

# Q3 2020 Quarterly Report





## Q3 2020 highlights

A record quarter for Huddly:

- Revenue at 95.7 mNOK, up 124 % compared to Q3 2019
- EBIT at 25.1 mNOK, compared to negative 0.7 mNOK in Q3 2019

New product launch through Google Meet Series One kit.

The Board of Huddly AS has decided to initiate the process of listing on Merkur Market / Euronext Growth, aiming at a listing within Q1 2021. Pareto Securities and ABG Sundal Collier ASA are engaged as financial advisors.

## R&D and Product

Two all-new smart cameras made by Huddly feature in the Google Meet Series One, a new generation of meeting room devices from Google Cloud and Lenovo. The Series One Smart Camera XL and the Series One Smart Camera are designed to deliver an excellent video experience in a compact form factor, no matter the size of the room.

With the Smart Camera XL, Huddly's advanced software enables a high-quality video experience in large rooms. With a one-inch sensor, the camera can cover large boardrooms and capture everybody in high quality, including the people on the far end of the room. Its fixed lens enables it to always see the entire space, detect and frame participants, and capture movement and facial expressions as they happen.

In medium and small rooms, the Smart Camera's wide-angle field of view ensures that everyone can be seen. It automatically frames participants to optimize the experience. Both cameras use Power over Ethernet technology to make setup easy and flexible.

## Sales

Q3 2020 was another record quarter for Huddly.

Crestron and Google continue to progress.

Our channel partner strategy continues to accelerate, particularly in North America where we continue to experience growing sales for our Huddly IQ camera in the education vertical.

The strong interest in the Huddly Canvas solution continues and is now converting to sales. We are also starting to see significant opportunities in verticals outside of our traditional meeting room market.

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



## Operations and Financials Q3 2020 (unaudited)

Huddly signed a contract manufacturer (CM) agreement with Flextronics Industrial in Poland in Q1 2020 and has started manufacturing in Q3 2020, as Huddly's second CM.

Total revenue in Q3 2020 was 95.651 mNOK a growth of 124% from 42.661 mNOK in Q3 2019. Gross margin percentage was 53% in Q3 2020 versus 54% in Q3 2019.

EBITDA for Q3 2020 was 36.318 mNOK versus 9.630 mNOK in Q3 2019.

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

EBIT for Q3 2020 was 25.085 mNOK versus negative 0.676 mNOK in Q3 2019.

| Consolidated Profit & loss statement (unaudited) |               |             |               |                |              |
|--|---------------|-------------|---------------|----------------|--------------|
| Thousands NOK                                    | Q3 2020       | Q3 2019     | YTD 2020      | YTD 2019       | FY 2019      |
| Revenue  | 95,651        | 42,661      | 253,561       | 119,980        | 187,022      |
| Cost of goods sold                               | -44,813       | -19,499     | -109,416      | -58,890        | -89,218      |
| Gross margin                                     | 50,838        | 23,162      | 144,145       | 61,091         | 97,804       |
| Operational expenditures                         | -14,520       | -13,532     | -41,110       | -45,355        | -56,275      |
| EBITDA   | 36,318        | 9,630       | 103,035       | 15,736         | 41,529       |
| Depreciation and Amortization                    | -11,233       | -10,306     | -30,398       | -28,041        | -39,090      |
| EBIT   | 25,085        | -676        | 72,637        | -12,306        | 2,439        |
| Net finance                                      | -1,057        | 456         | 1,652         | 206            | 303          |
| Tax expenses                                     |               |             |               |                |              |
| <b>Net Income</b>                                | <b>24,028</b> | <b>-220</b> | <b>74,289</b> | <b>-12,099</b> | <b>2,742</b> |
| Gross margin %                                   | 53%           | 54%         | 57%           | 51%            | 52%          |

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



## Financials Q3 2020 (unaudited)

| <b>Consolidated Balance sheet (unaudited)</b> | <b>At 30 Sep</b> | <b>At 30 Jun</b> | <b>At 31 Dec</b> | <b>At 30 Sep</b> |
|---|------------------|------------------|------------------|------------------|
| <b>Thousands NOK</b>                          | <b>2020</b>      | <b>2020</b>      | <b>2019</b>      | <b>2019</b>      |
| <b>ASSETS</b>                                 |                  |                  |                  |                  |
| Intangible assets                             | 79,991           | 73,756           | 66,175           | 72,523           |
| Tangible assets                               | 6,942            | 4,585            | 6,169            | 6,862            |
| <b>Total non-current assets</b>               | <b>86,933</b>    | <b>78,340</b>    | <b>72,344</b>    | <b>79,385</b>    |
| Inventory                                     | 3,562            | 1,223            | 406              | 1,386            |
| Trade receivables                             | 43,199           | 37,388           | 40,014           | 24,267           |
| Other receivables                             | 10,416           | 11,808           | 15,099           | 8,659            |
| Bank deposits                                 | 131,133          | 92,559           | 53,985           | 34,211           |
| <b>Total current assets</b>                   | <b>188,310</b>   | <b>142,978</b>   | <b>109,503</b>   | <b>68,523</b>    |
| <b>Total assets</b>                           | <b>275,244</b>   | <b>221,318</b>   | <b>181,847</b>   | <b>147,908</b>   |
| <b>EQUITY AND LIABILITIES</b>                 |                  |                  |                  |                  |
| Total equity                                  | 192,993          | 166,033          | 116,831          | 101,821          |
| Total non-current liabilities                 | 10,615           | 8,523            | 6,534            | 5,943            |
| Trade payables                                | 43,879           | 26,530           | 39,230           | 21,539           |
| Other current liabilities                     | 27,757           | 20,231           | 19,252           | 18,605           |
| <b>Total current liabilities</b>              | <b>71,636</b>    | <b>46,762</b>    | <b>58,482</b>    | <b>40,144</b>    |
| <b>Total equity and liabilities</b>           | <b>275,244</b>   | <b>221,318</b>   | <b>181,847</b>   | <b>147,908</b>   |

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



## Financials Q3 2020 (unaudited)

| <b>Consolidated Statement of cashflow (unaudited)</b> |                |                |                |
|---|----------------|----------------|----------------|
| Thousands NOK   | YTD 2020       | FY 2019        | FY 2018        |
| <b>Cashflow from operations</b>                       |                |                |                |
| Result before tax                                     | 74,289         | 2,742          | -59,023        |
| Share-based payments to employees                     | 720            | 2,083          | 7,599          |
| Depreciation and amortization                         | 30,398         | 36,149         | 22,844         |
| Changes in provisions                                 | 4,081          | 3,670          | 0              |
| Changes in working capital                            | 11,500         | -2,677         | 4,629          |
| <b>Net change in cash from operations</b>             | <b>120,988</b> | <b>41,967</b>  | <b>-23,951</b> |
| <b>Cashflow from investments</b>                      |                |                |                |
| Changes in other long term investments                | 0              | 55             | 0              |
| Changes in capitalized assets                         | -40,593        | -42,634        | -52,953        |
| Purchase of tangible assets                           | -4,394         | -1,656         | -1,811         |
| <b>Net change in cash from investments</b>            | <b>-44,988</b> | <b>-44,235</b> | <b>-54,764</b> |
| <b>Cashflow from financing</b>                        |                |                |                |
| Net proceeds own shares                               | 1,148          | 5,000          | -1,047         |
| Receipt of issued capital                             | 0              | 1              | 4,288          |
| <b>Net change in cash from financing</b>              | <b>1,148</b>   | <b>5,001</b>   | <b>3,241</b>   |
| <b>Net change in cash</b>                             | <b>77,148</b>  | <b>2,733</b>   | <b>-75,474</b> |
| Beginning balance Bank deposits                       | 53,985         | 51,252         | 126,726        |
| <b>End balance Bank deposits</b>                      | <b>131,133</b> | <b>53,985</b>  | <b>51,252</b>  |

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

## 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 350 mNOK to 370 mNOK in FY 2020 and gross margin percentage to be approximately at Q3 2020 level in Q4 2020. We forecast operational expenditures and investment in intangible assets (R&D) to increase in line with growth scaling of the organization.

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

This document (the "Report") has been produced by Huddly AS (the "Company", "Huddly"), to provide information to authorized recipients of this document ("Recipient"). An authorized 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 authorized 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 2020, however, relates to Q3 2020. 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.huddly.com](http://www.huddly.com)

