

# Q4 2019 Quarterly Report



**Huddly**



## R&D and Product

**Zoom certification.** Zoom Certification for the Huddly IQ is an exciting milestone directly benefiting our customers who can now purchase our cameras as part of the Zoom ecosystem. We are dedicated to enabling a great user experience on the Zoom platform. The certification is a validation of the high standard to which we hold our products.

**Google Jamboard kit launched and shipping in February 2020.** Google Jamboard is a team collaboration device and the Huddly IQ kit enhances the video and audio experience. The kit consists of Huddly IQ, a custom bracket and cable for mounting IQ on the screen. This brings the wide angle and excellent image quality of IQ to the Jamboard. The microphone array on Huddly IQ is also utilized, to provide good audio pick up to further enhance the user experience. The kit is shipping for new Jamboard customers and as an upgrade to existing Jamboard deployments.

**Huddly Canvas.** Huddly Canvas enhances content on analogue whiteboards through use of artificial intelligence and machine learning. Early field trials takes place in Q1 2020 and general shipping is expected during Q2 2020.

## Sales

Q4 2019 was a record quarter for Huddly. Huddly reached 100,000 camera units shipped since inception during Q4 2019.

Google and Crestron continue to be strong partners. Other strategic partners are in early development phase.

Huddly won several new Fortune 500 customers in Q4 2019.



## Operations and Financials Q4 2019 (unaudited)

Huddly has signed a contract manufacturer (CM) agreement with Flextronics Industrial in Poland, as Huddly's second CM. The CM agreement with Hapro Electronics will be continued.

Total revenue in Q4 2019 was 67.041 mNOK versus 42.661 mNOK in Q3 2019. Gross margin percentage was 55% in Q4 2019 versus 54% in Q3 2019.

Total revenue in FY 2019 was 187.022 mNOK versus 76.931 mNOK in FY 2018. Gross Margin in FY 2019 was 52% versus 34% in FY 2018.

EBITDA for Q4 2019 was 25.793 mNOK versus 9.630 mNOK in Q3 2019. EBITDA for FY 2019 was 41.529 mNOK versus negative NOK 37.948 mNOK for full year 2018.

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

EBIT in Q4 2019 was 13.719 mNOK versus negative 0.676 mNOK in Q3 2019. EBIT in FY 2019 was 1.413 mNOK versus negative 60.792 mNOK in FY 2018.

<b>Consolidated Profit &amp; Loss statement (unaudited)</b>				
Thousands NOK	Q4 2019	Q3 2019	FY 2019	FY 2018
Revenue	67,041	42,661	187,022	76,931
Cost of goods sold	(30,328)	(19,499)	(89,218)	(50,717)
Gross margin	36,713	23,162	97,804	26,214
Operational expenditures	(10,920)	(13,532)	(56,275)	(64,162)
EBITDA	25,793	9,630	41,529	(37,948)
Depreciation and Amortization	(12,074)	(10,306)	(40,115)	(22,844)
EBIT	13,719	(676)	1,413	(60,792)
Net Finance	1,122	456	1,329	1,768
Tax expenses				
Net Income	14,841	(220)	2,742	(59,023)
Gross margin %	55%	54%	52%	34%



## Financials Q4 2019 (unaudited)

<b>Consolidated Balance sheet (unaudited)</b>	<b>At 31 Dec</b>	<b>At 30 Sep</b>	<b>At 31 Dec</b>
<b>Thousands NOK</b>	<b>2019</b>	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>			
Intangible assets	66,175	72,523	63,271
Tangible assets	6,169	6,862	2,686
<b>Total non-current assets</b>	<b>72,344</b>	<b>79,385</b>	<b>65,958</b>
Inventory	406	1,386	4,068
Trade receivables	40,014	24,267	19,975
Other receivables	15,099	8,659	13,993
Bank deposits	53,985	34,211	51,252
<b>Total current assets</b>	<b>109,503</b>	<b>68,523</b>	<b>89,288</b>
<b>Total assets</b>	<b>181,847</b>	<b>147,908</b>	<b>155,246</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Total equity</b>	<b>116,831</b>	<b>101,821</b>	<b>107,196</b>
<b>Total non-current liabilities</b>	<b>6,534</b>	<b>5,943</b>	<b>2,864</b>
Trade payables	39,230	21,539	28,469
Other current liabilities	19,252	18,605	16,717
<b>Total current liabilities</b>	<b>58,482</b>	<b>40,144</b>	<b>45,186</b>
<b>Total equity and liabilities</b>	<b>181,847</b>	<b>147,908</b>	<b>155,246</b>

- Figures are reported in functional currency NOK
- All lines are accounted for according to IFRS
- According to implementation of IFRS 16, 3,301 kNOK is included in Tangible assets and Other current liabilities 31 Dec 2019

## Outlook

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

We forecast revenue to be in the range from 225 mNOK to 325 mNOK in 2020 and gross margin percentage to flatten or slightly decrease in 2020 versus 2019. Volatility in gross margin percentage is likely in future quarters. We forecast operational expenditures and investment in intangible assets (R&D) to increase in line with moderate scaling of the organization.

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