

Q2 2020 Quarterly Report





Q2 2020 highlights

A record quarter for Huddly:

- Revenue at 84.0 mNOK, up 88 % compared to Q2 2019
- EBITDA at 36.0 mNOK, compared to 6.8 mNOK in Q2 2019

Huddly IQ Microsoft Certified.

Launch of new product, Huddly Canvas.

Strong momentum for Huddly GO Work From Home Kit, especially in North America.

The Board of Huddly AS has decided to initiate the process of listing on Merkur Market / Euronext Growth, aiming at a potential listing before Q1 2021.

R&D and Product

Microsoft Certification. Huddly IQ is now certified as a Microsoft Teams Room Peripheral for small meeting rooms and focus rooms for both Microsoft Teams and Skype for Business. The camera is also certified as a Microsoft Personal Peripheral for Microsoft Teams and Skype for Business. This is a huge milestone since with more than 75 million daily users, Microsoft Teams and Skype for Business are crucial communication platforms for our customers. The Microsoft certifications also confirm Huddly IQ as the ideal choice to go alongside the certified meeting room solutions offered by our partner Crestron, namely the Flex series.

Canvas. Huddly has launched a new product, Huddly Canvas, a Microsoft-certified smart camera that makes it easy to use whiteboards in video meetings. It is designed to enable collaboration for teams that work from different places. Using Artificial Intelligence software on the camera, Huddly Canvas enhances the whiteboard image by removing gloss, shadows, and people from the image, and boosting marker colors. This ensures that remote participants can read the whiteboard content and be a full part of the conversation. For the best experience, Huddly Canvas is natively integrated with Microsoft Teams Rooms and Zoom Rooms. It is certified as a Microsoft Teams content camera.

Sales

Q2 2020 was another record quarter for Huddly.

Crestron and Google continue to be strong partners and Huddly is progressing with other strategic accounts.

Huddly is focused on developing its Distributor / Reseller channel and we are seeing encouraging results. The Huddly GO Work From Home Kit created strong momentum in North America where we are also experiencing growing sales for our Huddly IQ in the North education vertical. There is strong interest in the Huddly Canvas solution that will start shipping in September 2020.

Covid-19 continued to create increased demand for videoconferencing solutions in general.



Operations and Financials Q2 2020 (unaudited)

Huddly signed a contract manufacturer (CM) agreement with Flextronics Industrial in Poland in Q1 2020 and is ready for manufacturing during Q3 2020, as Huddly's second CM. The CM agreement with Hapro Electronics will be continued.

Total revenue in Q2 2020 was 83.987 mNOK a growth of 88% from 44.698 mNOK in Q2 2019. Gross margin percentage was 59% in Q2 2020 versus 50% in Q2 2019.

EBITDA for Q2 2020 was 36.030 mNOK versus 6.809 mNOK in Q2 2019.

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

EBIT in Q2 2020 was 25.924 mNOK versus negative 2.645 mNOK in Q2 2019.

Consolidated Profit & Loss statement (unaudited)					
Thousands NOK	Q2 2020	Q2 2019	YTD 2020	YTD 2019	FY 2019
Revenue	83,987	44,698	157,910	77,319	187,022
Cost of goods sold	(34,442)	(22,154)	(64,603)	(39,391)	(89,218)
Gross margin	49,545	22,544	93,307	37,929	97,804
Operational expenditures	(13,514)	(15,735)	(26,590)	(31,823)	(56,275)
EBITDA	36,030	6,809	66,717	6,106	41,529
Depreciation and Amortization	(10,106)	(9,455)	(19,165)	(17,735)	(39,090)
EBIT	25,924	(2,645)	47,551	(11,629)	2,439
Net Finance	(2,377)	16	2,709	(250)	303
Tax expenses					-
Net Income	23,547	(2,629)	50,260	(11,879)	2,742
Gross margin %	59%	50%	59%	49%	52%

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



Financials Q2 2020 (unaudited)

Consolidated Balance sheet (unaudited)	At 30 Jun	At 31 Mar	At 31 Dec	At 30 Jun
Thousands NOK	2020	2020	2019	2019
ASSETS				
Intangible assets	73,756	72,241	66,175	69,833
Tangible assets	4,585	5,230	6,169	7,537
Total non-current assets	78,340	77,471	72,344	77,371
Inventory	1,223	778	406	1,595
Trade receivables	37,388	37,481	40,014	30,519
Other receivables	11,808	9,583	15,099	10,920
Bank deposits	92,559	75,101	53,985	34,100
Total current assets	142,978	122,943	109,503	77,134
Total assets	221,318	200,414	181,847	154,505
EQUITY AND LIABILITIES				
Total equity	166,033	142,651	116,831	102,769
Total non-current liabilities	8,523	7,402	6,534	6,151
Trade payables	26,530	30,682	39,230	30,616
Other current liabilities	20,231	19,678	19,252	14,969
Total current liabilities	46,762	50,361	58,482	45,585
Total equity and liabilities	221,318	200,414	181,847	154,505

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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 300 mNOK to 360 mNOK in 2020 and gross margin percentage to decrease in second half 2020. We forecast operational expenditures and investment in intangible assets (R&D) to increase in line with growth scaling of the organization.

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