Q2 2024 Results

Presented by
CEO, Rósa Stensen
CFO, Abhijit Banik

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Key highlights Q2 2024

Q2 2024 results

- Revenue of NOK 39 million, Gross Margin of 39 %

New Channels focused go-to-market strategy yields results

- Sales to Channels increased by 27 % compared to Q1’24, and by 2 % vs. Q2’23

Sales and marketing strengthened

- Successful establishment of hub in New York: Channel revenue Q2’24 vs. Q2’23 in Americas increased by ~25 %
- Scaling model to Austin (TX) in H2 2024

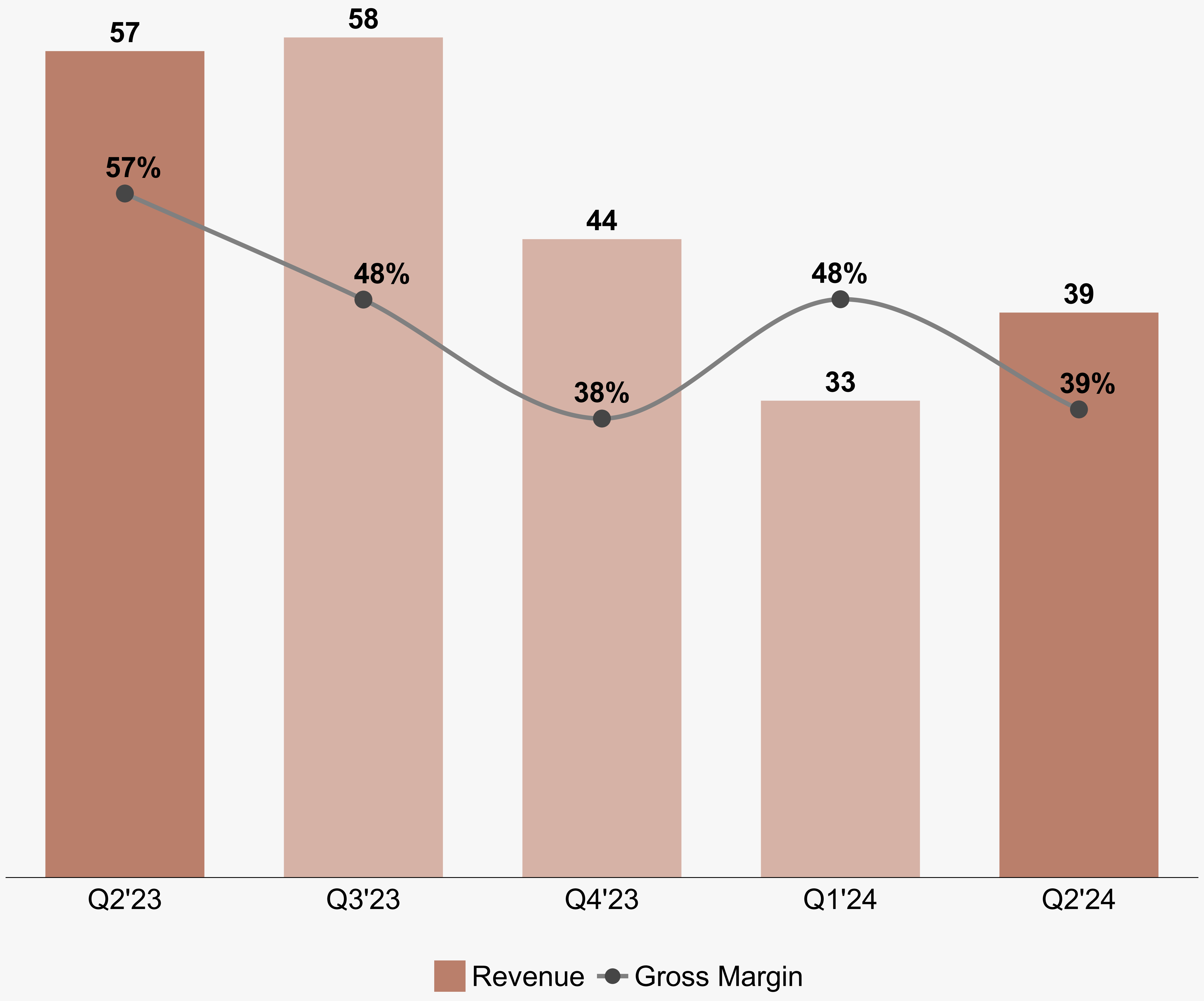
Building barriers around Huddly’s innovation

- US patent granted for Huddly Crew as an “autonomous video conferencing system with virtual director assistance”

Cash position

- Cash balance at 30.06.24 of NOK 105 million

Revenue and Gross Margin
NOK million

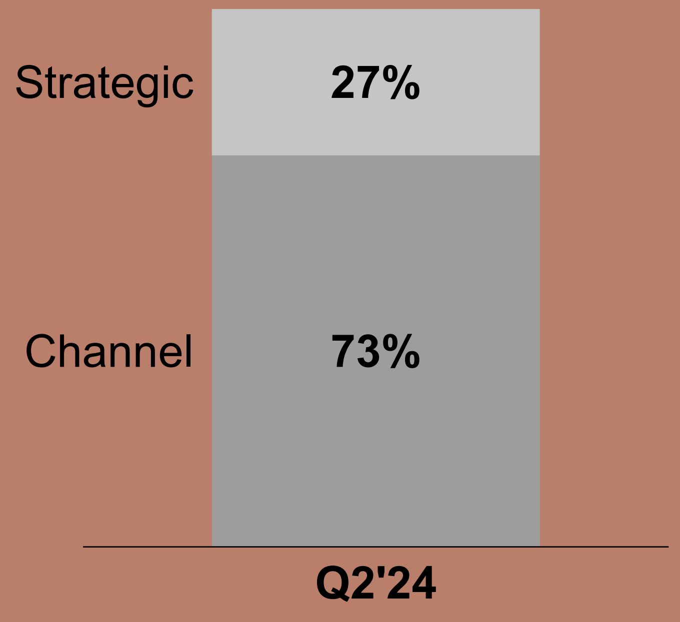


Focus areas to support long-term growth

1. Continue to lead with technology innovation

Product led growth through continued R&D investments

2. Increase revenue



Increase revenue base, both from Strategic and Channel

3. Maintain Gross Margin

Monetizing innovation and optimizing supply chain

4. Strict cost control

Managing cost without jeopardizing long-term growth opportunities

The problem: Hybrid collaboration pain points

End-user pain point 1

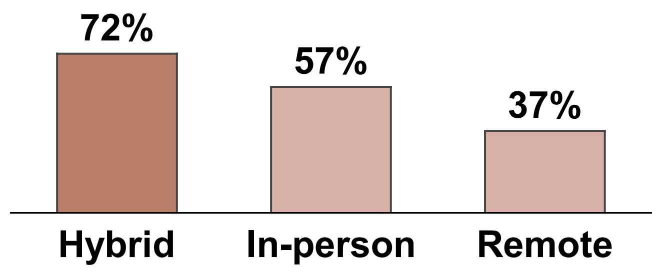
The workplace is converging to hybrid mode, but with significant challenges…

Inclusive meetings

43%

of remote workers say that they do not feel included in meetings

Emotions



% of employees who find the different work modes to be emotionally exhaustive

Building trust

41%

of employees working in a hybrid arrangement have lower trust in their team members

Building relations

43%

of leaders say relationship-building is the greatest challenge in remote & hybrid work

End-user pain point 2

>50% of communication is non-verbal.

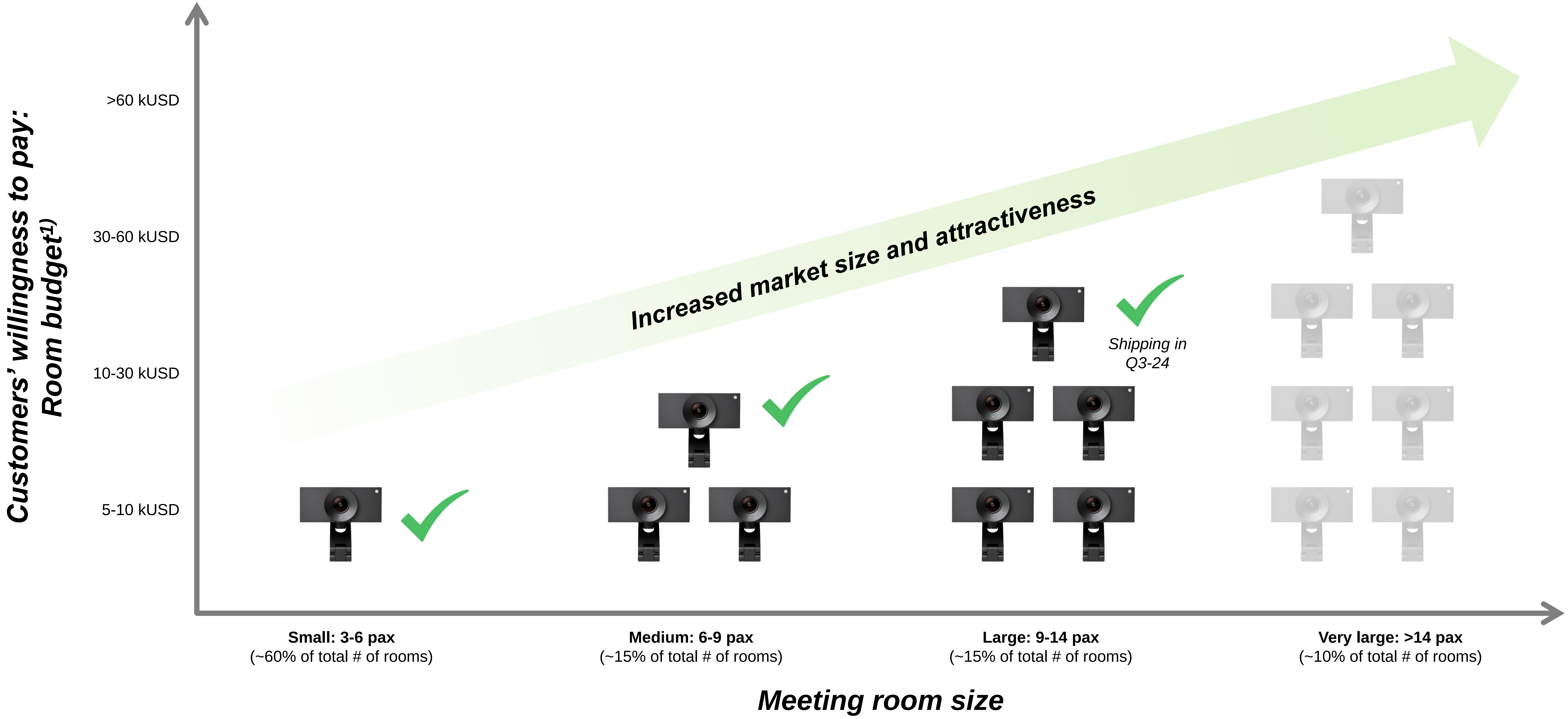
Most of today's remote collaboration technology doesn't capture this

Source: WFH Research, Microsoft Work Trend Index Annual Report

Imagine having a live video crew producing all your meetings…

The solution: Huddly Crew and AI technology

Crew is a scalable and flexible plug and play platform, enabling expansion into new and attractive market segments



Source: Frost & Sullivan, Huddly research and analysis
1) Budget for full conference room including screens, electrical components, software and installation etc.

Huddly user story:
Video podcasting made easy at Lafayette College

- Lafayette College makes content creation accessible for all students and staff with a video podcast studio featuring Huddly Crew
- *"The game-changer was discovering Huddly Crew,"* says E.J. Hudock, Manager of AV Infrastructure at Lafayette. *"At first, we tested it in a conference room, but then it struck us we could use its capabilities to turn one of the podcast rooms into an* ***automated video studio****"*
- He continues: *"The AI is impressive. The way Huddly Crew switches to a reaction shot and then back to the speaker* ***feels like someone is doing it by hand"***

Huddly Crew's AI technology is extensively protected by IP

Huddly Crew – 14 patent families

Software	Products	Image processing	Experiences	Environment	Alignment with platform partners
AI-directed system and features (3)	USB adapter (1)	Image de-warping (1)	Best view of everyone (1)	Meeting space boundaries (1)	Adaptive layouts (1)
Next generation AI director (1)		White balance/exposure (1)	Genius framing (1)	Graphics (1)	
			Participant roles (1)		
			Spatial understanding (1)		

In use in current product

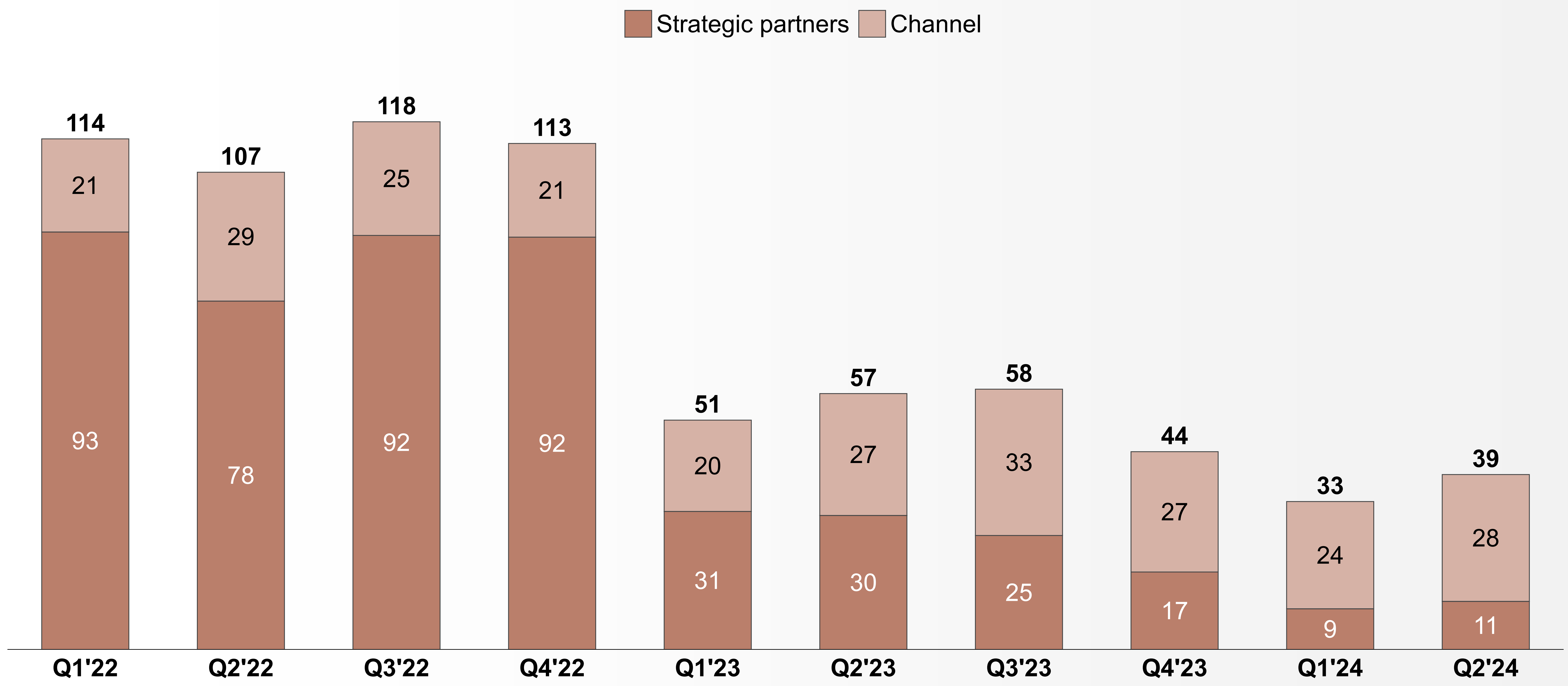
In July, US patent was granted for Huddly Crew as an

"autonomous video conferencing system with virtual director assistance":

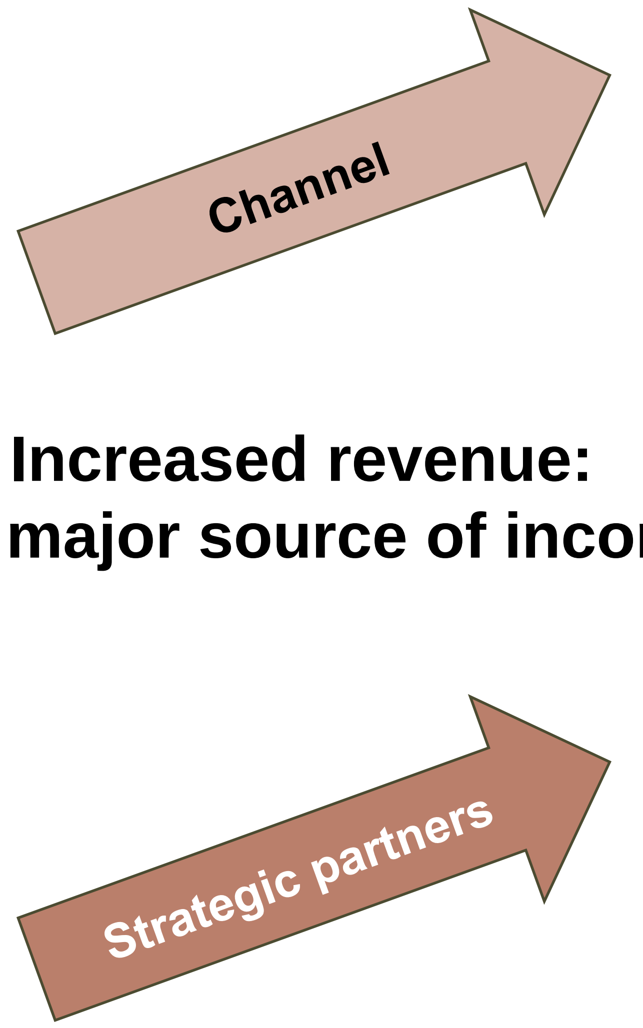
Confirms innovation capability and uniqueness of AI-directed multi-camera technology

Diversified go-to-market and sales strategy

Historical revenue concentrated among two strategic partners



Future business model

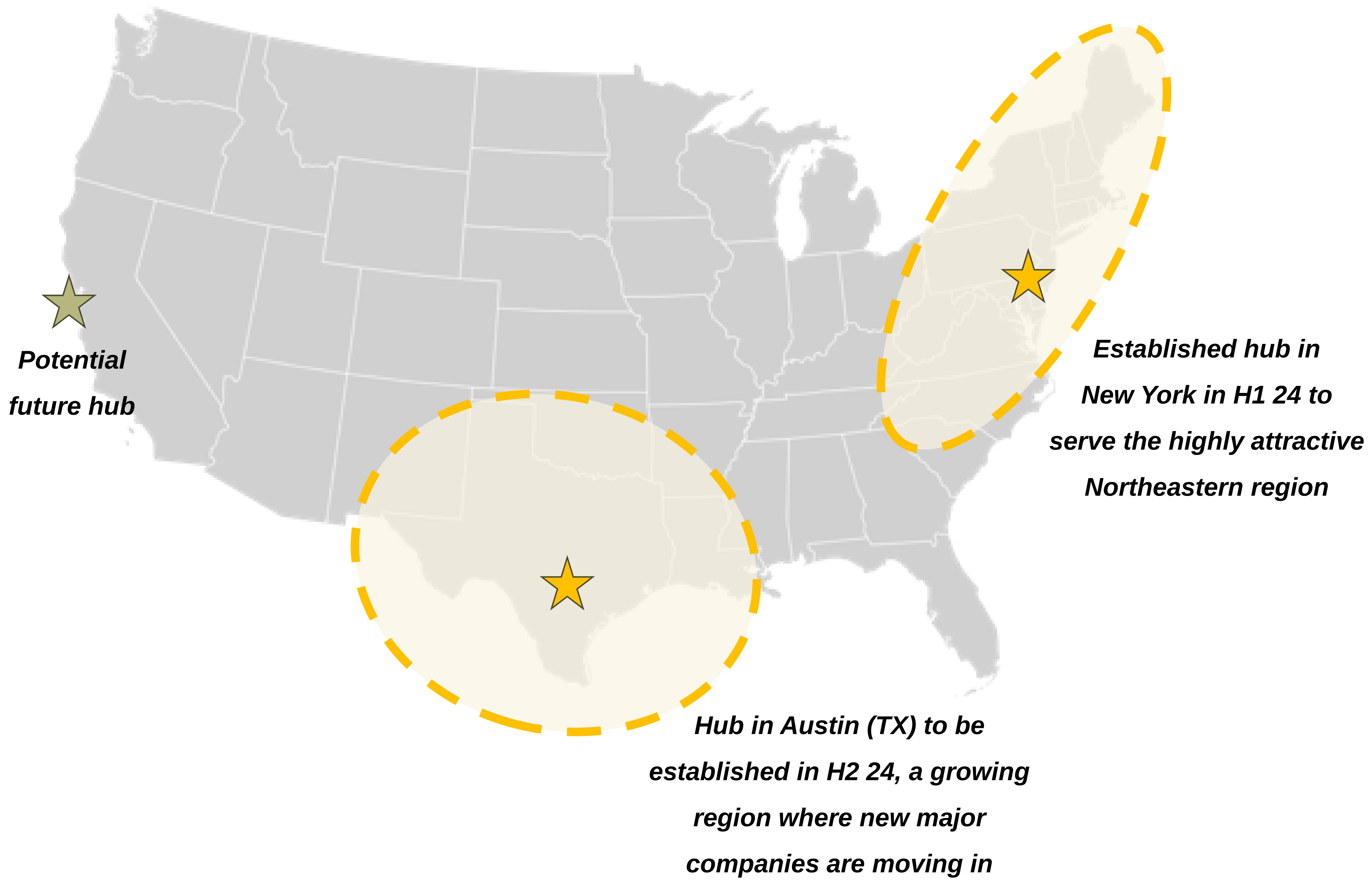


Increased revenue:
The major source of income

Increased revenue:
Adding new partners

Reducing customer concentration by strengthening focus on Channel, while adding new strategic partners:
De-risking and creating a sustainable go-to-market model

Channel: Growth momentum from building out sales hubs in key regions in the US



- Continuing to invest and grow the global sales team, currently with a particular focus on the US
- Successful establishment of hub in New York, scaling model to Austin (TX) in H2 2024
- Seeing growth momentum from the new initiatives: Channel revenue Q2'24 vs. Q2'23 in Americas increased by ~25 %, compared to 2 % for total Channel
- New marketing focus to drive brand and product awareness

Consolidated manufacturing from Q2, leading to reduced COGS while maintaining operational excellence

Supply chain disruption:
Focus on resilient operations

Dual manufacturing and multiple sourcing of components during COVID-19

Supply chain stabilization:
Focus on efficient operations

Consolidated manufacturing from Q2 2024

✓ ***Debottlenecking:***
Buffer stock of key components

✓ ***No increase in lead times***

✓ ***Economies of scale:***
COGS reduction and increased GM

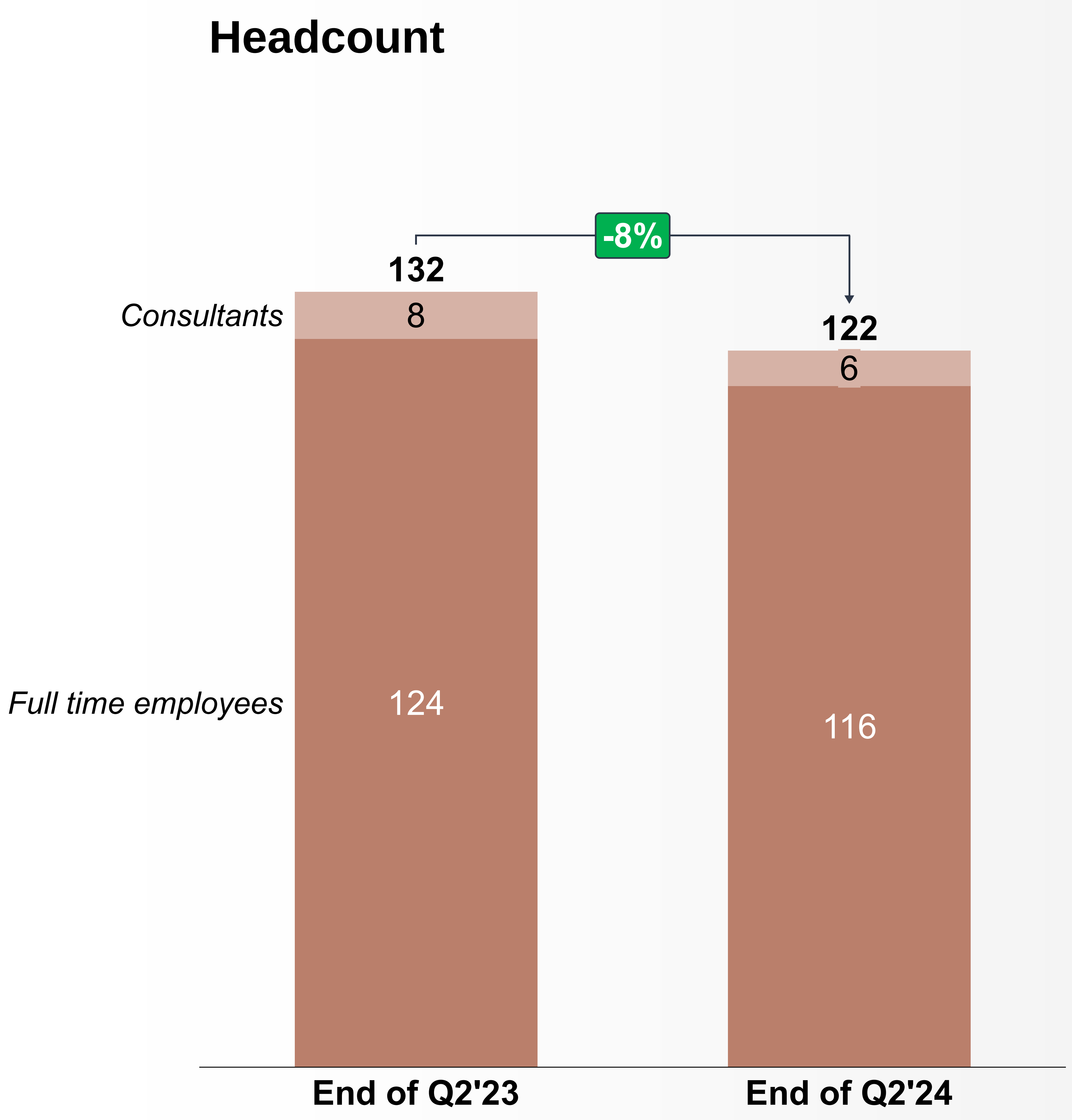
✓ ***Reduced operational complexity***

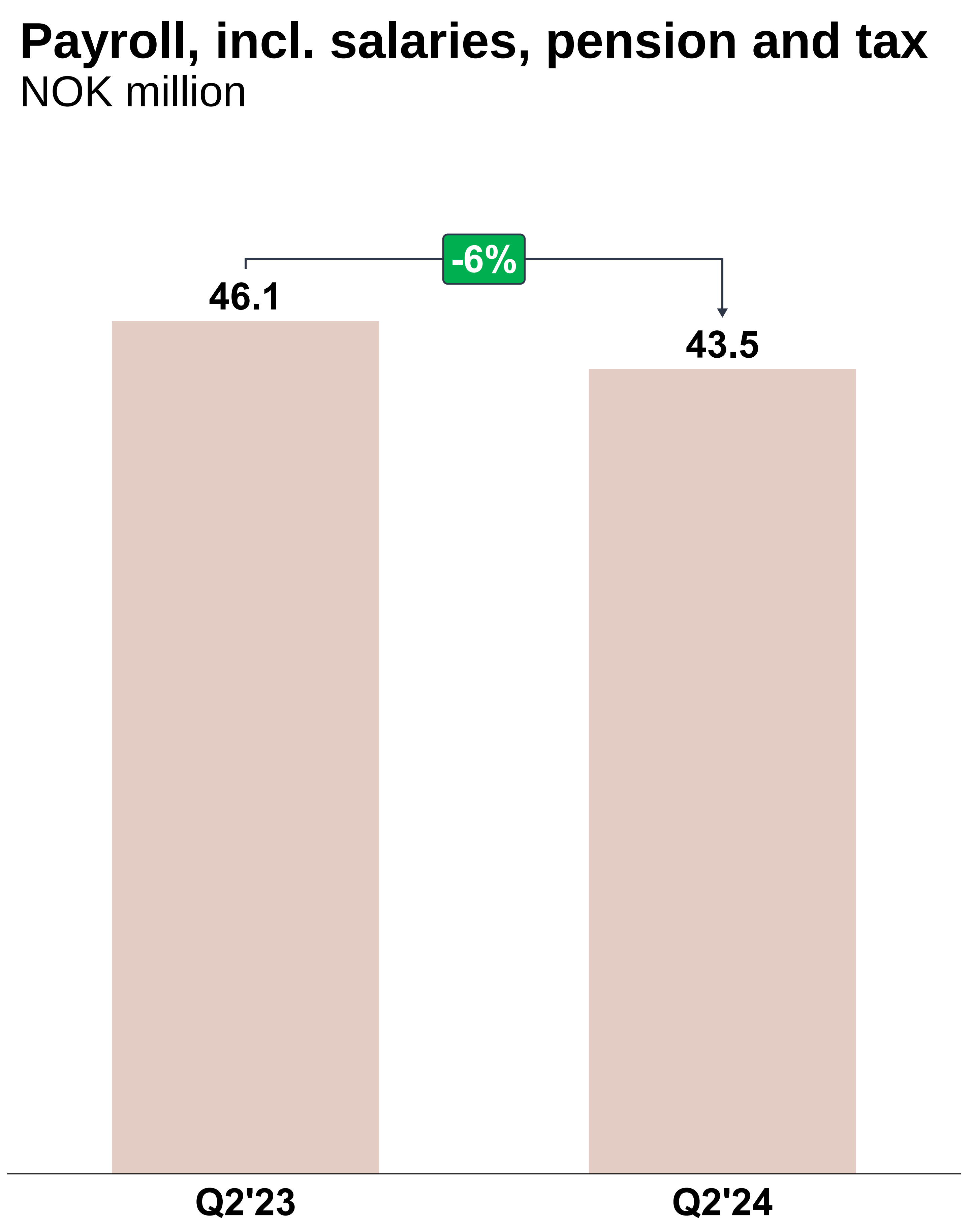
High quality, robust and scalable manufacturing in partnership with Flex

- Huddly’s contract manufacturer, Flex, produces finished goods at Tczew in Poland before being shipped to customers
- Flex is a US company with 140,000+ employees at ~100 sites around the globe
- The partnership ensures high quality production with full compliance (incl. TAA), in addition to economies of scale advantages
- The manufacturing site at Tczew has received several Sustainability Awards, and runs 100 % on renewables

Source: Flex website

Reduced headcount has yielded 6% YoY savings in personnel cost. Total cost base reduction of ~15% YoY





Summary: Focus areas to support long-term growth

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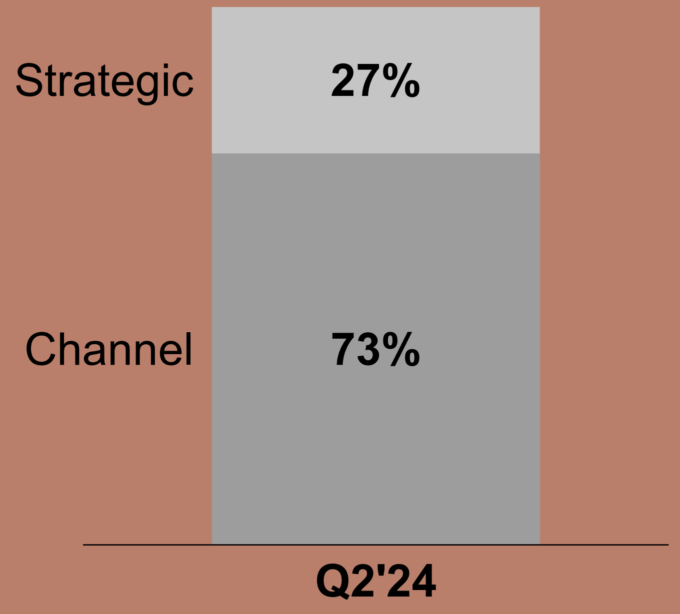

Increase revenue base, both from Strategic and Channel

3. Maintain Gross Margin

Monetizing innovation and optimizing supply chain

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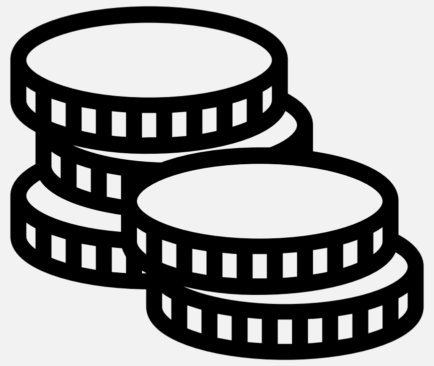


Managing cost without jeopardizing long-term growth opportunities

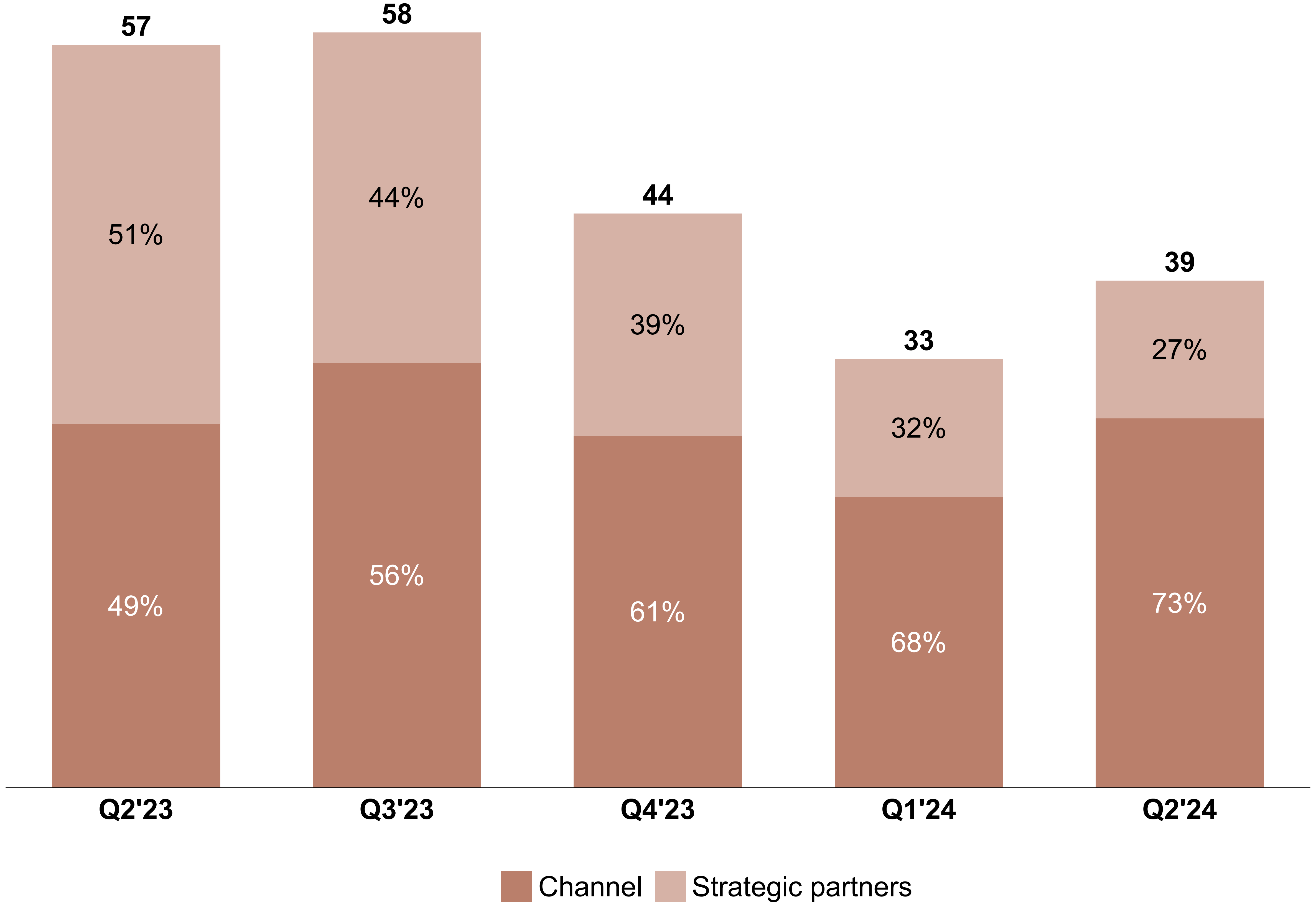
The strategic review is progressing well

- As announced in November 2023, a strategic review was initiated
- The process is progressing well
- The Board of Directors expects to conclude the strategic review within a few months
- The Board of Directors is assisted by Sansa Advisors

Financials

Revenue development: Positive momentum in Channel

Revenue development and split
NOK million, % of total revenue

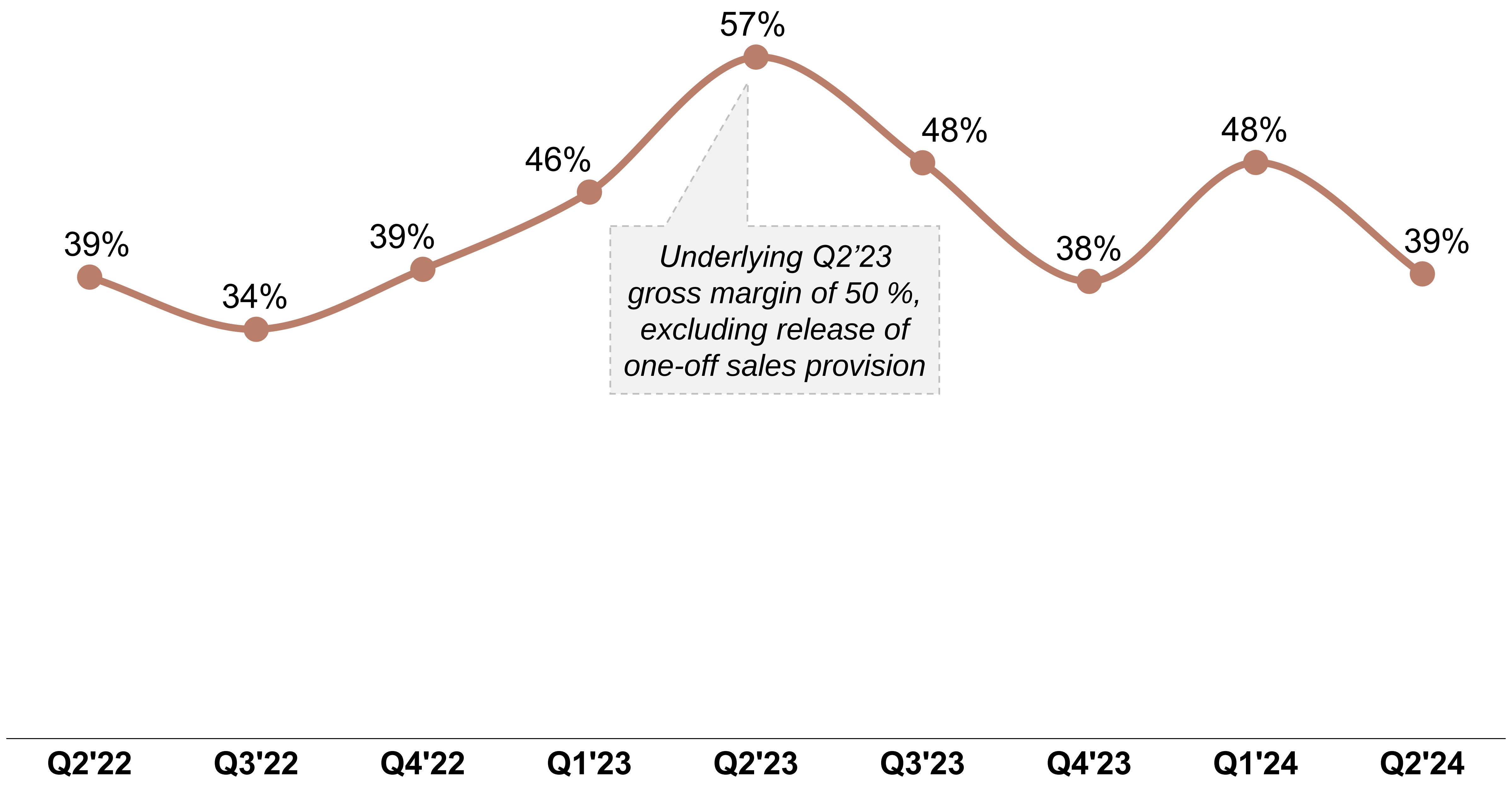


Revenue of NOK 39 million resulting in an 18 % increase compared to Q1 2024

- Sales to Channels increased by 27 % compared to Q1’24, and increased by 2 % vs. Q2’23
    - Early signs of improvements, following implementation of new measures to grow Channels. Growth expected to continue in the next quarters
- Strategic partner sales flat compared to Q1’24
    - Working proactively to add new strategic partners

Gross margins in Q2'24 declined mainly due to one-off items and increased COGS

Gross margin (%) development



- The decrease in gross margin is primarily due to one-time expenses related to price protection for distributors following sales price reductions in Q2'24, and higher COGS caused by lower production volumes
- Excluding one-time expenses in Q2'24, underlying gross margin is ~43%

Summarized profit and loss

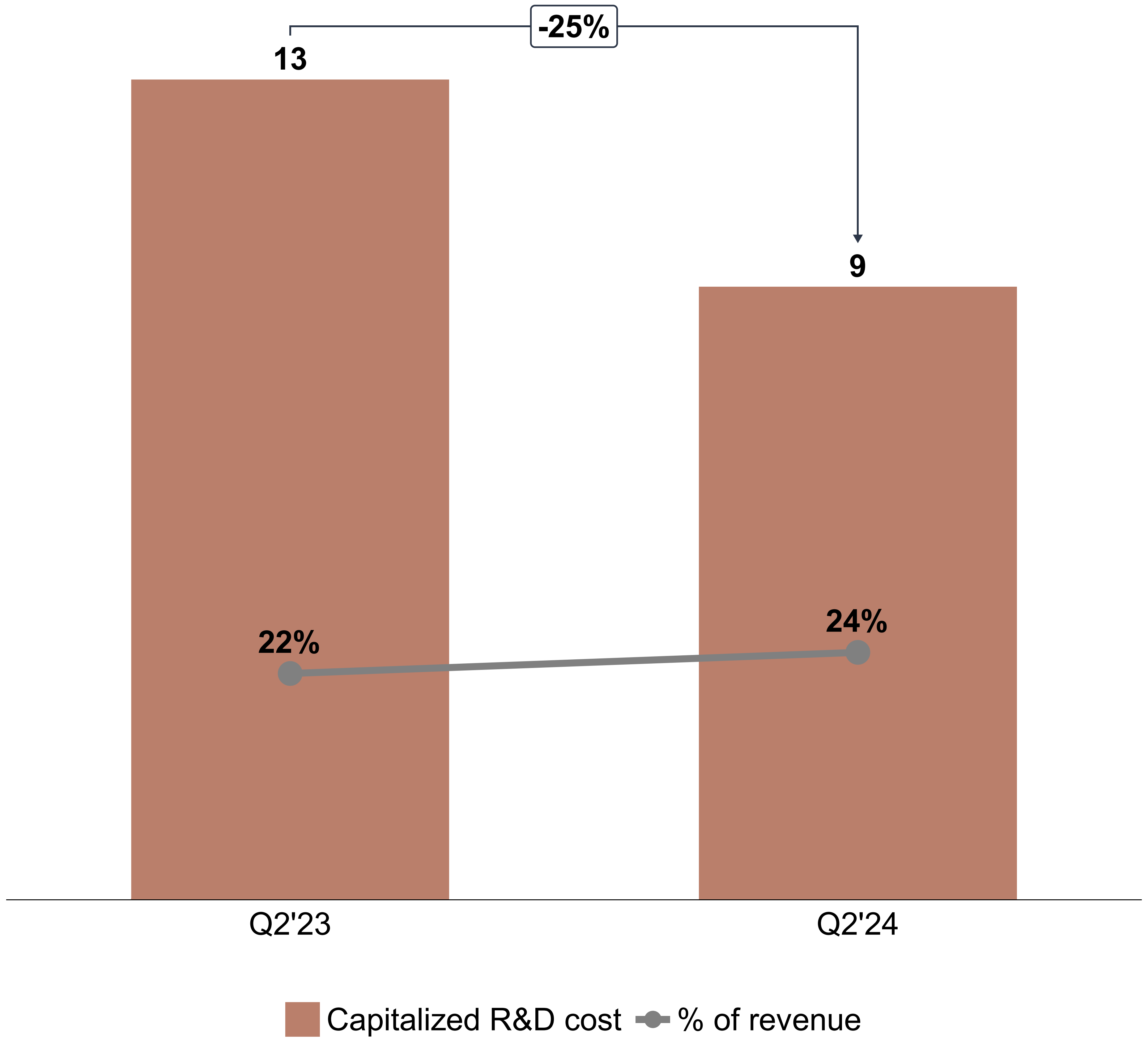
Condensed profit & loss statement
NOK million

	Q2 2024	Q2 2023	Change	H1 2024	H1 2023	Change
Revenue from sales of goods	39.1	57.2	-32%	72.1	108.4	-33%
Gross profit	15.2	32.6	-53%	31.1	56.0	-44%
Gross margin	*39%*	*57%*		*43%*	*52%*	
Sublease revenue	1.5	0		3.0	0	
Operating expenses	-50.9	-40.5	26%	-88.4	-76.2	16%
EBITDA	-34.2	-8.0		-54.3	-20.1	
Operating profit (EBIT)	-49.6	-24.9		-84.7	-52.6	
Net financials	-4.2	1.9		-10.4	6.8	
Profit/Loss before tax	**-53.8**	**-22.9**		**-95.1**	**-45.8**	

- Q2’24 revenue decline due to continued headwind from strategic partner revenue. However, positive momentum in Channels
- Strict cost control: A comparison of the cost base Q2’24 vs. Q2’23 on a cash-effect basis, shows a reduction of ~15 % in total cost
- Increase in operating expenses (P&L) is mainly explained by the introduction of the new 2024 options program for employees and somewhat lower R&D capitalization (no cash-effect in the period)

R&D investments to drive long-term growth

Capitalized R&D cost
NOK million, % of revenue



- Capitalized R&D cost of NOK 9 million in Q2 2024. Decline from Q2’23 due to higher share of work related to maintenance vs. development in Q2’24. The share of time spent on development is expected to return to historical levels
- Continued investments to defend Huddly’s leading technological position in the market
    - 62 engineers, with deep and extensive experience in AI, machine learning, software development and hardware

Q2 2024 cash flow

Cash flow
NOK million

- Cash flow from operations of NOK -25 million compared to NOK -51 million in Q2'23
- Cash flow from investments of NOK -10 million mainly related to capitalized R&D cost
- Cash flow from financing activities of NOK -8 million
- Other changes related to currency translation differences and exchange rate changes
- Cash balance at 30.06.24 of NOK 105 million

Q&A

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Chair of the Board, Jostein Devold