

Q2 2018 Quarterly Report



Our new Board member

We welcome Casey King, based in Austin Texas, to the Board of Huddly. Casey is a veteran technologist with 34 years of experience in both the enterprise and consumer technology space.

Prior to Huddly, Casey was the long tenured CTO at LifeSize and part of the original team that brought HD video to market. Casey also spent 13 years at Apple computer where he was a founding member of the QuickTime team. We're thrilled that Casey will bring his judgement and depth of experience to the Huddly Board.

R&D and Product

We showed Huddly's second generation intelligent collaboration camera to the market at Infocomm2018 at the beginning of June 2018. Since then, our Product and Research and Development (R&D) teams have been focusing on preparing the camera for release to the market.

In addition to our focus on the physical product itself, we also have a strong focus on the software and experiences that define our cameras including audio, video and machine learning capabilities.

Sales & Marketing

In Q2 we became a Technology Partner of Zoom, a leading global videoconferencing software company. Q2 also saw our team continue to build our Sales function, increasing our geographical reach as well as renewing our channel program to optimise our commercial position (which we are aiming to implement in Q3).

Our renewed focus on our non-strategic channels is seeing growth in that channel relative to our strategic channels which we believe will enable us to offset the longer sales cycles associated with strategic sales.

As we announced in early June, we have signed a significant strategic contract with Crestron. The new pairing provides a software-enhanced, undistorted, ultra-wide viewing angle of all participants in a meeting room during videoconference calls. Please see our recent press-release [here](#) for more details.

Huddly @ Infocomm 2018

Infocomm, which we attended between 6-8 in June 2018 in Las Vegas USA, is the largest event in North America focused on the audio-visual technology industry. There were 1,000 exhibitors, thousands of products on display, and 44,000 attendees from 110 countries. This event presented us with the opportunity to compress a large volume of business development activity into a short timeframe. In addition to Huddly's booth, Huddly was presented in 14 other vendor booths.

Financials (Huddly Q2 – unaudited)

We have shipped approximately 14,000 cameras this year, as at the end of Q2, in line with the base-to-mid-case range of camera sales volumes we projected in April this year.

Total revenue in Q2 2018 was flat relative to Q1 2018 and cost of goods sold in Q2 was primarily attributable to manufacturing costs in the same period. Payroll continues to be the primary driver of our operational expenditure and we see this flattening over the medium term with some seasonality due to engaging expert consultants prior to new product launches where specialist expertise is required.

While Huddly achieved a net loss in Q2 2018, this is partly due to higher operating expenditure due to hiring specialist consultants prior to showing the Huddly second generation camera. There has also been an increase to the Q1 unaudited Operating P&L Opex figures of kNOK 1,198 (reflected in the year-to-date Opex figures below) due to adjustments for additional expenses post reporting of Q1 Quarterly Report financials.

Operating P&L*	Q2	Q2	YTD	YTD
All numbers in '000	NOK	USD	NOK	USD
Revenue	15.384	1.923	32.59	4.122
COGS	11.245	1.406	25.938	3.284
Gross profit	4.139	0.517	6.652	0.838
OPEX	25.948	3.2435	46.834	5.914
Cash EBITDA*	(21.809)	(2.726)	(40.182)	(5.075)

- Operating P&L does not include R&D capitalization and warranty expense. Huddly capitalizes R&D costs over a 3-year period.
- Functional currency NOK converted to USD-FX using straight FX rate of 8.
- COGS is calculated as the direct cost of manufacturing plus overhead cost of support and operations departments.

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