

Q2 2023 Report





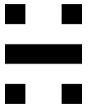
Inclusive and productive team collaboration

Huddly camera systems are intelligent. They understand how people communicate. Using disruptive AI, Huddly camera systems automatically spotlight the point of interest in a room, creating an authentic meeting experience.

Effective video meetings enable hybrid collaboration and increase productivity.



Key highlights Q2 2023	4
Q2 2023 review	6
Operational review	6
Financial review	8
Outlook	10
Risks and uncertainties	11
Interim financial statements	14
Notes to the financial statements	19



Key highlights Q2 2023

Revenue of NOK 57 million, +12% vs. Q1'23 and -46% vs. Q2'22

In the second quarter 2023, Huddly reported total revenue of NOK 57 million, an increase of 12% from NOK 51 million in the first quarter 2023 and a decline of 46% compared to the second quarter of 2022. Quarterly revenue in the second half of 2023 is expected to be in line with Q2'23.

Gross margin increased to 57% vs. 46% in Q1'23 and 39% in Q2'22

Reflects changes in customer and product mix and a positive one-off effect related to the release of sales provisions. Gross margin in the second half of 2023 is expected to be in line with the underlying Q2'23 gross margin of 50%.

EBITDA of NOK -8 million vs. NOK 3 million in Q2'22

Continuing to invest in future growth, with total OPEX increasing 6% in line with inflation.

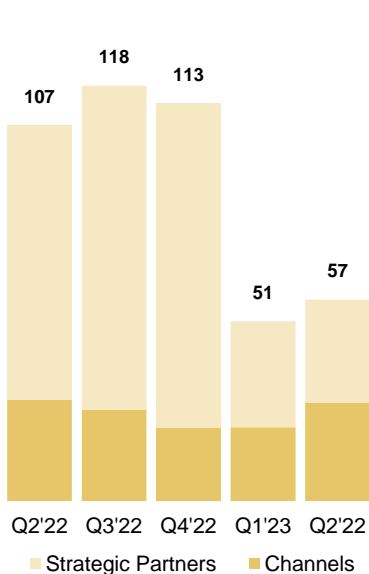
Huddly Crew

Huddly sees strong interest for its newly launched Huddly Crew and shipped the first products to customers during the first half of 2023. The camera system is AI powered by Huddly Director and has been presented to more than 850 companies since market launch early this year. General availability from August 2023.

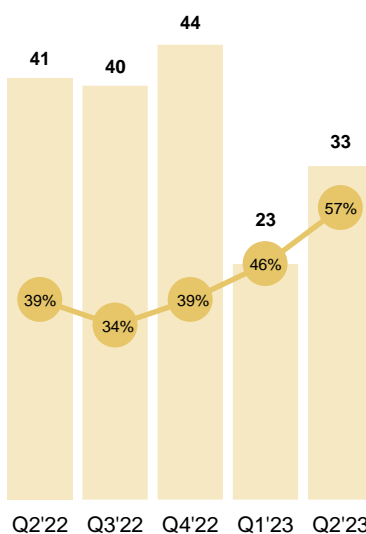
Launched a comprehensive and improved go-to-market strategy

The Huddly Partner Program is designed to improve the overall business model and the company's ability to grow and scale through three levels of partnership. 400 partners have signed so far.

Sales revenue
NOK million



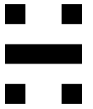
Gross profit/margin
NOK million and %



Huddly Crew awards
Launched January 2023







Q2 2023 review

Huddly continues to see strong interest for Huddly Crew and shipped the first products to customers during the first half of 2023. The Huddly Crew camera system is powered by Huddly Director AI software and has been presented to more than 850 companies since the market launch early this year. Huddly Crew is inspired by techniques in movies and live television to create engaging meetings and is set to be Huddly's main medium to long-term growth driver.

Coupled with a comprehensive and improved go-to-market strategy, Huddly Crew will enable the company to take proactive steps to regain growth momentum as the workplace moves into hybrid mode.

Operational review

With new management in place, Huddly is acting to monetize its leading position to empower human collaboration in the hybrid workplace.

In 2023 Huddly is focusing on products, customers and stabilizing cost base, and expects quarterly revenue in line with the second quarter in the second half of the year with a gross margin of around 50%. The company is taking action to secure long-term collaboration with our Strategic and Channel partners, and this will establish a platform for future growth.

Marketing and sales of Huddly Crew

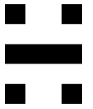
Huddly Crew is set to be the main medium to long-term growth driver, and marketing and sales of the world's first AI-directed camera system is a priority.

Using techniques from movies and live television production, the intelligent camera system targets meeting rooms across medium and large enterprises, education, and government. The market is expected to grow with increased penetration rates in existing meeting rooms, enabling the workplace transition towards hybrid.

Improving higher margin Channel sales

Sales through Channels move through distributors and resellers globally. Sales operations are divided into the Americas sales team and the EMEA and APAC sales team, accountable for 72% and 28% of the overall Q2 2023 sales, respectively.

In a new global program for Channel sales, Huddly partners with selected resellers, restricting third-party platform sales. Drawing on



experience from its commercial team, including CCO Daniel Johansson who has a proven track record of implementing successful partner programs at Tandberg and Cisco, the Huddly Partner Program acknowledges the importance of value-added resellers in the industry.

Go-to-market: Huddly Partner Program

Huddly's comprehensive and improved go-to-market strategy is based on three distinct levels.

1. Entry-level tier for access to foundational resources and benefits to help build their business with Huddly.
2. Advanced-level tier, for partners with proven expertise and capabilities who want to

accelerate market success with discounts and resources.

3. Platinum-tier level for the most qualified, engaged, and invested partners with best-in-class benefits and dedicated support.

Increased presence

This June, Huddly won a prestigious "Best of Show participated" on InfoComm 23, the largest professional audiovisual trade show in North America. This distinction goes out to "outstanding products exhibited at the show," and with thousands of new products on display.





Financial review

NOK million	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change
Revenue	57.2	106.6	-46 %	108.4	220.7	-51 %
Gross profit	32.6	41.1	-21 %	56.0	82.7	-32 %
<i>Gross margin</i>	57 %	39 %		52 %	37 %	
Operating expenses	40.5	38.1	6 %	76.2	78.7	-3 %
EBITDA	-8.0	3.1		-20.1	4.0	
Operating profit (EBIT)	-24.9	-9.5		-52.6	-20.4	
Net financials	1.9	10.4		6.8	8.8	
Profit/Loss before tax	-22.9	0.9		-45.8	-11.7	

Income statement

Total revenue in the second quarter 2023 amounted to NOK 57.2 million, an increase of 12% from the first quarter 2023 and a reduction of 46% compared to NOK 106.6 million in the same quarter last year.

While sales through strategic partners decreased by 62% year-on-year, revenue generated through Channels remained stable. The revenue split in Q2 2023 was 49% from Channel sales and 51% through strategic partner sales.

Gross profit in the second quarter 2023 declined to NOK 32.6 million, compared to NOK 41.1 million in the same period last year and NOK 23.4 million in the first quarter. The year-on-year decline primarily reflects the lower sales through strategic partners, partly offset by a higher share of high-margin sales through Channels.

In reflection of the lower sales through strategic partners in the first half 2023, the company has released provisions set aside for volume discounts. This positively impacted the gross margin in the second quarter, and adjusting for the one-off effect the underlying gross margin was approximately 50% in the second quarter 2023.

Employee benefit expenses and other operating expenses amounted to NOK 40.5 million in the second quarter of 2023. This compares to NOK 38.1 million in the same quarter last year.

The management have been taking actions to actively manage Huddly's cost base, which has resulted in a stabilization of the cost level. This includes moving offices effectively from the beginning of July 2023 and a strict re-hiring policy. In the company's current forecasts, it is projected that the cost base will decline in the second half of 2023.

EBITDA for the second quarter was negative NOK 8.0 million, compared to positive NOK 3.1 million in the same period last year and a negative NOK 12.1 million in the first quarter 2023.

Amortization and depreciation were NOK 16.9 million in the second quarter 2023, compared to NOK 12.6 million in the same quarter last year. This reflects increased investments in Research and Development and subsequent amortization. Consequently, EBIT came in at a loss of NOK 24.9 million, compared to a loss of NOK 9.5 million in the second quarter 2022 and a loss of NOK 27.7 million in the first quarter 2023.

Net financial income amounted to NOK 1.9 million in the second quarter 2023, compared to NOK 10.4 million in the same quarter last year. The change primarily reflects decreased net foreign exchange gains.

The second quarter 2023 hence ended with a loss of NOK 22.9 million before tax, compared to a profit of NOK 0.9 million in the same period last year and on par with the first quarter 2023.

**Cash flow**

Cash flow from operating activities was negative NOK 42.4 million in the second quarter 2023 compared to NOK 4.9 million in the same period last year.

Cash flow from investing activities was negative NOK 12.8 million for the second quarter 2023, compared to a negative NOK 16.4 million in the same period last year. The reduction reflects that the company has made no significant investments in property plant and equipment in the first half of 2023 or in the first half of 2022. Investments in development of Huddly's products decreased from NOK 15.0 million in the second quarter 2022, to NOK 12.6 million in the second quarter 2023.

Cash flow from financing activities was negative NOK 5.5 million for the second quarter 2023, and negative NOK 4.4 million in the same period last year.

The ending cash balance per June 30, 2023, was NOK 53.7 million, a reduction from NOK 257.0 million on June 30, 2022.

Financial position

Intangible assets amounted to NOK 172.7 million at the end of June 2023, an increase of NOK 13.4 million during the first half 2023 primarily due to capitalization of R&D investments. Total non-current assets amounted to NOK 223.3 million, up NOK 15.7 million during the first half.

Excluding cash and cash equivalents, current assets declined by NOK 11.5 million to NOK 234.7 million in the first half of the year.

Inventory increased by NOK 12.5 million to NOK 27.4 million, whereas consignment inventories

held by third parties declined by NOK 16.0 million to NOK 101.9 million.

Trade receivables declined by NOK 3.8 million to NOK 68.1 million in the first half, whereas other receivables declined by NOK 4.3 million to NOK 37.4 million.

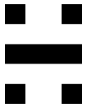
Cash and cash equivalents declined to NOK 53.7 million at the end of the first half year, down from NOK 183.9 million at the end of 2022.

The company continues its work to strengthen the liquidity position. During the second quarter, the company secured commitment to a NOK 50 million loan from its main shareholders and associated companies, and Huddly is currently working to increase the loan size to NOK 100 million.

Equity declined to NOK 347.2 million from NOK 396.5 million at the end of 2022, reflecting the losses in the period. The equity ratio was 68% at the end of June 2023.

Non-current liabilities declined by NOK 1.5 million to NOK 6.1 million, including product warranty accruals. The group had no long-term interest-bearing debt at the end of June 2023.

Current liabilities amounted to NOK 158.4 million, down from NOK 233.6 million at the end of 2022. The decline reflects a reduction of NOK 75.2 MNOK due to closure of the third and final synthetic option settlement of 25.0 MNOK plus respective social taxes, a reduction in lease liabilities of NOK 10.8 million, a reduction of NOK 16.0 million in consignment liabilities, and other accrued expenses. Trade payables increased by NOK 3.1 million to NOK 38.5 million.



Outlook 2023

The long-term market outlook for collaborative video solutions remains strong. The company nevertheless recognizes that weaker investment sentiment with inflationary pressures and higher interest rates has created an uncertain near-term market outlook.

The company saw sales decline sharply in the first half of 2023. This reflects lower sales through strategic partners. Channel sales have held up well at the same level as in the first half of last year.

Huddly's first half 2023 of NOK 108.4 million is expected to represent a baseline to grow from going forward, and the company sees a revenue range of NOK 200-250 million for the full year. The company expects to regain sales growth momentum in 2024.

Changes in the revenue composition have entailed a positive development in the gross margin, from 37% in the first half 2022 to 52% in the first half 2023. The underlying gross margin

was approximately 50% in the second quarter, and the company expects gross margin at a similar level in coming quarters. This corresponds with a year 2023 gross margin of around 50%.

The cost base has already been stabilized and is expected to decrease in the second half of 2023.

Huddly's new management team has revised Huddly's strategy to adapt to the current market development, with a focus on Technology, Revenue, Gross Margin and Profitability.

Huddly will continue to lead with technology innovation as demonstrated with the launch of Huddly Crew, expand its Strategic Partner model, build the Channels business, and manage costs to address near-term challenges without jeopardizing long-term opportunities. This is expected to establish a solid platform for future profitable growth.



Risks and uncertainties

Huddly is exposed to three major groups of risks: Product risks, Operational risks, and Market risks. Some of these are outside of Huddly's control, such as geopolitical risks and market specific cyclical risks.

Huddly is exposed to the overall demand for video conferencing equipment, and the company expects long-term growth in this market. Entering the second half of 2023, Huddly nevertheless acknowledges an increased risk level both upstream through its value chain and downstream through distributors and into end-user markets.

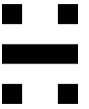
Upstream, the company's production facilities in Norway and Poland are facing increased costs in terms of labor, utilities, and components.

Downstream, Huddly sees customers seeking to reduce inventory levels in a market with weaker enterprise and consumer sentiment, and low demand visibility.

In terms of financial market risks, Huddly is exposed to foreign exchange risks as its sales revenues are largely nominated in USD while part of the costs, primarily the Operating expenses, are nominated in NOK.

Direct costs are nominated mainly in USD, and this forms a natural currency hedge that mitigates a large part of the exposure. At the moment, Huddly is not actively engaging in currency hedging.

Huddly holds no long-term interest-bearing debt on 30 June 2023. However, the company got commitment to a shareholder loan of NOK 50 million from existing shareholders and associated companies in the second quarter. Half of the facility is currently drawn, with interest exposure linked to NIBOR.



Responsibility Statement

From the Board of Directors and CEO of Huddly AS

We confirm, to the best of our knowledge, that the condensed set of financial statements for the period 1 January to 30 June 2023 has been prepared in accordance with IAS 34 – Interim Financial Reporting and gives a true and fair view of the (Company's and) group's assets, liabilities, financial position and profit or loss as a whole. We also confirm, to the best of our knowledge, that the interim management report

includes a fair review of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, a description of the principal risks and uncertainties for the remaining six months of the financial year, and major related parties' transactions.

Oslo, August 16, 2023

DocuSigned by:

644F8C4E7FE542E...

Jostein Devold

Chairman of the Board

DocuSigned by:

F6CDE3BD396D4A3...

Graham Spencer Williams

CEO

DocuSigned by:

E9A62FD368D940B...

Kristian Kolberg

Board Member

DocuSigned by:

DAD9C36F196F496...

Michael Brandofino

Board Member



Financial statements (IFRS)

Interim consolidated statement of profit or loss Q2-2023

Amounts in NOK 1,000	Note	Q2 2023	Q2 2022	YTD June 2023	YTD June 2022	2022
Sales of goods	3	57,163	106,612	108,394	220,675	451,597
Total revenue		57,163	106,612	108,394	220,675	451,597
Cost of goods sold		(24,596)	(65,467)	(52,369)	(137,967)	(284,178)
Gross profit		32,567	41,145	56,025	82,708	167,419
Employee benefit expenses	4	(23,113)	(24,248)	(44,912)	(51,541)	(111,323)
Other operating expenses		(17,396)	(13,813)	(31,251)	(27,127)	(54,456)
Amortization and depreciation		(16,920)	(12,589)	(32,471)	(24,454)	(52,790)
Total operating expenses		(57,429)	(50,651)	(108,634)	(103,121)	(218,569)
Operating profit/(loss)		(24,861)	(9,506)	(52,609)	(20,413)	(51,150)
Interest income		-	-	-	-	4,586
Other financial income		-	-	-	-	-
Interest expense		(267)	(140)	(271)	(269)	(459)
Other financial expense		(985)	(4,580)	(3,164)	(8,433)	(3,080)
Net foreign exchange gains (losses)		3,190	15,169	10,209	17,458	8,559
Net financial items		1,938	10,449	6,773	8,757	9,606
Profit/(loss) before income tax		(22,923)	943	(45,836)	(11,656)	(41,544)
Income tax		-	-	-	-	-
Profit/(loss) for the year		(22,923)	943	(45,836)	(11,656)	(41,544)

Profit/(loss) for the year is attributable to:

Owners of Huddly AS

Earnings per share in NOK

Basic earnings per share	(0.11)	0.00	(0.22)	(0.06)	(0.20)
Diluted earnings per share	(0.11)	0.00	(0.22)	(0.06)	(0.20)

Consolidated Statement of Comprehensive Income or Loss Q2-2023

Amounts in NOK 1,000	Q2 2023	Q2 2022	YTD June 2023	YTD June 2022	2022
Profit/(loss) for the year	(22,923)	943	(45,836)	(11,656)	(41,544)
Other comprehensive income:					
<i>Items that might be subsequently reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations	6,881	(921)	1,726	(376)	508
Total comprehensive income for the year	(16,042)	22	(44,110)	(12,032)	(41,036)

Interim consolidated statement of financial position Q2-2023

Amounts in NOK 1,000	Note	At 30 June 2023	At 31 Des 2022	At 30 June 2022
ASSETS				
Non-current assets				
Goodwill		8,018	8,018	8,018
Intangible assets		172,699	159,291	139,286
Tangible assets		7,882	8,782	7,411
Right-of-use assets		1,660	12,520	17,356
Deferred tax asset		-	-	-
Other non-current receivables		33,003	19,000	19,000
Total non-current assets		223,262	207,611	191,071
Current assets				
Inventories		27,389	14,887	16,650
Consignation inventories		101,884	117,864	93,061
Trade receivables		68,074	71,842	89,560
Other current receivables		37,396	41,648	37,915
Cash and cash equivalents	5	53,690	183,900	256,967
Total current assets		288,433	430,143	494,154
TOTAL ASSETS		511,695	637,754	685,225

Interim consolidated statement of financial position Q2-2023

Amounts in NOK 1,000	Note	At 30 June 2023	At 31 Des 2022	At 30 June 2022
EQUITY AND LIABILITIES				
Equity				
Share capital		135	135	135
Share premium		468,127	468,127	476,513
Other paid in capital		301,710	306,890	298,874
Foreign currency translation reserves		1,088	(637)	545
Retained earnings		(423,881)	(378,045)	(358,610)
Total equity	6, 7	347,180	396,470	417,457
Non-current liabilities				
Lease liabilities (non-current portion)		-	-	-
Deferred tax liability		-	-	-
Other non-current liabilities		6,147	7,650	7,041
Total non-current liabilities		6,147	7,650	7,041
Current liabilities				
Lease liabilities (current portion)		1,826	12,674	16,128
Trade payables		38,469	35,404	60,256
Current tax payables		-	-	-
Consignation liabilities		101,884	117,864	93,061
Other current liabilities		16,189	67,691	91,283
Total current liabilities		158,368	233,633	260,728
Total liabilities		164,515	241,284	267,768
TOTAL EQUITY AND LIABILITIES		511,695	637,754	685,225

Interim consolidated statement of changes in equity Q2-2023

Amounts in NOK 1,000	Note	Share capital	Share premium	Other Paid in capital	Translation differences reserves	Retained earnings	Total equity
Balance at 1 January 2022		135	508,285	282,820	(1,146)	(336,502)	453,593
Profit/(loss) for the year						(41,544)	(41,544)
Currency translation differences					508		508
Total comprehensive income/(loss) for the year		-	-	-	508	(41,544)	(41,036)
Issuance of shares							
Share-based payment to employees				24,399			24,399
Share repurchase			(40,157)	(329)			(40,486)
Resale of own shares							
Balance at 31 December 2022		135	468,127	306,890	(637)	(378,045)	396,470
Profit/(loss) for the year						(45,836)	(45,836)
Currency translation differences					1,726		1,726
Total comprehensive income/(loss) for the year		-	-	-	1,726	(45,836)	(44,110)
Issuance of shares							
Share-based payment to employees	4, 7			(5,180)			(5,180)
Share repurchase			-	-			-
Resale of own shares							
Balance at 30 June 2023		135	468,127	301,710	1,088	(423,881)	347,180

Interim consolidated statement of cashflow Q2-2023

Amounts in NOK 1,000	Note	Q2 2023	Q2 2022	YTD June 2023	YTD June 2022	2022
Cash flows from operating activities						
Profit/(loss) before income tax		(22,923)	943	(45,836)	(11,656)	(41,544)
<i>Adjustments for</i>						
Taxes paid		-	-	-	-	-
Depreciation and amortization		16,920	12,589	32,471	24,454	52,790
Net interest income		-	-	-	-	-
Share-based payments expense	4, 7	571	-	(5,180)	24,399	24,399
Change in trade and other receivables		4,270	9,585	3,768	7,814	25,532
Change in trade payables		(5,943)	6,827	3,066	(10,089)	(34,941)
Change in other current assets and other liabilities		(35,265)	(34,914)	(73,303)	(27,795)	(39,475)
Interest received		-	-	-	-	-
Net cash inflow from operating activities		(42,369)	(4,972)	(85,014)	7,127	(13,238)
Cash flows from investing activities						
Payment for property, plant and equipment		(205)	(1,400)	(1,479)	(4,087)	(7,775)
Payment for investments in intangible assets		(12,613)	(14,960)	(32,838)	(36,122)	(73,779)
Receipt of government grants		-	-	-	-	-
Other investing activities		-	-	-	-	-
Net cash (outflow) from investing activities		(12,818)	(16,361)	(34,317)	(40,209)	(81,554)
Cash flows from financing activities						
Proceeds from issuance of ordinary shares		-	-	-	-	-
Share repurchase		-	-	-	(40,486)	(40,486)
Repayments of lease liabilities		(5,446)	(4,306)	(10,848)	(8,179)	(17,717)
Paid interest on lease liabilities		(31)	(140)	(107)	(278)	(488)
Net cash inflow from financing activities		(5,478)	(4,446)	(10,955)	(48,943)	(58,691)
Net increase/(decrease) in cash and cash equivalents		(60,665)	(25,778)	(130,287)	(82,025)	(153,484)
Cash and cash equivalents at beginning of period		114,331	280,921	183,900	337,276	337,276
Effects of exchange rate changes on cash and cash equivalents		25	1,825	76	1,718	108
Cash and cash equivalents at end of period		53,690	256,967	53,690	256,968	183,900

Notes to the financial statements

1. General information

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

Huddly Inc. is included in the consolidated financial statements as the control criteria in IFRS 10 are met.

Huddly AS is a public limited liability Company incorporated and domiciled in Norway. The address of its registered office is Stortorvet 7, 0155 Oslo, Norway. Huddly AS is listed on Euronext Growth.

The consolidated condensed interim financial statements comprise of the financial statements to the parent company and its subsidiary at end June 2023, authorized for issue by the board of directors on August 16, 2023.

2. Accounting policies

The interim consolidated financial statements for the 6-month period ending June 30, 2023, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with the consolidated financial statements for 2022. The accounting policies applied in the preparation of the interim financial statements are consistent with those applied in the preparation of the annual financial statements for the year ended December 31, 2022. The group has not adopted any standard, interpretation or amendment that has been issued but is not yet mandatory.

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

All numbers are in NOK thousands unless otherwise stated. The condensed interim financial statements are unaudited.

3. Sales of goods and segment information

The market for Huddly's smart cameras is global. The Management team has therefore determined the operating segments on this basis. The Group considers the business as one operational segment.

The Group's operating profit arises from activities in this segment which is the only revenue generating segment across the entire operation irrespective of geographic location.

Performance is measured by the Management team based on the operating segment's revenue and profitability on a global basis.

The Management team allocates resources in assessing performance as well as making strategic decisions. This is consistent with the internal reporting submitted to the chief operating decision maker, as defined by the Management team.

Other information is measured in a manner consistent with that in the Annual Report for 2022. Principles of revenue recognition are stated in the accounting principles to the Annual Report for 2022.

Sales of goods by customer segment

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

Sales of goods by customer segment, %	Q2 2023	Q2 2022	2022
Strategic partners %	51%	73%	79%
Channel partners %	49%	27%	21%
Total sales of goods	100%	100%	100%

Amounts in NOK 1,000

Sales of goods by customer segment	Q2 2023	Q2 2022	2022
Strategic partners	29,178	77,817	355,668
Channel partners	27,985	28,795	95,929
Total sales of goods	57,163	106,612	451,597

Sales of goods by Geography

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

Sales of goods by customer geography, %	Q2 2023	Q2 2022	2022
EMEA / APAC	28%	24%	30%
Americas	72%	76%	70%
Total sales of goods	100%	100%	100%

Amounts in NOK 1,000

Sales of goods by customer geography	Q2 2023	Q2 2022	2022
EMEA / APAC	16,106	25,719	135,479
Americas	41,057	80,892	316,118
Total sales of goods	57,163	106,612	451,597

4. Employee benefit expenses and option programs

The Company's only active incentive program is the 2021 Incentive Plan implemented in January 2021, directed at employees and directors. Participants are granted options to subscribe for Shares in the Company based on a pre-determined strike price. The options are as a general rule subject to a three-year vesting schedule. Further, the options may only be exercised in a coordinated process lead by the Company's Board of Directors. This implies that the participant may only exercise a number of options each year equal to 20 % of its total number of options.

The Company has historically issued a limited number of options to employees and directors under the 2017 Incentive Plan. These options are subject to a three-year vesting schedule, and the strike price payable when exercising the options is set to NOK 0.000625 per option.

In Q2 2023, Operational expenses include TNOK -1,548 in expenses related to the option programs after IFRS 2, thereof TNOK 571 accrued versus Other equity (valuation of vested 2021 Incentive Plan during Q2 203) and TNOK -2,119 accrued versus Other current liabilities (accrued social security tax on unexercised options measured at end June 2023 market price per share).

At end June 2023 remaining option expenses for outstanding options are TNOK 4,009 under the 2021 plan and zero under the 2017 plan, to be booked versus Other Equity in future quarters.

It has been granted 450,000 options under the 2021 options program and forfeited 31,111 options during Q2 2023.

See table below for outstanding instruments as of end June 2023.

Overview outstanding options

2017 incentive plan	2023	2022
Options granted, outstanding 01.01	266,672	266,672
Options granted	-	-
Options exercised	-	-
Options forfeited during the year	-	-
Options granted, outstanding at of period	266,672	266,672
Options vested, at end of period	266,672	266,672

2021 incentive plan	2023	2022
Options granted, outstanding 01.01	26,424,811	18,992,588
Options granted	950,000	7,925,000
Options exercised	-	-
Options forfeited during the year	(3,721,285)	(492,777)
Options granted, outstanding at of period	23,653,526	26,424,811
Options vested, at end of period	20,901,496	20,779,772

Overview synthetic options	2023	2022
Options granted, outstanding 01.01	5,871,111	5,871,111
Options granted	-	-
Options exercised	-	-
Options forfeited during the year	-	-
Options granted, outstanding at end of period	5,871,111	5,871,111
Options vested, at end of period	5,871,111	5,871,111

5. Cash and cash equivalents

Restricted cash at end June 2023 was TNOK 19,889. This relates to advance payment of social security tax and deposit for office premises.

Total closing cash and cash equivalents at end June 2023 was TNOK 53,690.

Amounts in NOK 1,000	Q2 2023	Q2 2022	2022
Bank deposits	53,690	256,967	183,900
Total cash and cash equivalents	53,690	256,967	183,900

Amounts in NOK 1,000	Q2 2023	Q2 2022	2022
Restricted cash included in the above:	19,889	3,834	5,517
Advance payment of social taxes	3,830	3,244	5,517
Deposit for office premises	16,059	591	-

6. Shareholders and share capital

The parent company Huddly AS has 216,328,048 shares, with par value NOK 0.000625 which give a total share capital of NOK 135,205. The Company has one share class, common shares, which all have the same voting and dividend rights. The Company has 1,583 shareholders as of 30 June 2023. Below are the 20 largest shareholders.

Shareholder name	Number of shares	Ownership, %
CLEARSTREAM BANKING S.A.	22,708,555	11%
GJEH Pty Ltd ATF GJEH Family Trust	14,324,839	7%
MERTOUN CAPITAL AS	13,845,471	7%
STAFF HOLDING AS	8,110,621	4%
SOM HOLDING AS	7,970,928	4%
The Northern Trust Comp	7,750,000	4%
MP PENSJON PK	7,430,959	4%
ATF G+J Williams Super Fund	6,858,272	3%
KOLBERG MOTORS AS	6,628,000	3%
PORTIA AS	6,400,000	3%
The Bank of New York Mellon SA/NV	5,848,941	3%
HØYLANDET BYGGUTLEIE AS	5,041,264	2%
SKIPS AS TUDOR	4,950,000	2%
BJØBERG EIENDOM AS	4,042,080	2%
JAHATT AS	3,944,636	2%
MULTIPLIKATOR AS	3,915,000	2%
MELVER INVEST AS	3,315,590	2%
KORINVEST AS	3,216,832	2%
TTC INVEST AS	3,000,000	1%
All others	66,426,028	31%
Total	211,028,032	100%

The parent company, Huddly AS, owns 5,300,016 treasury shares and has 211,028,032 outstanding shares in the market.

7. Equity

Other equity

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

NOK value of TNOK -5,180 was recognised at end June 2023, as included in the consolidated statement of changes in equity.

The remaining cost on options granted, not vested, will be amortized over the vesting period in future accounting periods and is based on the award's fair value. Further details on all share-based payments to employees can be found in Note 4. Operational expenses and option programs.

Summary of statement of changes in share capital and share premium

	Share Capital	Share premium	Other paid in capital
Balance at 31 December 2022	135	468,127	306,890
Share-based payments to employees	-	-	(5,180)
Total change in period	-	-	(5,180)
Balance at 30 June 2023	135	468,127	301,710

There have been no other changes in share capital, share premium and other equity in 2023.

8. Related parties

For detailed information on related party transactions, please refer to Note 20 (Overview of subsidiary) in the Annual Report to Huddly AS for 2022. There have been no other significant transactions with related parties for the six-month period ending on 30 June 2023. All transactions with related parties are considered priced on an arm's length basis.

9. Alternative performance measures

The following alternative performance measures (APMs) are used in addition and to provide enhanced insight into the Groups operations, financing, and prospects in this report.

Definition of Huddly's financial APM's

Gross profit: The company's net sales revenue less its cost of goods sold. The net sales figure is simply gross revenue, less the credit returns, allowances, and or discounts.

EBITDA: Earnings for the period before net financial items, income tax expense, depreciation, and amortization as a measure of the company's operating performance. EBITDA is calculated as revenue less expenses (including cost of goods sold) excluding depreciation and amortization, interest, and tax.

EBIT: Earnings before interest and income taxes as an indicator of a company's profitability. EBIT is calculated as revenue less expenses (including cost of goods sold) excluding interest and tax.

Working capital: The companies operating liquidity and includes inventory, trade and other short-term receivables minus trade payables, other short-term liabilities, and currency translation differences.

Disclaimer

This document (the "Report") has been produced by Huddly AS (the "Company", "Huddly"), to provide information to authorized recipients of this document ("Recipient"). An authorized recipient is a person to whom Huddly has directly provided a copy of this document or to whom Huddly has made available via a third party authorized by Huddly. The Recipient acknowledges and agrees that all intellectual property rights in the Report vests in the Company. The Recipient may only use this Report for the sole and exclusive purpose of considering potential investment in the Company. No representation or warranty (express or implied) is made as to, and no reliance should be placed on, any information, including but not limited to projections, estimates, targets, and opinions, contained herein, and no liability whatsoever is accepted as to any errors, omissions or misstatements contained herein. This Report is current at end June 2023, however, relates to Q2 2023. There may have been changes in matters which affect the Company subsequent to the date of this Report. Neither the issue nor delivery of this Report shall under any circumstance create any implication that the information contained herein is correct as of any time subsequent to the date hereof or that the affairs of the Company have not since changed. This Report is subject to Norwegian law, and any dispute or claim arising in respect of this Report is subject to the exclusive jurisdiction of Norwegian courts.

