

Q2 2019 Quarterly Report



Huddly



R&D and Product

At Huddly we build tools for teams.

Whiteboards have long been an important collaboration tool. Up until now there has been limited methods of bringing whiteboard content into the digital workflow of distributed teams.

Huddly Canvas was recently launched at Infocomm in Orlando Florida where it received significant attention.

This new software application allows users to capture whiteboards and its content with the Huddly IQ camera.

We use Artificial Intelligence (AI) technology to extract and improve readability of pen-strikes and drawings. In addition we provide a mounting solution, positioning the camera at the right angle and distance from the whiteboard.

Huddly Canvas will be launched later in 2019 but has already been previewed in the Microsoft online store by our partner Creston.

We continue to focus on building user-driven experiences that run on the Huddly AI platform, available through new software releases for Huddly IQ.

Sales

Q2 2019 was another solid quarter for Huddly, with record revenue and gross margin. Google and Crestron continue to be our two biggest partners.

Huddly announced three new strategic partnerships, Lenovo, Yamaha and Stem Audio.

Lenovo, who is the largest vendor for Microsoft Skype Room Systems, will be a great addition to our portfolio as we continue to work towards Microsoft and Zoom solutions.

Yamaha is bundling the Huddly IQ into their Yamaha Collaboration Kit.

Huddly attended InfoComm 2019, North America's largest pro-AV event, where our cameras featured on 13 different booths and Huddly IQ won "Best UC Camera" at rAVe Publications' InfoComm 2019 Awards.



Financials Q2 2019 (unaudited)

Total revenue in Q2 2019 was 44.698 mNOK versus 32.621 mNOK in Q1 2019 and 76.931 mNOK for full year 2018. Gross margin percentage was 50% in Q2 2019 versus 47% in Q1 2019 and 34% for full year 2018.

EBITDA for Q2 2019 was 6.809 mNOK versus negative 0.704 mNOK in Q1 2019 and negative NOK 37.948 mNOK for full year 2018.

The vast majority of Depreciation and Amortization is depreciation of capitalized R&D costs.

Consolidated Profit & Loss statement (unaudited)				
Thousands NOK	Q2 2019	Q1 2019	YTD 2019	2018
Revenue	44,698	32,621	77,319	76,931
Cost of goods sold	(22,154)	(17,237)	(39,391)	(50,717)
Gross margin	22,544	15,385	37,929	26,214
Operational expenditures	(15,735)	(16,088)	(31,823)	(64,162)
EBITDA	6,809	(704)	6,106	(37,948)
Depreciation and Amortization	(9,455)	(8,281)	(17,735)	(22,844)
EBIT	(2,645)	(8,984)	(11,629)	(60,792)
Net Finance	16	(266)	(250)	1,768
Tax expenses				
Net Income	(2,629)	(9,250)	(11,879)	(59,023)
Gross margin %	50%	47%	49%	34%

- Figures are reported in functional currency NOK
- All lines are accounted for according to IFRS



Financials Q2 2019 (unaudited)

Consolidated Balance sheet (unaudited)			
Thousands NOK	Q2 2019	Q1 2019	Q4 2018
ASSETS			
Intangible assets	69,833	66,676	63,271
Tangible assets	7,537	7,961	2,686
Total non-current assets	77,371	74,637	65,958
Inventory	1,595	2,971	4,068
Trade receivables	30,519	15,493	19,975
Other receivables	10,920	8,246	13,993
Bank deposits	34,100	44,854	51,252
Total current assets	77,134	71,565	89,288
Total assets	154,505	146,202	155,246
EQUITY AND LIABILITIES			
Total equity	102,769	104,152	107,196
Total non-current liabilities	6,151	6,187	2,864
Trade payables	30,616	23,218	28,469
Other current liabilities	14,969	12,645	16,717
Total current liabilities	45,585	35,863	45,186
Total equity and liabilities	154,505	146,202	155,246

- Figures are reported in functional currency NOK
- All lines are accounted for according to IFRS
- According to implementation of IFRS 16, 4,603 kNOK is included in assets and liabilities in Q2 2019

Outlook

We forecast revenue to be in the range from 170 mNOK to 210 mNOK in 2019 and gross margin percentage to improve significantly in 2019 versus 2018. Quarterly volatility in gross margin percentage is likely.

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