

# Q4 2018 Quarterly Report





## R&D and Product

The Huddly IQ camera commenced shipping with our first AI feature “GeniusFraming”. We are ready to deliver the Huddly IQ in volume to strategic partners, distributors, resellers and end customers.

We also launched the Huddly Software Development Kit (SDK). The SDK allows partners, integrators, and developers to integrate the Huddly IQ into their existing management software, utilizing the cameras advanced analytics.

Since its launch, the Huddly IQ has won two design awards. The iF design award and the DOGA award for design excellence.

We are now working on new user experiences and products based on our unique AI platform.

## Sales

Q4 2018 was a record quarter for the number of units sold.

We conducted an Early Field Trial program with 30 customers who had access to the Huddly IQ a month before general availability. The program ran until end of January 2019. The majority of these customers were Fortune 500 companies.

Both Google and Crestron made a solid contribution to our sales, and continue to be very important partners for us in 2019.

In Q3 2018 we improved our Partner Program and are now seeing the results, with the signing of new Partners and Distributors. This will also support improvement in gross margin going forward.



## Financials 2018 (unaudited)

We have invoiced approximately **32,500** cameras for full year 2018, in line with the base-to-mid-case range of camera sales volumes we projected in April 2018.

Total revenue in Q4 2018 was NOK 31.231m and NOK 76.931m for full year 2018. Gross margin percentage continued to improve in Q4 2018, mainly due to the introduction of Huddly IQ.

EBITDA for Q4 2018 was negative NOK 11.194m and negative NOK 37.948m for full year 2018. The vast majority of Depreciation and Amortization is amortization of capitalized R&D costs.

<b>Consolidated Profit &amp; loss statement (unaudited)</b>			
Thousands NOK	Q4 2018	2018	2017
Revenue	31,231	76,931	15,764
Cost of goods sold	(19,304)	(50,717)	16,933
Gross margin	11,926	26,214	(1,169)
Operational expenditures	(23,120)	(64,162)	(40,550)
EBITDA	(11,194)	(37,948)	(41,719)
Depreciation and Amortization	(5,232)	(22,844)	(7,758)
EBIT	(16,426)	(60,792)	(49,477)
Net Finance		1,768	81
Tax expenses		-	-
Comprehensive income		(59,023)	(49,396)
Gross margin %	38%	34%	

Figures are reported in functional currency NOK

All lines are accounted for according to IFRS

Q4 2018 Operational expenditures includes year-end adjustments according to IFRS, for example warrants and product warranty accruals, and does not accurately represent quarterly run rate



# Financials 2018 (unaudited)

Consolidated Balance sheet (unaudited)		
Thousands NOK	2018	2017
<b>ASSETS</b>		
Intangible assets	63,271	26,317
Tangible assets	2,686	1,447
Total non-current assets	65,958	27,764
Inventory	4,068	4,125
Trade receivables	19,975	5,261
Other receivables	13,993	12,428
Bank deposits	51,252	126,726
Total current assets	89,288	148,540
Total assets	155,246	176,304
<b>EQUITY AND LIABILITIES</b>		
Total Equity	107,196	154,505
Total non-current liabilities	2,864	2,728
Trade payables	28,469	8,822
Other current liabilities	16,717	10,248
Total current liabilities	45,186	19,070
Total Equity and liabilities	155,246	176,304

## Outlook 2019

With our leading engineering and design, we are well positioned to take part in the fast growing Unified Communication and Collaboration market.

We forecast revenue to be in the range from NOK 150m to NOK 250m and continued increase in gross margin percentage in 2019.

This document (the "Report") has been produced by Huddly AS (the "Company", "Huddly"), to provide information to authorised recipients of this document ("Recipient"). An authorised 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 authorised 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 as at 30 September 2018, however, relates to Q3 2018. 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.

[www.huudly.com](http://www.huudly.com)

