Q4 2022 Results

Presented by CEO Graham Williams, CFO Ragnar Kjos and Co-Founder and CPO Stein Ove Eriksen

14.02.23

Key highlights Q4 2022

Revenue of NOK 113 million in Q4 2022, +12% YoY

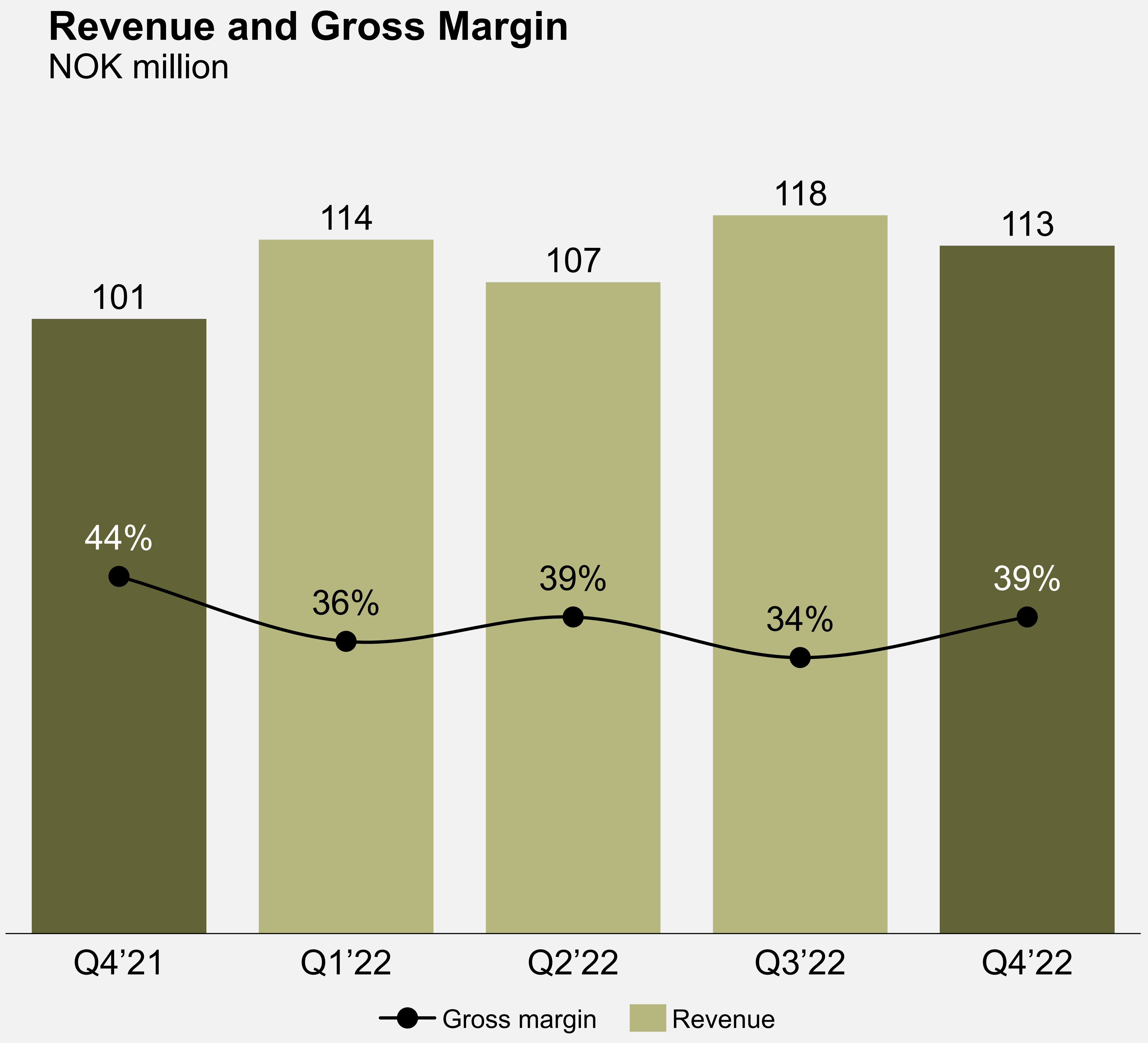
Gross Margin at 39% vs 44% in Q4'22

Strengthening position as a product innovation leader

- First deliveries of 'Huddly Speaker Framing'
- Launching 'Huddly Crew' AI-based multi-camera system

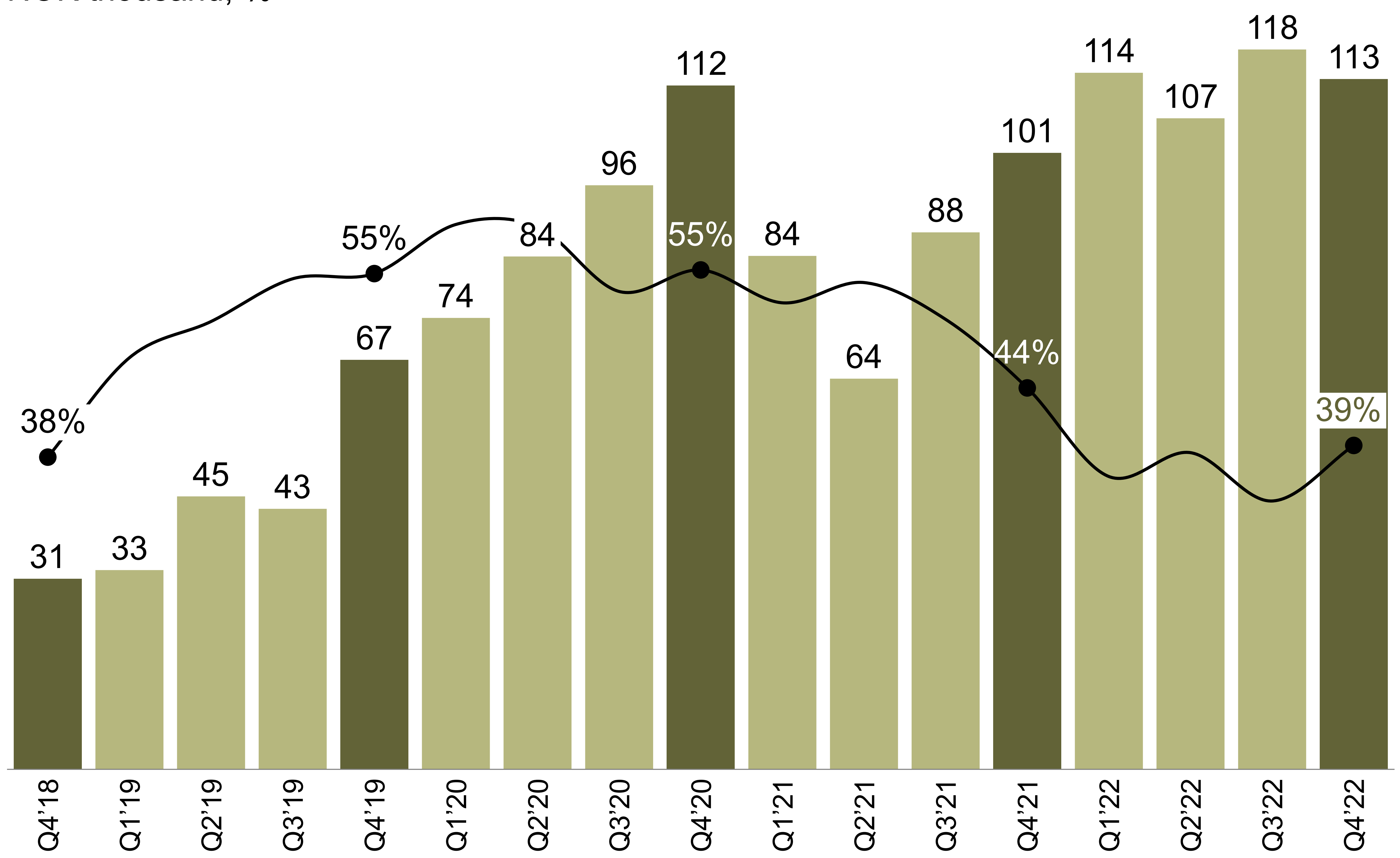
Organizational changes

- Graham Williams was appointed as new CEO
- Evaluation of new CFO underway



Record revenue – margins under pressure

Revenue and Gross Margin development
NOK thousand, %



Record revenue of NOK 452 million in 2022, which is a growth of 34% YoY

- Driven by increased sales to strategic partners

Gross Margin decline

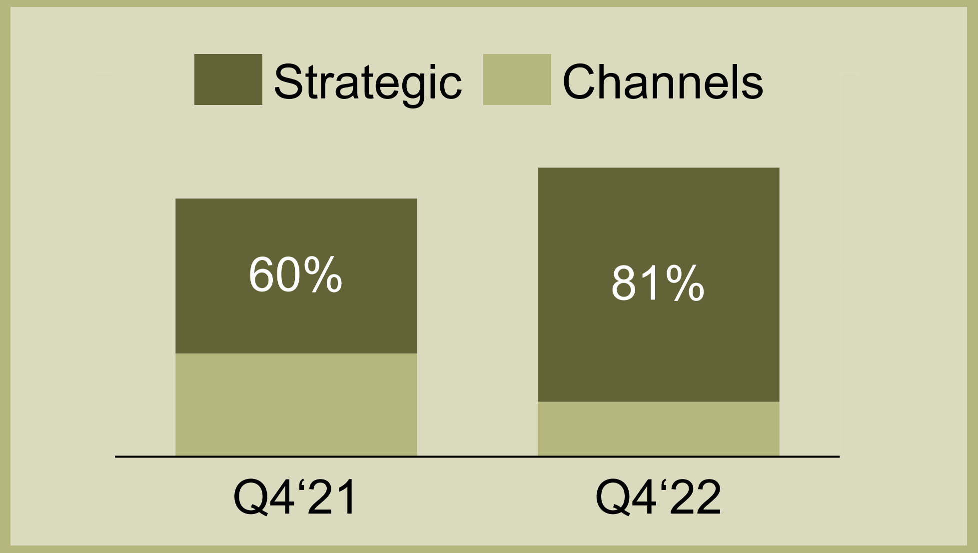
- Changes in customer mix
- Changes in product mix
- Increased component prices

Four focus areas to support long-term growth

1. Continue to lead with technology innovation

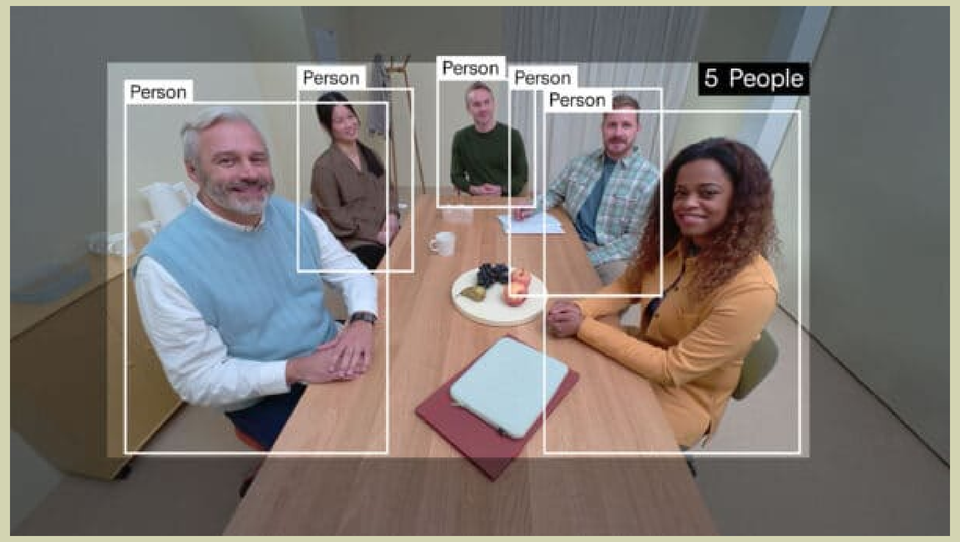
Product led growth through continued R&D investments

2. Strengthen strategic partnerships & channel sales



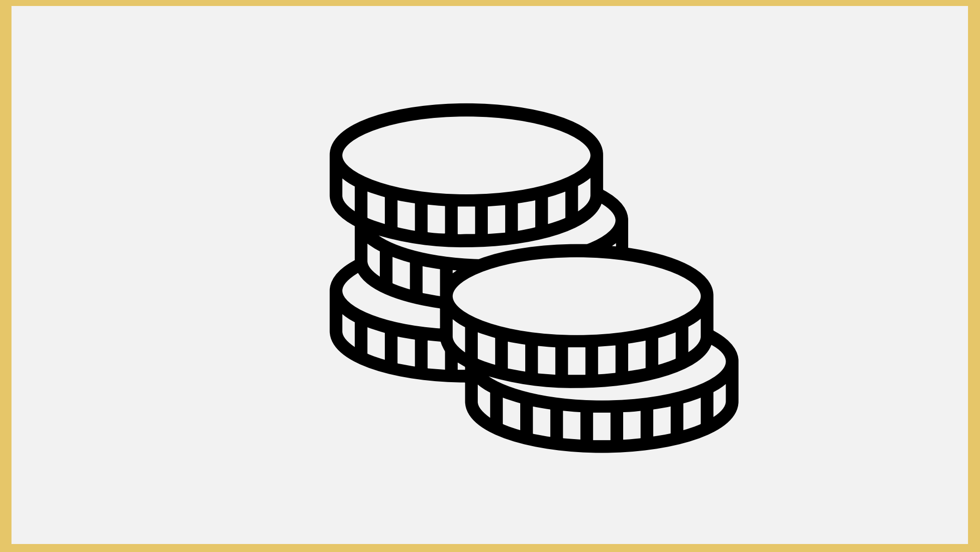
Broaden revenue base

3. Increase Gross Margin



Higher channel revenue and monetization of software solutions

4. Managing costs to address near-term challenges



Without jeopardizing long-term growth opportunities

Huddly Crew™

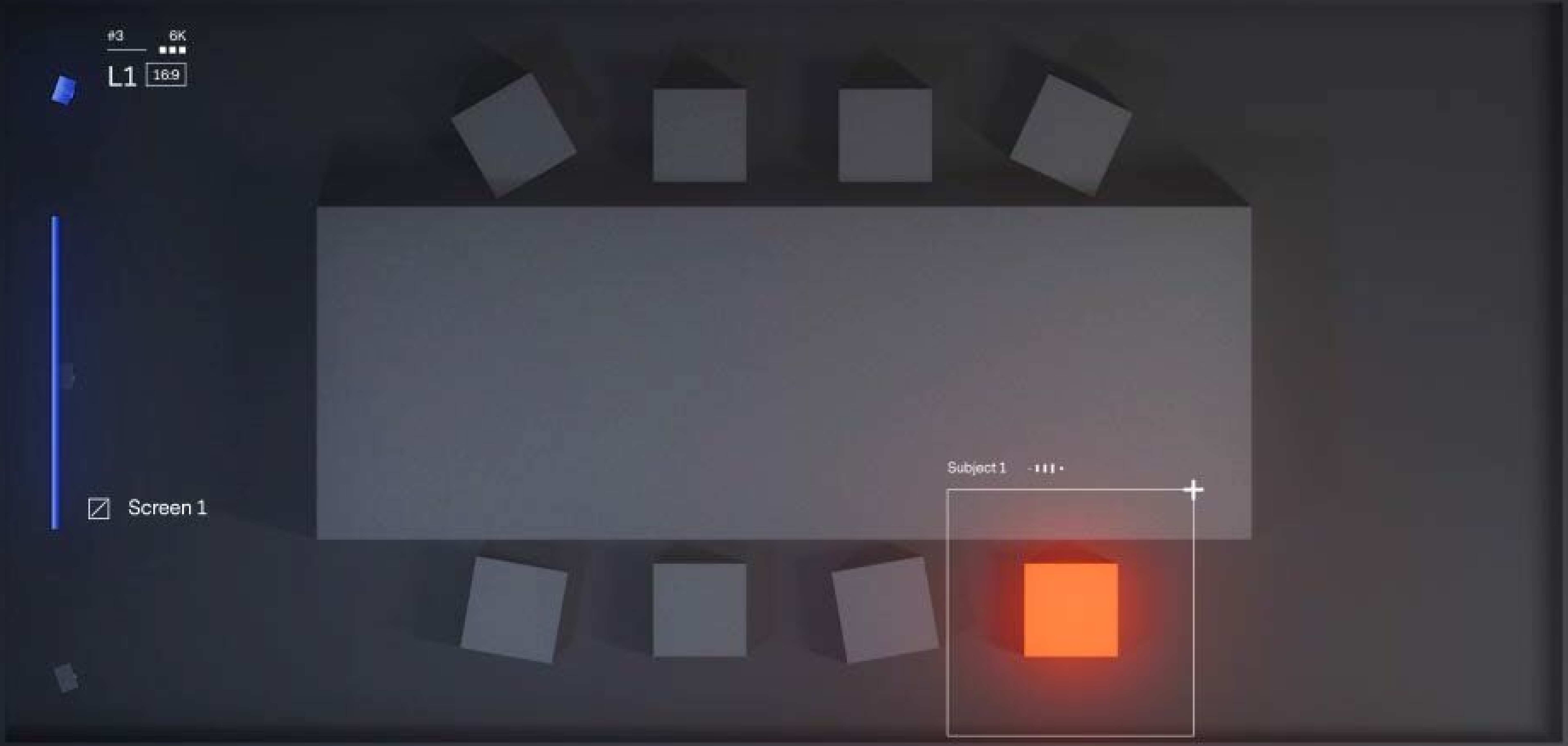
The world’s first camera system with a built in AI director.


Huddly


Huddly
Huddly

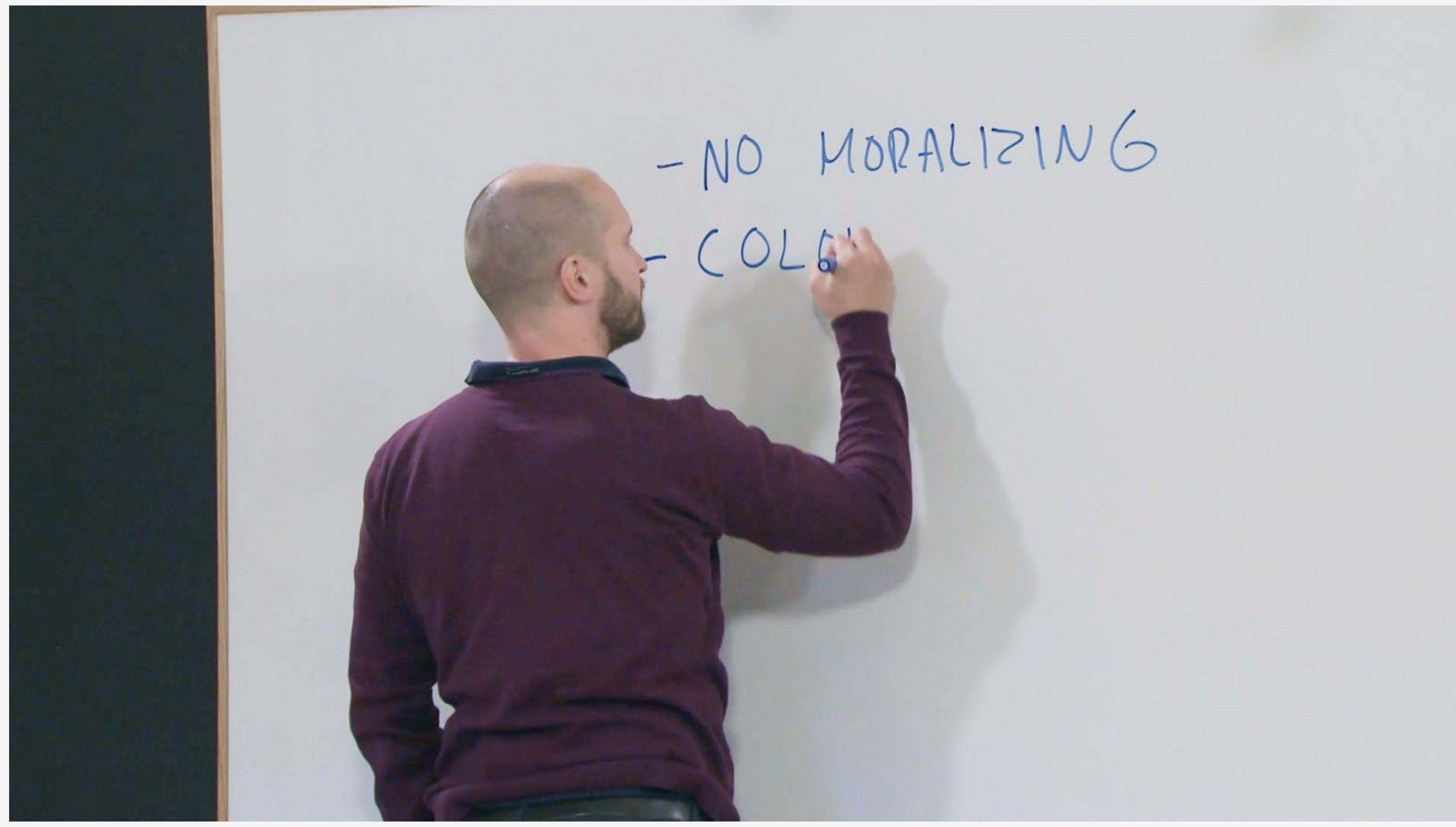
Huddly AI Camera System Technology

Huddly AI Camera System Technology



Inspired by principles from TV




Inspired by principles from TV

The system uses three cameras to capture meeting participants from multiple angles. This gives you the best view of everyone, making it easy to pick up on non-verbal cues like gestures and facial expressions.

The emotional space of employees is more important than ever. Designing for empathy, inclusion and understanding is key to good collaboration.

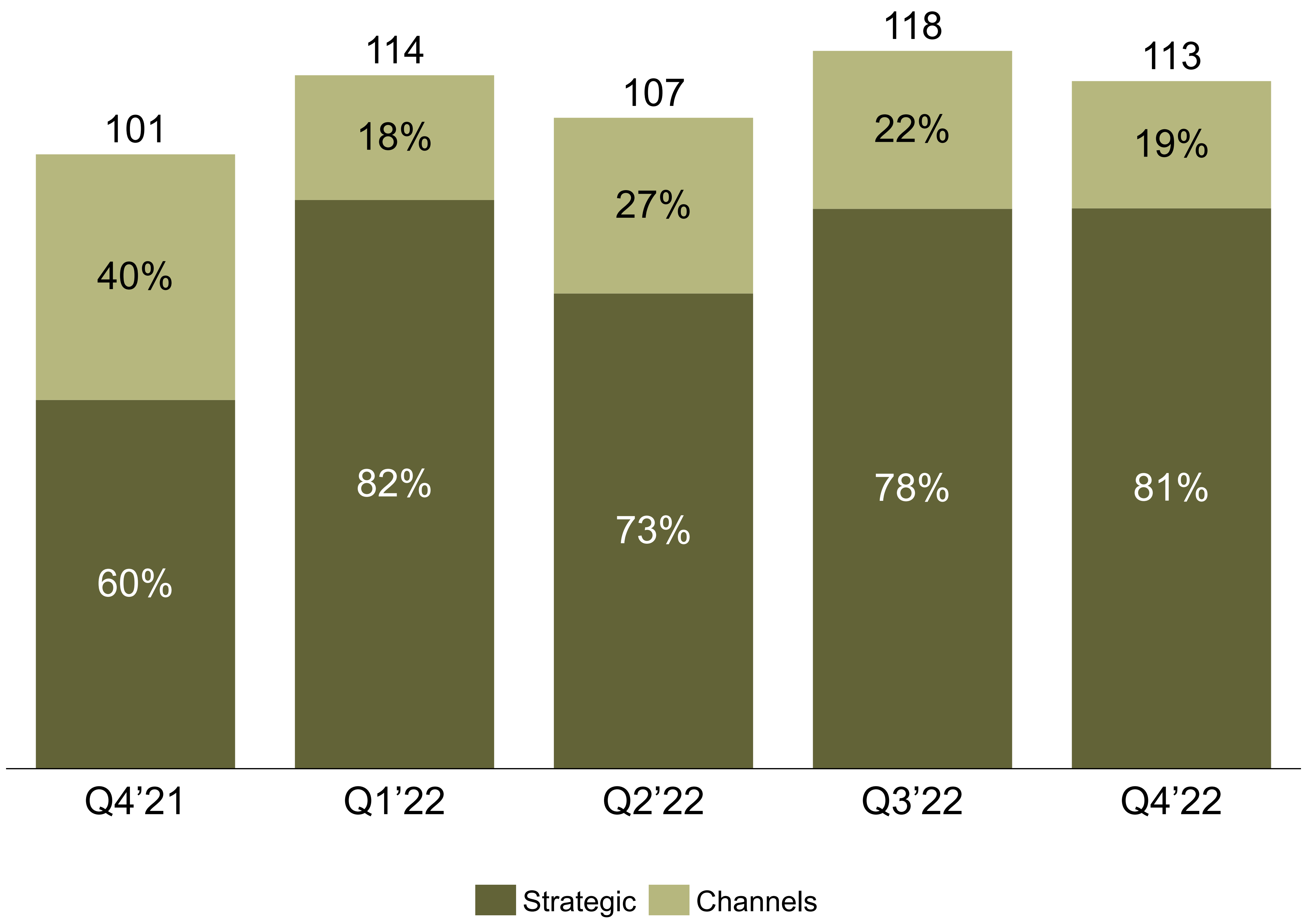
Hybrid work is here to stay. Our physical workspaces need to adapt to the world where not everyone will work at the same space or even the same time.

Financials

Ragnar Kjos
CFO

Stable revenue through 2022

Revenue development and split
NOK million, % of total revenue



Revenue of NOK 113 million resulting in a 12% increase compared to Q4 2021

- Strategic partner sales increased 52% YoY
- Sales to channels decreased by 48% YoY

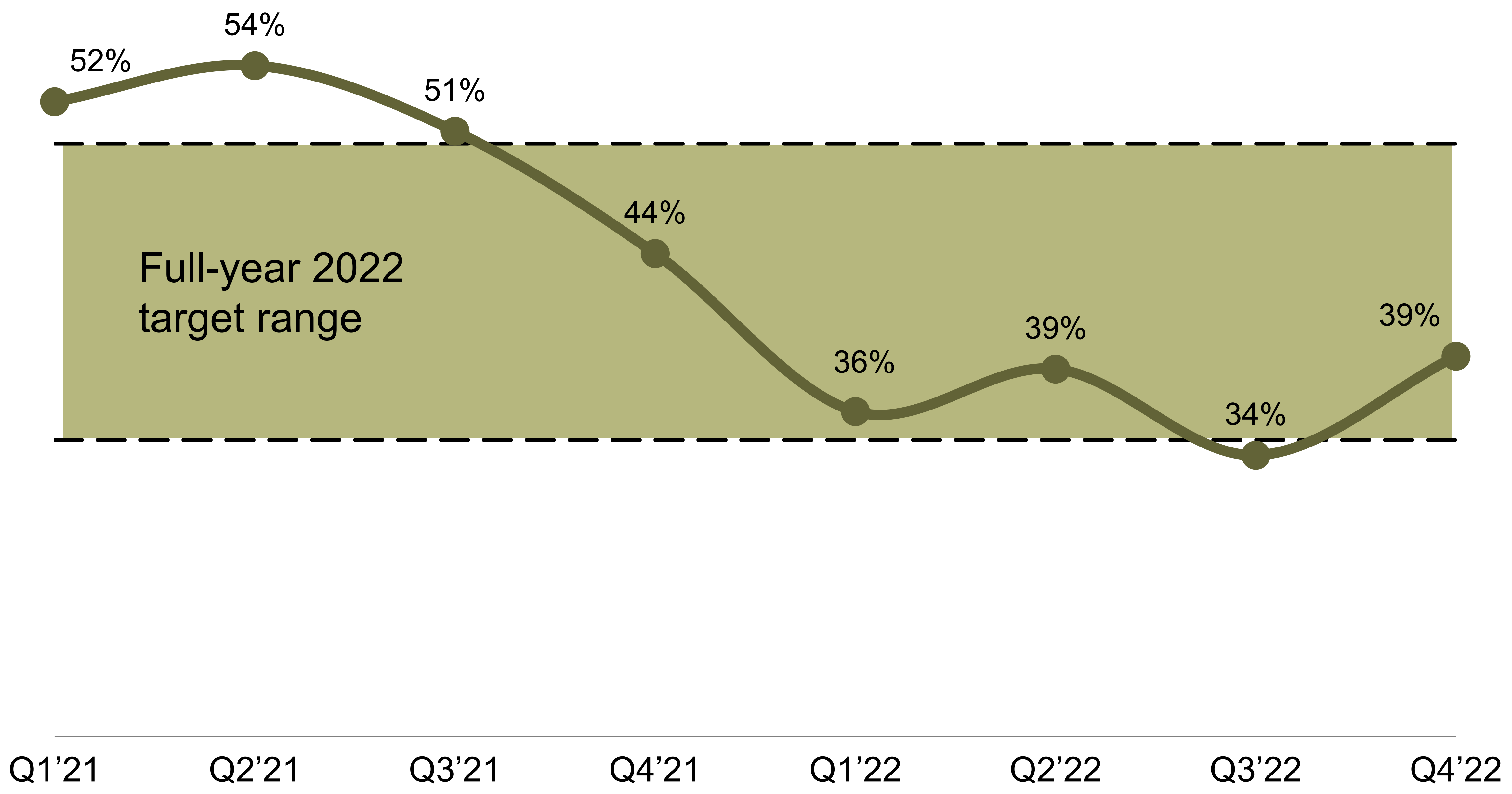
Q4 2022 revenue decreased compared to Q3 2022

- Strategic partner sales stable QoQ
- Sales to channels decreased by 17% QoQ

Increased focus on Channel sales and monetizing software going forward on the back of the strengthened commercial organization

Margins continue to be under pressure

Gross Margin development (LTM)
Gross Margin (%)



- Gross Margin of 39% in Q4 2022 vs 34% Q3 2022
- LTM Gross Margin decreased to 37%
- Growth in strategic partner sales pressuring Gross Margin
  - Strategic partner sales accounting for 81% of sales in Q4 2022
- In line with the target of low-end of 35-50% for the full year 2022

Profit and loss

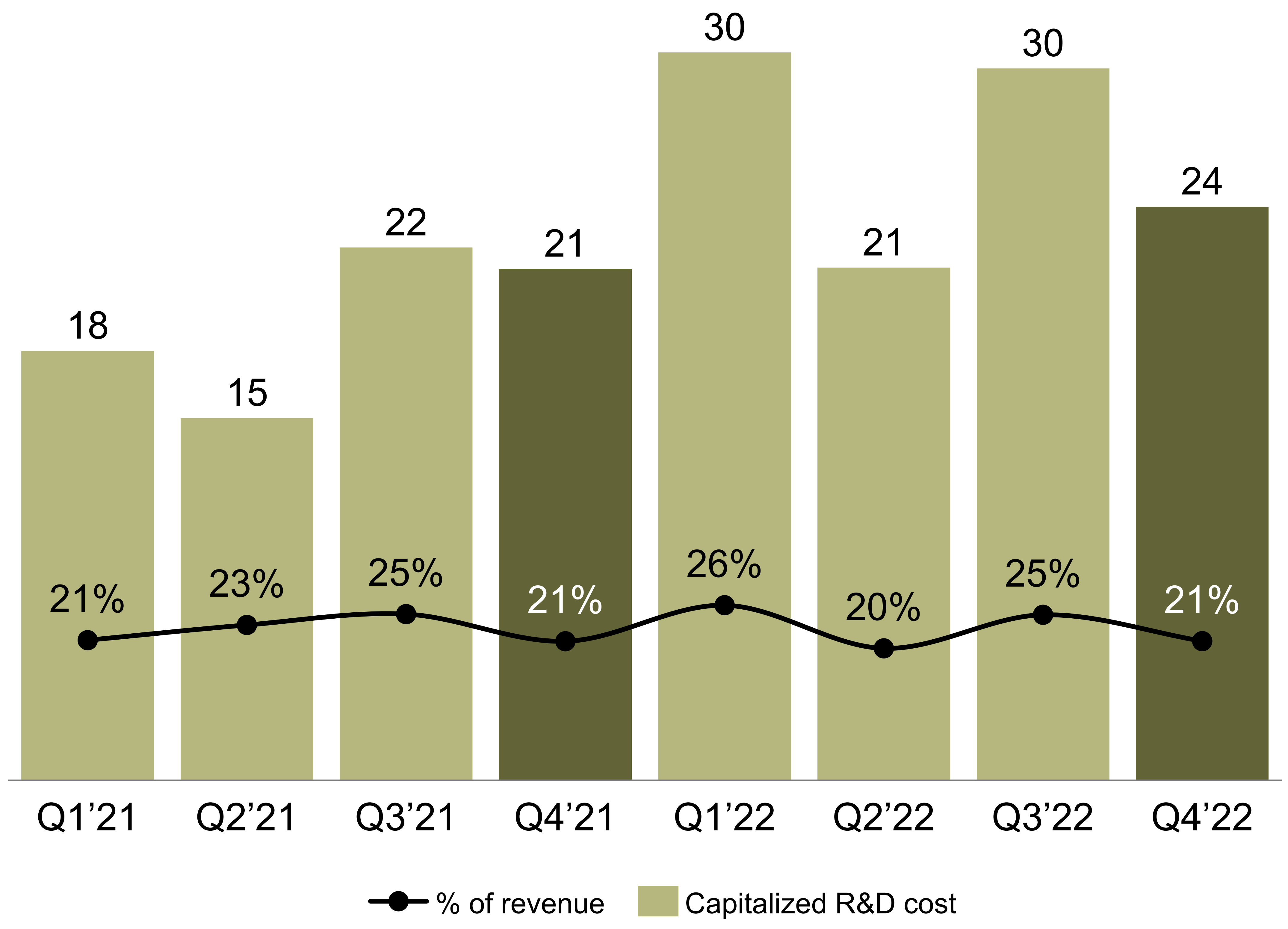
Condensed profit & loss statement
NOK million

	Q4'22	Q4'21	%YoY	2022	2021	%YoY
Revenue	113	101	12 %	452	337	34 %
Gross profit	44	45	-1 %	167	168	0 %
Gross margin	39 %	44 %		37 %	50 %	
Adjusted EBITDA	6	23	-75 %	43	100	-57 %
EBITDA	3	-61	-105 %	33	-267	-112 %
Operating profit (EBIT)	-21	-80		-54	-331	
Profit/Loss for the period	-16	-62		-36	-313	

- Flat gross profit, reflecting higher revenue but lower Gross margin
- Actively managed cost base, with full-year costs significantly below budgets
- Adj. EBITDA of NOK 6m for Q4’22 and NOK 43m for 2022

R&D investments to drive long-term growth

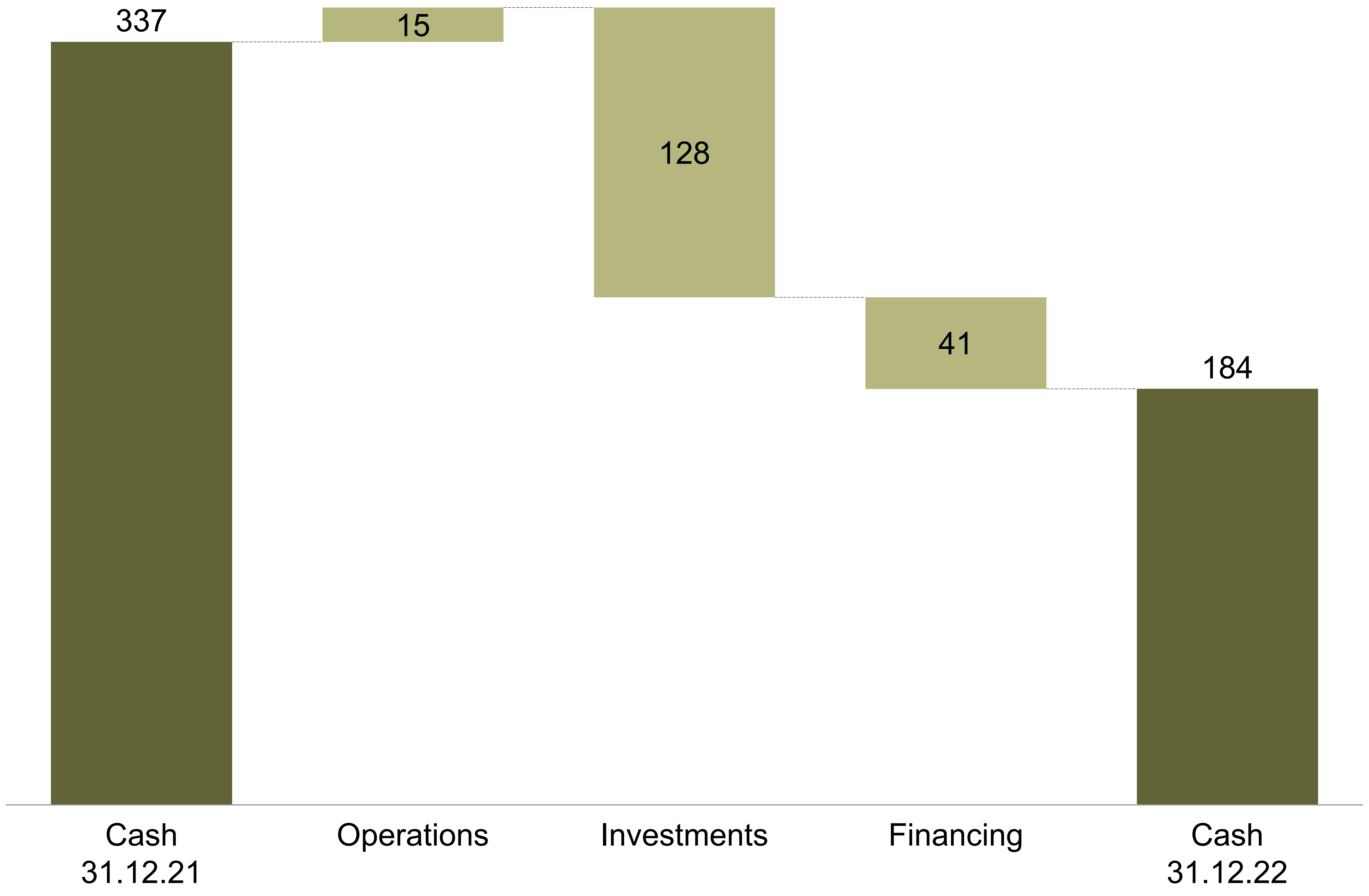
Capitalized R&D cost
NOK million, % of revenue



- Capitalized R&D cost of NOK 24 million in Q4 2022 representing 21% of revenue in the quarter
- Increased capitalized R&D cost in Q4 2022 compared to Q4 2021
  - Reflecting increased R&D capabilities through new hires
- >70 FTEs in R&D organization
  - ~60% of overall personnel expenses capitalized
- Successful monetization of the innovative software solutions will be crucial to build strategic value and establish a more robust margin position in the future

Full year 2022 cash flow

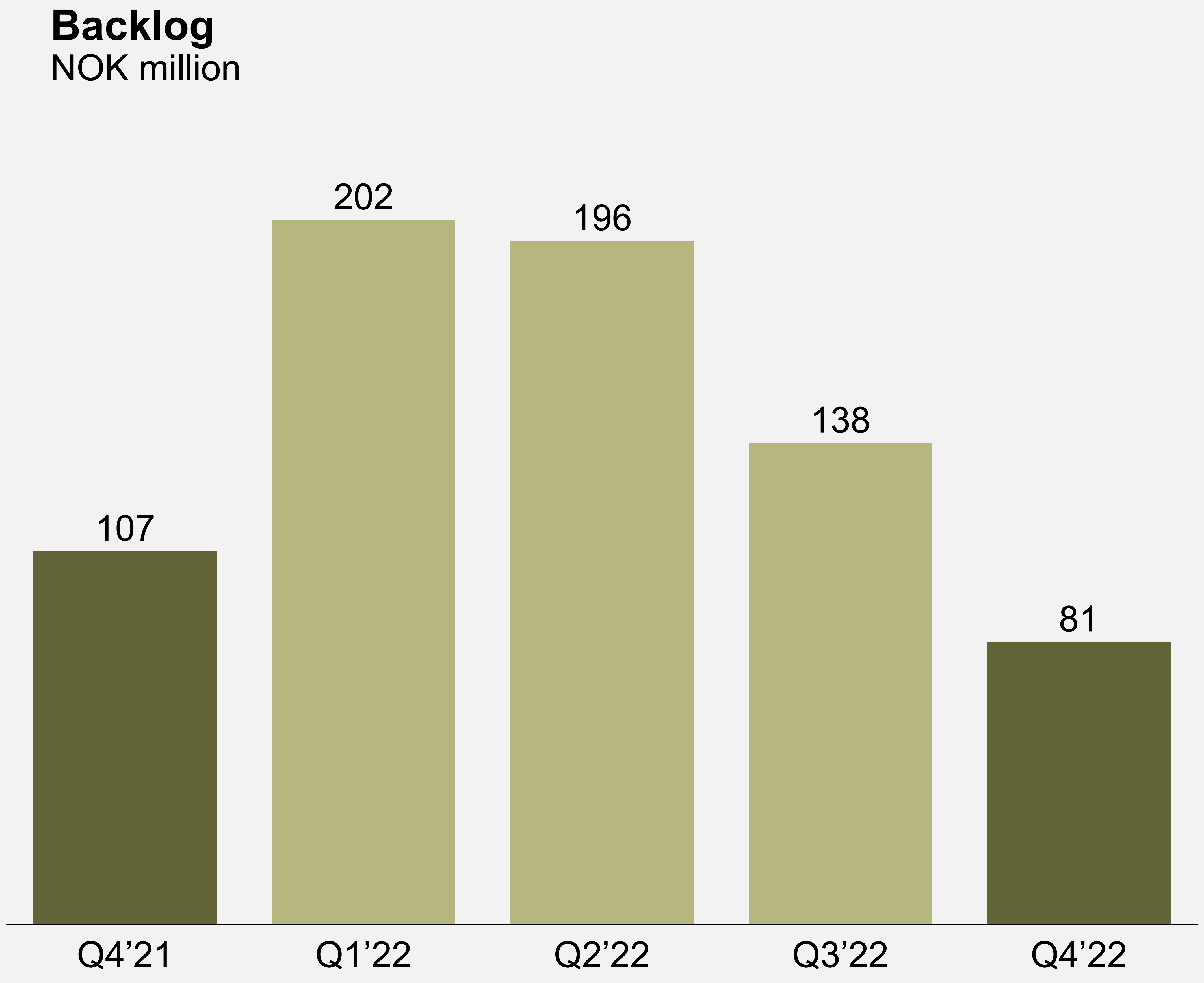
Cash flow
NOK million



- Operational cash flow of NOK 15 million
- Investments mainly reflecting capitalized R&D expenses
- Financing mainly reflecting share buyback of 5 million own shares
- Year-end cash balance of NOK 184 million

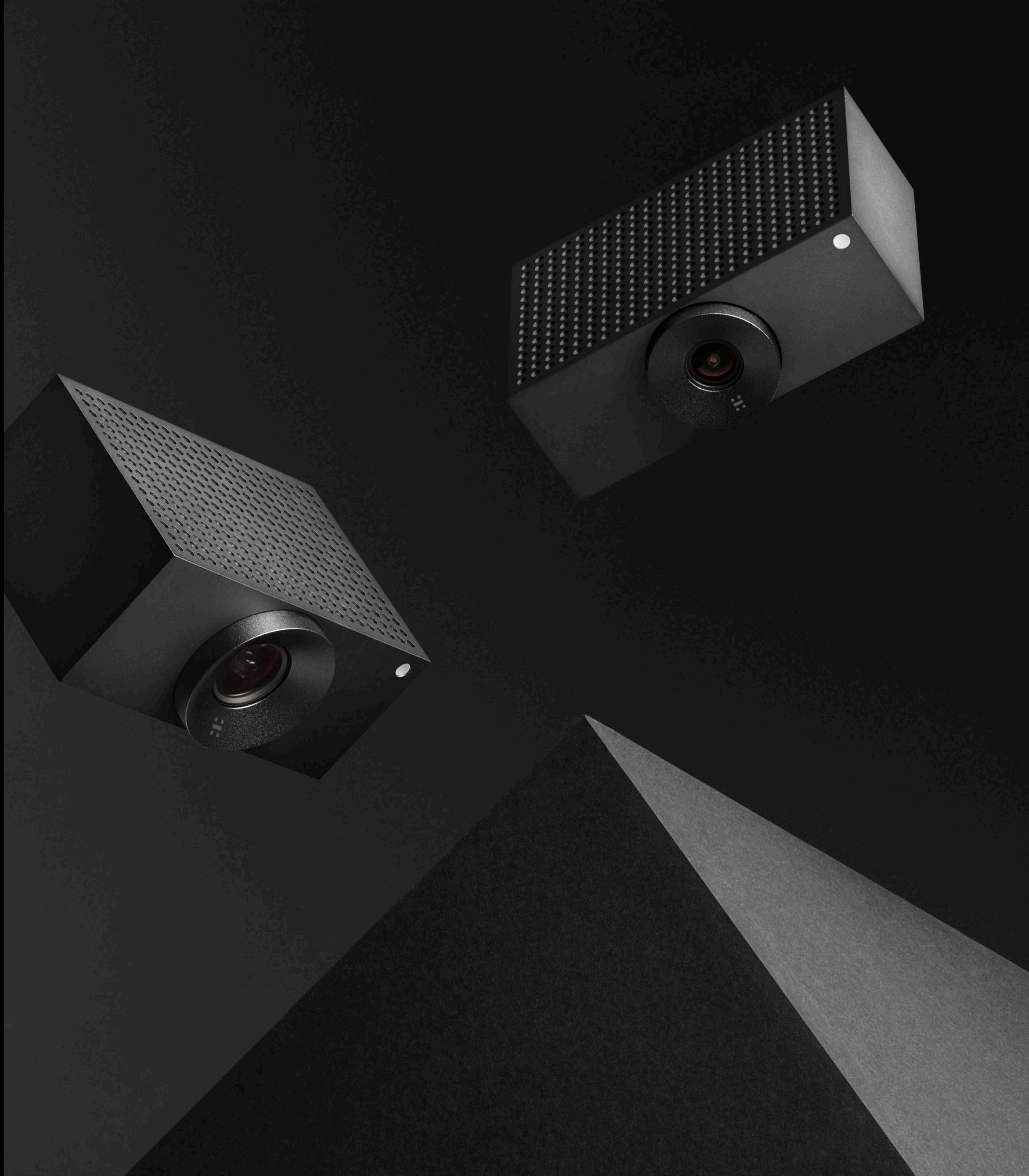
More uncertain near-term market

Normalization of delivery lead times and indirect supply issues expected to affect shipment volumes for Huddly's products in 2023.



Outlook & Key Priorities

Graham Williams
CEO



Outlook

- The company recognizes that a weaker investment sentiment with inflationary pressures and higher interest rates creates a more uncertain near-term market outlook
- Indirect supply chain issues, and the normalization of supply chains are expected to affect shipment volumes for Huddly’s products in 2023
- Given the recent changes in Management Team the Board has decided not to provide revenue guidance for 2023 now, as the Management Team and Board will be working together to get a better overview
- The long-term market outlook for collaborative video solutions remains strong

Key priorities

1	**Continue to lead with technology innovation**
2	**Strengthen strategic partnerships & channel sales**
3	**Increase Gross Margin**
4	**Manage costs to address near-term challenges**

Q&A

Appendix

Reported financials

Interim consolidated statement of comprehensive income

Interim consolidated statement of comprehensive income (Unaudited)					
Thousands NOK	Notes	**Q4 2022**	**Q4 2021**	**2022**	**2021**
Revenue	3	113,037	100,938	451,597	336,929
Cost of goods sold		(68,677)	(56,080)	(284,178)	(169,209)
Gross margin		**44,361**	**44,858**	**167,419**	**167,720**
Operational expenditures	4	(41,434)	(105,488)	(134,400)	(435,106)
EBITDA		**2,926**	**(60,630)**	**33,019**	**(267,386)**
Depreciation and Amortization		(24,241)	(19,267)	(87,281)	(63,975)
EBIT		**(21,314)**	**(79,896)**	**(54,262)**	**(331,361)**
Net finance		(3,918)	(281)	9,606	(115)
Tax income/(expense)		8,851	18,365	8,851	18,365
Net Income/(loss)		**(16,382)**	**(61,813)**	**(35,806)**	**(313,111)**
Gross margin %		**39%**	**44%**	**37%**	**50%**
Earnings per share					
Basic earnings per share		(0.07)	(0.29)	(0.16)	(1.45)
Fully diluted earnings per share		(0.07)	(0.26)	(0.15)	(1.30)

Reported financials

Interim consolidated statement of cash flow

Interim consolidated statement of cash flow (Unaudited)					
Thousands NOK	Notes	Q4 2022	Q4 2021	2022	2021
Cashflow from operations					
Result before tax		(25,232)	(80,177)	(44,656)	(331,475)
Share-based payments to employees	4, 7	4,399	5,981	24,399	261,891
Depreciation and amortization		24,241	19,267	87,281	63,975
Changes in provisions		2,174	24,414	(24,482)	23,177
Changes in working capital		780	22,958	(27,343)	4,002
Net change in cash from operations		**6,362**	**(7,557)**	**15,199**	**21,570**
Cashflow from investments					
Changes in capitalized assets		(24,262)	(21,193)	(105,158)	(76,074)
Purchase of tangible assets		(4,316)	(15,644)	(22,930)	(17,379)
Net change in cash from investments		**(28,578)**	**(36,837)**	**(128,088)**	**(93,453)**
Cashflow from financing					
Net proceeds own shares	7	-	-	(40,157)	4,990
Receipt of issued capital	7	-	-	(329)	277,799
Net change in cash from financing		-	-	**(40,486)**	**282,789**
Net change in Cash		**(22,216)**	**(44,394)**	**(153,375)**	**210,905**
Beginning balance Cash		206,117	381,670	337,276	126,371
End balance Cash		**183,900**	**337,276**	**183,900**	**337,276**

Reported financials

Interim consolidated statement of financial position

Interim consolidated statement of financial position (Unaudited) Thousands NOK	Notes	At 31 Dec 2022	At 31 Dec 2021
ASSETS			
Intangible assets		169,849	122,778
Tangible assets		21,302	18,716
Total non-current assets		**191,151**	**141,494**
Inventory		42,887	30,728
Trade receivables		71,842	97,374
Other receivables		28,301	29,513
Cash and cash equivalents	5	183,900	337,276
Total current assets		**326,931**	**494,891**
Total assets		**518,082**	**636,385**
EQUITY AND LIABILITIES			
Total equity	6, 7	**394,662**	**446,047**
Total non-current liabilities		**7,650**	**32,132**
Trade payables		35,404	70,345
Other current liabilities		80,365	87,861
Total current liabilities		**115,769**	**158,206**
Total equity and liabilities		**518,082**	**636,385**