution and portfolio management, all executed on the same platform.

Huddlestock has developed two technology solutions, Apex (Custody) and Bedrock (Connectivity). Apex is a software as a service-solution that links custody services with asset managers and individual investors. Bedrock provides a white label solution that is primarily a product for financial services firms wanting to add low cost-efficient trading and investing services to their client web and app offerings.

Through its world-class expert consultancy division - Visigon, Huddlestock delivers strategic technology solutions and process automation for the financial services industry. Founded in 2008, Visigon has grown into becoming the preferred supplier of financial consultancy services and technology providers in the Nordic region. Visigon became part of the Huddlestock Fintech family in 2021

Cash consideration	34 653
Share exchange	23 031
Transaction cost	2 624
Transaction price	60 307

	11.06.2021
Identified intangible assets	32 928
Other fixed and current assets	13 424
Cash and cash equivalents	3 725
Total assets	50 076
Deferred tax	7 244
Other short term liabilities	27 629
Total liabilities	34 873
Total identifiable net assets aquired	15 203

Measurement of fair values

The valuations techniques used for measuring the fair value of acquired assets were as follows

Developed technology

Fair value of acquired technology has been calculated based on a reproduction cost from an analysis of the relevant cost components used in developing the technology.

Customer relationships

Fair value of customer relationships are calculated by using the excess earnings method, taken into account the rate of customer attrition, revenue growth, and increase in estimated operating margins. The calculations are based on discussion with management, management estimates and long-term growth rates.

Order backlog

Fair value of order backlog has been calculated using the firm contracts as of the acquisition date with an estimated margin.

Other

For remaining assets and liabilities fair values are assumed to equal book values.

Goodwill

Goodwill arising from the acquisition has been recognised as follows

Transaction price	60 307
Fair value of identifiable net assets	15 203
Goodwill	45 105

Goodwill reflects economies of scale, geographic presence, Huddlestok's established market position and potential for continuous growth.

Note 16 – Events after the reporting period and going concern

The Huddlestok teams are relentlessly focused on growing our business; we remain completely sold out within our consulting business and have, since the beginning of the year, expanded our team with 4 new hires to meet increased demand from existing clients. We are also seeing increased demand for our capital markets expertise from new potential clients; in February 2022, our leading fintech consultancy business won a mandate with Danish fintech company Lunar.

The ongoing war in Ukraine has somewhat affected the roll-out of our technology. We are monitoring the situation for both direct and indirect consequences, as well as any increased cyber risks, and are working closely with our local partner. At the time of this report, our partners are unharmed and continue to operate under suboptimal conditions. Huddlestok Fintech and its daughter companies have no direct investments in Ukraine. While the situation, if prolonged for an extended period, would somewhat affect the implementation timelines and ongoing deliveries for existing client commitments, we continue to see high demand for our SaaS white label trading solution. Since the beginning of the year we have signed agreements with a leading Nordic investor news site counting more than 25.000 users, and a Northern European investment club of sophisticated retail traders, to launch a retail trading offer by implementing Huddlestok's Bedrock Software-as-a-Servicesolution.

M&A remains a core part of Huddlestok's strategy, and at the end of March, a term sheet was signed with the intention to acquire 100% of F5 IT, a software developer focused on customised application and integration solutions within Fintech, Proptech and IoT, for a total consideration of NOK 32m paid in Huddlestok Fintech shares, to be paid in two tranches of NOK 20m and NOK 12m. The latter payment is tied to mutually agreed performance targets and agreed paid over a period of three years in 3 instalments. The company is highly complementary with existing Huddlestok operations and will further the company onshoring strategy. This acquisition will also accelerate our ambition to become a leading Fintech in Europe.

Revenues has become lower in 2021 than expected, with Covid-19 playing a key role. Regardless of this, the Huddlestok Group is well capitalized, and will have capital going forward. The company is also experiencing strong interest in our products and technology. The company has taken the necessary steps to cut costs during 2021 so that the company does not incur unnecessarily large operating and development costs. Furthermore, the company has sufficient liquidity to manage without income in the next 12 months and the board has no qualms about presenting the annual accounts under the assumption of continued operations.

Income statement

(amounts in NOK 1000)

	Note	2021	2020
Operating income			
Other operating income	2	76	370
Total operating income		<u>76</u>	<u>370</u>
Operating expenses			
Personnel costs	4,5	3 795	192
Other operating expenses	5	5 943	7 533
Total operating expenses		<u>9 738</u>	<u>7 725</u>
Operating profit (loss)		<u>-9 662</u>	<u>-7 356</u>
Financial income			
Interest income		0	9
Other financial income		22	14
Total financial income		<u>22</u>	<u>23</u>
Financial expenses			
Write down of financial assets		0	8 207
Interest expenses		1 924	39
Other financial expenses		354	20
Total financial expenses		<u>2 278</u>	<u>8 265</u>
Net financial items		<u>-2 256</u>	<u>-8 242</u>
Profit (loss) before tax		<u>-11 918</u>	<u>-15 598</u>
Income tax	8	0	0
Net profit (loss)		<u>-11 918</u>	<u>-15 598</u>

Statement of financial position

(amounts in NOK 1000)	Note	2021	2020
ASSETS			
Non-current assets			
Intangible assets			
Licenses	6	<u>32 182</u>	<u>45 952</u>
Total intangible assets		<u>32 182</u>	<u>45 952</u>
Financial assets			
Investment in subsidiary	11	<u>60 337</u>	<u>2 438</u>
Total financial assets		<u>60 337</u>	<u>2 438</u>
Total non-current assets		<u>92 519</u>	<u>48 390</u>
Current assets			
Receivables			
Receivables with group companies	11	12 589	9 604
Other short-term receivables		8 185	382
Total receivables		<u>20 773</u>	<u>9 986</u>
Bank deposits, cash and cash equivalents	7	7 728	2 246
Total current assets		<u>28 502</u>	<u>12 232</u>
Total assets		<u>121 021</u>	<u>60 623</u>

EQUITY AND LIABILITIES

Equity		2021	2020
Paid-in capital			
Share capital	10	245	208
Own shares		-20	0
Share premium		111 872	56 847
Share premium- not registered		0	0
Total paid-in capital		<u>112 096</u>	<u>57 055</u>
Total equity	9	<u>112 096</u>	<u>57 055</u>
Liabilities			
Loans and borrowings	13	<u>3 867</u>	<u>0</u>
Total long-term liabilities		<u>3 867</u>	<u>0</u>
Short-term liabilities			
Accounts payable		1 424	1 206
Payroll taxes, VAT etc.		125	169
Loans and borrowings	13	133	0
Other short-term liabilities	12	3 376	2 192
Total short-term liabilities		<u>5 058</u>	<u>3 567</u>
Total liabilities		<u>8 925</u>	<u>3 567</u>
Total equity and liabilities		<u>121 021</u>	<u>60 623</u>

Stavanger, May 5, 2022

Øyvind Hovland
Chairman of the Board

Murshid Hugberg-Ali
Board member

John Egil Skajem
CEO

Note 1 – General accounting policies

Basis for preparation

The financial statements of the parent company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP) for smaller Companies and NRS 8. The financial statements have been prepared on the going concern basis.

All amounts are presented in thousands of NOK, unless otherwise clearly stated.

Group composition

The Company's head office is located at Forus in Stavanger municipality, Norway. In addition to the parent entity, Huddlestock Fintech AS, headquartered in Stavanger, Norway, the group includes the subsidiaries Huddlestock Technologies AS, Oslo, Norway; Huddlestock Systems GmbH, Munich, Germany; Huddlestock Visigon Nordic AB and Huddlestock Visigon Sweden AB, Stockholm, Sweden; Huddlestock Visigon Denmark ApS, Copenhagen, Denmark; and Huddlestock Asia Sdn Bhd, Kuala Lumpur, Malaysia. It has offices in Norway, Germany, Lithuania, Sweden, Denmark and Asia, respectively.

Classification of items in the statement of financial position

Assets intended for long-term ownership or use are classified as non-current assets. Assets associated with the normal operating cycle are classified as current assets. Receivables are classified as current assets if they fall due within one year. Analogue criteria are applied to liabilities. Unless otherwise stated, long-term liabilities also includes next year's installments.

Note 2 – Revenues

Significant accounting policies

Revenues is services provided, and is recognised when the service is rendered.

Revenues by nature

(amounts in NOK 1000)	2021	2020
Other revenue	76	370
Total	76	370

Note 3 – Government grants

Significant accounting policies

The group receives government grants in relation to its research and development activities. When such grants are received to carry out certain activities or compensate specific expenses, the grant is recognised in the income statement over the same period as the associated costs. Grants that compensate the group for the cost of an asset are recognised as a reduction in the carrying value of the related asset and recognised as reduced depreciation over the useful life of the asset.

SkatteFUNN

The current Skattefunn-project is approved from 2019 to 2021 og relates to the development of a platform that makes investment in the share- and blockchain market understandable and available for the public. Internally, the project is named "Marketplace for Investing" (MIF).

Development cost	33 036
Received government grants	-854
Carrying value 31.12	32 182

Note 4 – Personnel costs

Significant accounting policies

Personnel costs are expensed as the employees earn the right to the payment of wages for hours worked. Payments to defined contribution pension are expensed over the period in which the employees earn the right to the deposit. Personnel costs related to research and development projects are capitalised to the extent that the conditions for this are met.

Specification of personnel costs

(amounts in NOK 1000)	2021	2020
Wages	3 223	168
Pension contributions	76	0
Social security tax	464	24
Capitalised development costs	0	0
Other personnel costs	31	0
Total	3 794	192

Number of employees

(average FTE for the period)	2021	2020
Norway	2	0

The Company has claimed a total amount of 834 tNOK as government grant under "Skattefunn". 209 tNOK has reduced salary cost, whilst 625 tNOK reduced other operating expenses.

Note 5 – Remuneration of management and auditor

The current CEO has a yearly salary of 1,2 mNOK. He is not entitled to severance pay, and has no loans from the Company.

There has not been paid fees to The Board of Directors.

Specification of auditors remuneration

(amounts in NOK 1000)	2021	2020
Statutory audit fee	223	256
Other certification services	12	84
Tax advisory services	0	24
Other non-auditing services	184	219
Total	419	582

Reported amounts are exclusive of VAT.

Note 6 – Intangible assets, research and development**Significant accounting policies**

Expenditures on research and development are capitalized to the extent that they are part of projects generating identifiable intangible assets, of which future economic benefits can be attributed. Expenses related to projects not meeting these criteria are charged to the income statement as they accrue.

Capitalised development costs

For the year 2021, the Company invested further resources and funding into our technology. Huddlestock is a "technology first" company and spend much of the resources on development and creating enhancements. In order to stay with the developments in the market and continue to have a leading role, Huddlestock prioritizes to continue to develop our platform. The platforms have been designed for "multi tenants" and easy implementation. Scalability is of essence with quick roll out, which the company has achieved. The company's most important technology, Bedrock solutions, have been completed and we are mostly focusing on tailor making the solutions to custom fit our contracted clients. For 2021, the most significant project the Company has been to completing the Bedrock platform. This work has been completed and is in full implementation with several customers.

Furthermore, we have also continued to finalize the wealth management platform APEX, which was originally developed for BNP Paribas DAB. Qinfen is a digital platform where fund managers can offer their clients strategies and several other services in one place. Qinfen is based on Huddlestock technology.

Licences

The Group, through its parent Company, holds licenses that are licensed perpetual from Blue Ocean. The licenses are for the use of the technology Apex and Bedrock.

Specification

(amounts in NOK 1000)	Licenses
Cost 01.01.	45 952
Additions	0
Disposals	-13 770
Cost 31.12.	32 182
Accumulated depreciation 01.01.	0
Depreciations for the year	0
Disposals	0
Accumulated depreciation 31.12.	0
Book value 31.12.	32 182

At December 31, 2021 the intangible asset is not ready for its intended use. When ready for its intended use, Management will assess the amortisation plan for the intangible assets.

As part of the transaction to repurchase the Company's own shares, part of the license was returned to the Company.

Note 7 – Bank deposits, overdraft facility and restricted cash

Significant accounting policies

Bank deposits, cash and cash equivalents includes all cash, bank deposits and other liquid investments that can be immediately converted into cash, with negligible exchange rate risk.

Restricted cash

(amounts in NOK 1000)	2021	2020
Payroll tax account	143	68

Note 8 – Income tax

Significant accounting policies

The income tax expense in the income statement includes the tax payable for the period and changes in deferred tax. Tax payable and deferred tax is calculated using tax rates and tax legislation that have been enacted at the end of the reporting period. Deferred tax is calculated on all temporary differences between tax base and amount recognised in the statement of financial position. In addition deferred tax is also calculated on tax loss carryforward at the end of the reporting period. Deferred tax is only recognised to the extent that it is probable that future taxable income will be generated against which it can be utilized. Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset them.

Basis for recognition of deferred tax asset

The deferred tax asset has not been recognised, in line with the exemption under NGAAP for smaller companies.

Specification of income tax expense

(amounts in NOK 1000)	2021	2020
Tax payable	0	0
Change in deferred tax	0	0
Income tax expense	0	0

Reconciliation of tax expense with tax calculated at nominal rate

(amounts in NOK 1000)	2021	2020
Result before tax	-11 918	-15 598
Tax at nominal rate (22 %)	-2 622	-3 431
Permanent differences	0	1 806
Effect of different tax rates	0	0
Change in deferred tax not recognised	2 622	1 625
Income tax expense	0	0

Specification of deferred tax

(amounts in NOK 1000)	2021	2020	Change
Intangible assets	0	0	0
Net deferred tax on temporary differences	0	0	0
Tax loss carryforward	-4 996	-2 374	2 622
Total deferred tax	-4 996	-2 374	2 622
Deferred tax recognised	0	0	0

Note 9 – Equity**Specification of equity**

(amounts in NOK 1000)	Share capital	Own shares	Share premium	Sum
Equity as per 31.12.2020	208	0	56 847	57 055
Net profit (loss)	0	0	-11 918	-11 918
Purchase of own shares	0	-20	-13 350	-13 370
Contribution in kind	8	0	26 122	26 130
Capital increase	28	0	56 190	56 218
Costs associated with capital increase	0	0	-2 000	-2 000
Other changes	0	0	-19	-19
Equity as per 31.12.2021	245	-20	111 872	112 096

As of 31 December 2021 17 tNOK of the share capital and 24 527 NOK of the share premium was paid in but not registered. The capital increase was registered 25 March 2022. Of the total amount 2,052 tNOK was paid in January / February.

The Company has acquired own shares to an extent higher than the power of attorney from the General Assembly. As such, the Board of Directors did not act in Compliance with the Norwegian Limited Companies Act. The Board of Director's are seeking to correct the issue and has used part of the shares as consideration in the transaction described in note 16. In addition, the Board of Director's are seeking to increase the Power of Attorney in the General Assembly.

The Company has entered into a loan agreement in total of 10,2 mNOK to fund acquisition of its own shares. The transaction is not in accordance with the Norwegian Limited Companies Act § 9-5, ref. § 8-7. The Company has entered into a repayment agreement where the receivable should be repaid within 3 months from the signing of the financial statements. As of year end, 5,1 mNOK was paid out under the loan agreement and are included as part of short term receivables.

Note 10 – Share capital and shareholder information**Share capital**

The parent entity, Huddlestock Fintech AS, has 119 302 483 shares outstanding, each with a nominal value of NOK 0,0019. All shares have equal voting and dividend rights.

Significant shareholders

	Shares	Ownership
VISION INVEST STAVANGER AS	8 286 715	6,9 %
RETROPI LIMITED	7 607 608	6,4 %
BERKER GROUP AS	6 597 665	5,5 %
GRUNNFJELLET AS	5 408 334	4,5 %
Total (shareholders holding > 5 %)	27 900 322	23,4 %
Other shareholders	91 402 161	76,6 %
Total	119 302 483	100,0 %

Shareholders associated with leading roles

	Representative	Role In Huddlestock Fintech AS	Transactions during 2021*
Berker Group AS	Murshid Hugberg-Ali	Board member	0
Vision Invest Stavanger AS	Øyvind Hovland	Chairman of the Board	853
Lerke Gård AS	John E. Skajem	Chairman of the Board	274

* Included in other operating cost

Note 11 – Investment in and balances with subsidiary and associated companies

Company name	Ownership share	Carrying value	Equity (100%)	Net result (100%)	Balance (+receivable/- payable)
Huddlestock Technologies AS	100 %	30	10 488	-905	12 116
Huddlestock Asia SDN. BHD.	100 %	-	-	-	76
Visigion	100 %	60 307	-7 829	2 467	-
Total		60 337			

In addition to the above balance, 396 tNOK is recognised as a receivable against the indirect subsidiary Huddlestock Systems gmbh.

Note 12 – Provisions and other short-term liabilities

Significant accounting policies

Other short-term liabilities are mainly related to services received or wages to employees, for which payment is due within the next twelve months. These liabilities are measured at nominal amounts.

Specification of other short-term liabilities

(amounts in NOK 1000)	2021	2020
Accrued holiday pay	221	23
Other short term debt	3 154	2 169
Total	3 376	2 192

Note 13 – Loans and borrowings

The Group holds the following loans as of December 31, 2021:

	Limit	Drawn amount	Nominal amounts		
			Due within one year	Due between 2-5 yrs	Due thereafter
Long term loan	4 000	4 000	133	3 867	0
Overdraft facility	4 000	0	0	0	0

The following assets are pledged as security

	31.12.2021
Investment in subsidiaries	60 337

The long term loan has a covenant that the drawn amount should not exceed 70 % of the Group's trade receivables. As of 31.12.2021 the Group is in compliance with its loan covenants.

Note 14 – Events after the reporting period and going concern

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