



Q2 2022 Results Presentation

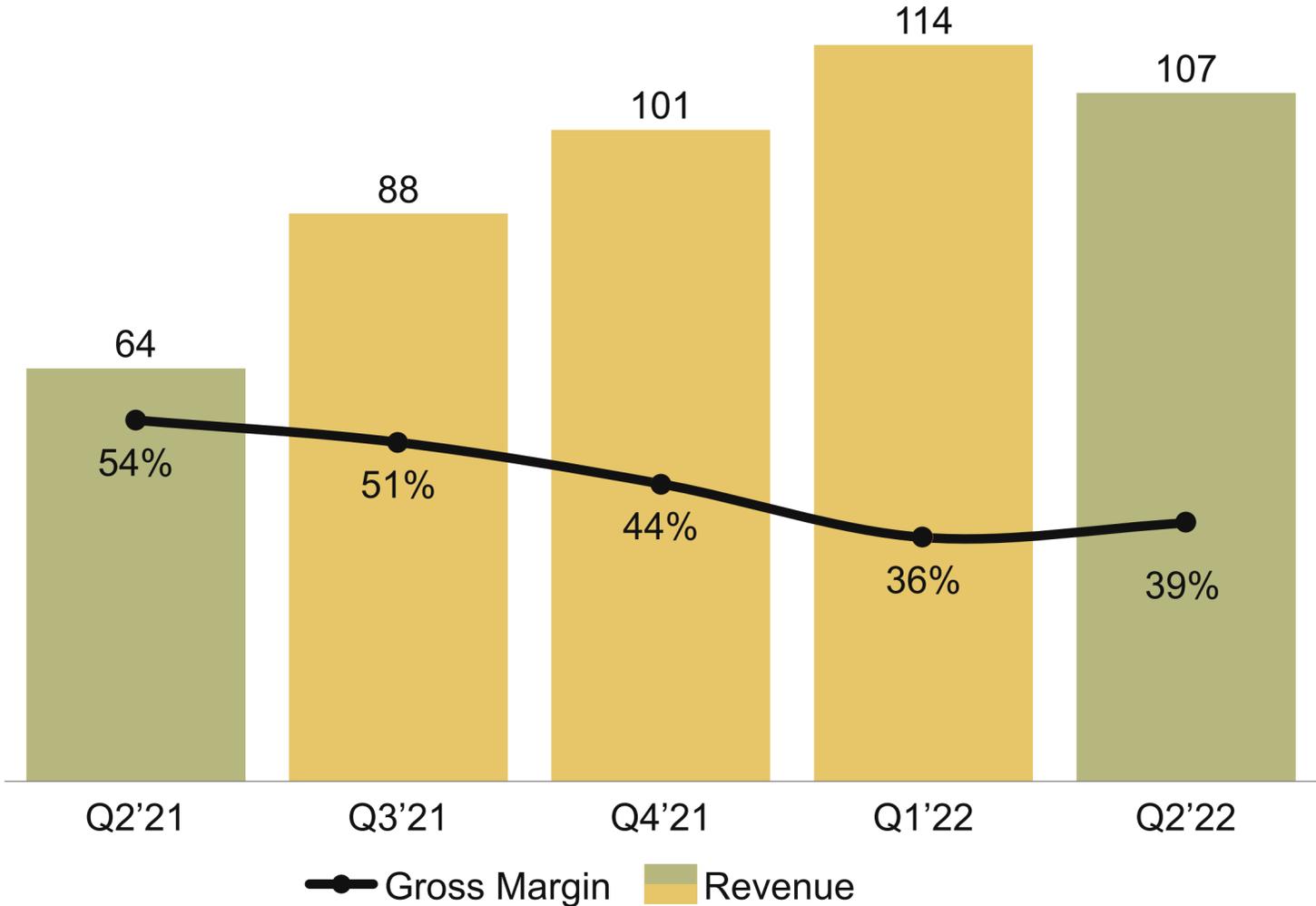
August 18, 2022

Alexander Woxen CEO
Ragnar Kjos CFO

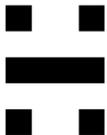
Key highlights Q2 2022

Revenue and Gross margin

NOK million, %



- Revenue of NOK 107m in Q2 2022, +67% YoY
 - Development driven by increased sales through strategic partnerships
- Gross margin of 39% in Q2 2022 vs 54% Q2 2021
 - Margin pressure from channel and product mix and increased component cost
- Strengthened commercial organization to revive growth in channel sales
- Continued strong product innovation with software product to launch Q4 2022



A photograph of a diverse group of people in a meeting. In the foreground, a woman with dark curly hair, wearing a grey and white patterned sweater, is smiling broadly and pointing her finger towards her temple. Behind her, a woman with dark hair, wearing an orange turtleneck, has her hands clasped together in a gesture of surprise or excitement. To the left, a man with grey hair and a beard, wearing a blue shirt, is looking towards the right. The background is slightly blurred, showing a window and other people. The overall atmosphere is positive and collaborative.

**When people work together
anything is possible**



Huddly redefines the standard of video meetings

>50% of communication is nonverbal...

Huddly enables you to capture more of the communication in the meeting room...

... so you can focus on collaboration and being present



Huddly enables **high quality and socially inclusive meeting experiences** capturing nonverbal communication



Using intelligent AI, Huddly provides **smart framing spotlighting the speaker and capturing body language** of other participants



Defined by software, **Huddly cameras keep evolving with new smart features and enhancement** delivering exceptional image quality



New collaboration standards call for enhanced user experiences

20%

Worked from home before covid

71%

Worked from home during covid

59%

Currently working from home¹

Source: PEW Research Center, U.S. population

¹"All / most of the time"



Hybrid work is re-defining future collaboration...

- > Hybrid work is a flexible work model that supports a **mix of in-office and remote workers**
- > It provides employees, customers, and partners the **flexibility of working wherever and however** they are most productive
- > **9/10 organizations will use a hybrid model** going forward¹
- > C-suite executives report that hybrid work has **improved productivity, customer satisfaction, employee engagement, and diversity and inclusion**¹

... and becoming increasingly popular post-covid



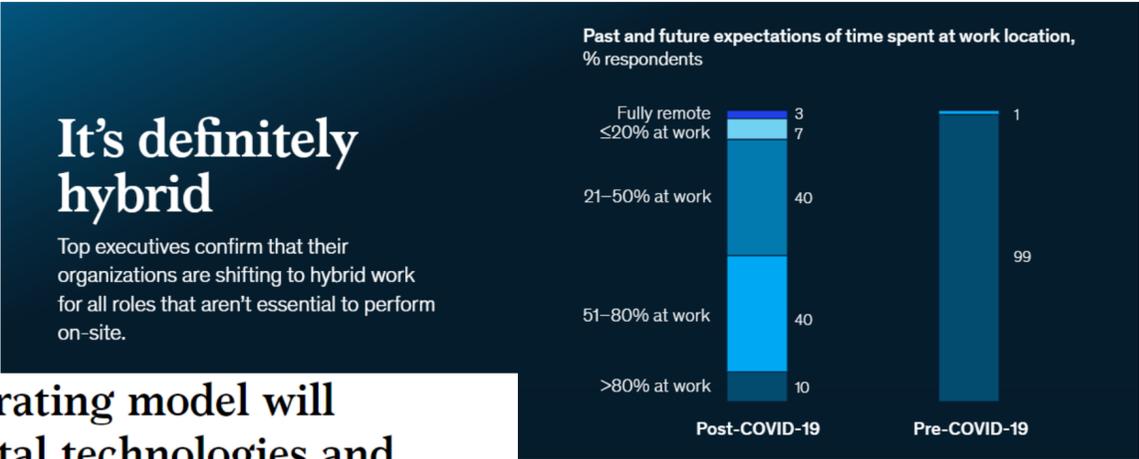
Office for National Statistics

Is hybrid working here to stay?

Almost half of working adults were working from home at times during the coronavirus (COVID-19) pandemic, but what will business as usual look like with restrictions lifted?

23 May 2022

The proportion of people planning to spend most of their working hours at home has risen

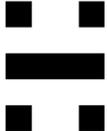


The future operating model will implement digital technologies and advanced analytics

McKinsey & Company

In the years to come, a hybrid working model that combines being on-site with working remotely will become increasingly popular, even for mining and metals companies with many geographic locations. In fact, research shows that more than 50 percent of employees prefer remote and hybrid ways of working post pandemic, compared with approximately 40 percent pre-pandemic.

6 1) McKinsey Study: "What executives are saying about the future of hybrid work"



Huddly is more than just a camera

1

Core product

Purpose for which the product is intended

- Dynamic and interactive video conferencing experience
- Socially inclusive and engaging meeting experiences
- Functionality of high-end boardroom systems to a compact, affordable camera

2

Generic product

Actual product with tangible qualities

- High quality recyclable cameras made from high-end, long-lasting electronic and mechanical components
- Accessories (i.e. screen mounts, extension and USB cables)

3

Augmented product

Additional factors differentiating the product

- Embedded AI enabling video conferencing experience
- Software providing latest updates and enhancements
- Compatibility with, Cisco, Zoom, Google Meet and Teams



Speaker Framing demo



Speaker Framing
Speaker

<https://www.huudly.com/speaker-framing/>



Cameras covering all user segments

2022 portfolio

	Home office 1 seat	Small Rooms 2-6 seats	Medium Rooms 2-12 seats	Large Rooms 12-18 seats	Board Rooms +18 seats	Auditoriums +
 Huddly ONE	USB technology					
 Huddly IQ		USB technology				
 Huddly S1		IP technology – Network technology prerequisite for multi camera solutions				
 Huddly L1			IP technology – Network technology prerequisite for multi camera solutions			
 Huddly Canvas Industry leading smart framing	Enhancing collaboration					

 USB technology

 IP technology – Network technology prerequisite for multi camera solutions



Huddly's cameras are software defined

Software

- Intelligent, software-defined cameras that enhance video collaboration
- Regular cloud-based updates that enhance camera performance and user experience
- Increases product lifetime value through availability of new features

Hardware

- High-quality, long-lasting electronic and mechanical components
- Enabling advanced edge computing with AI-based image processing
- Up to 64% of weight recyclable incl. recyclable packaging and 3 years warranty



Expanding reach through close collaborations

Compatible

Certified with leading technology partners



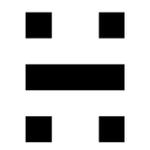
Strategic partners

Development and sales through strong partnerships



Channel partners

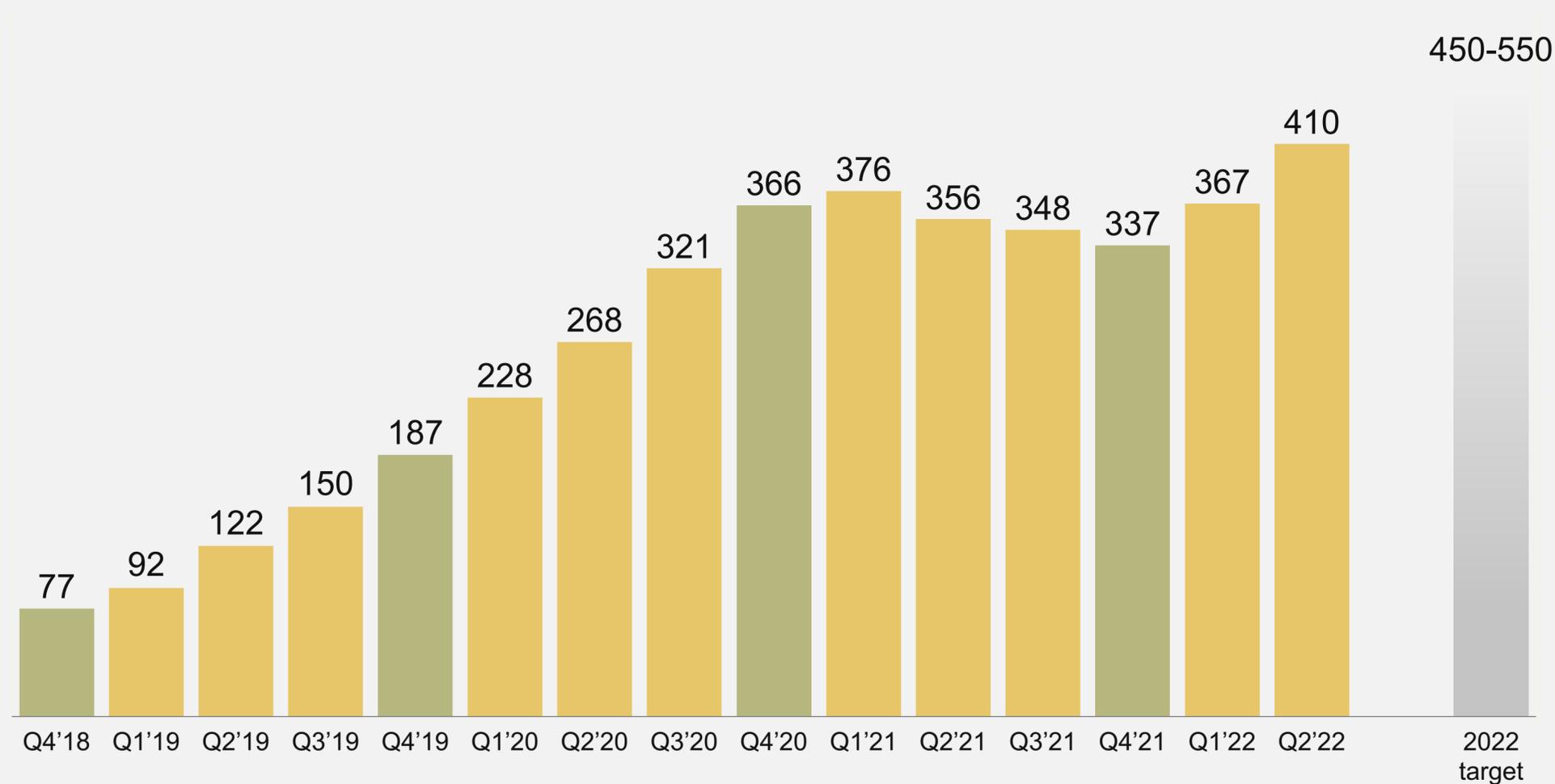
Huddly cameras component in kits and bundles



Ambition to revive profitable growth

Revenue last twelve months

NOK million, LTM



- Mitigating supply chain risks
- Expanding channel sales through strengthened team
- Monetizing on R&D and software investments
- Continue to grow strategic partnerships



Operations

Alexander Woxen
CEO



Resilient supply chain affected by global turmoil

Sourcing

- Multiple sources of components with direct contact with sole source partners
- Ongoing procurement improvement program

Logistics

- Allowing buffer stock on key components

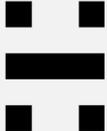
Assembly

- Manufacturing in Norway and Poland

Warehousing

- Camera sales ex works, limiting warehousing

Standard lead times with no back order



Investing in software development to support future growth and profitability



>70 FTEs
in R&D organization



>+30%
Q2 2022 vs Q2 2021



>60%
of overall organization



Oslo
Located in Oslo

Gallery view on IQ

Software innovation
Market launch: H2 2022

- To be added on Huddly IQ
- Intelligent detection of people in the room and frames each person individually so that remote participants get a close-up view and equal representation

Speaker framing

Software innovation
Market launch: Q4 2022

- AI feature designed to make meetings feel inclusive and present for remote participants
- Captures details while focusing on the person speaking and bringing attention to other participants' reactions and events in the room

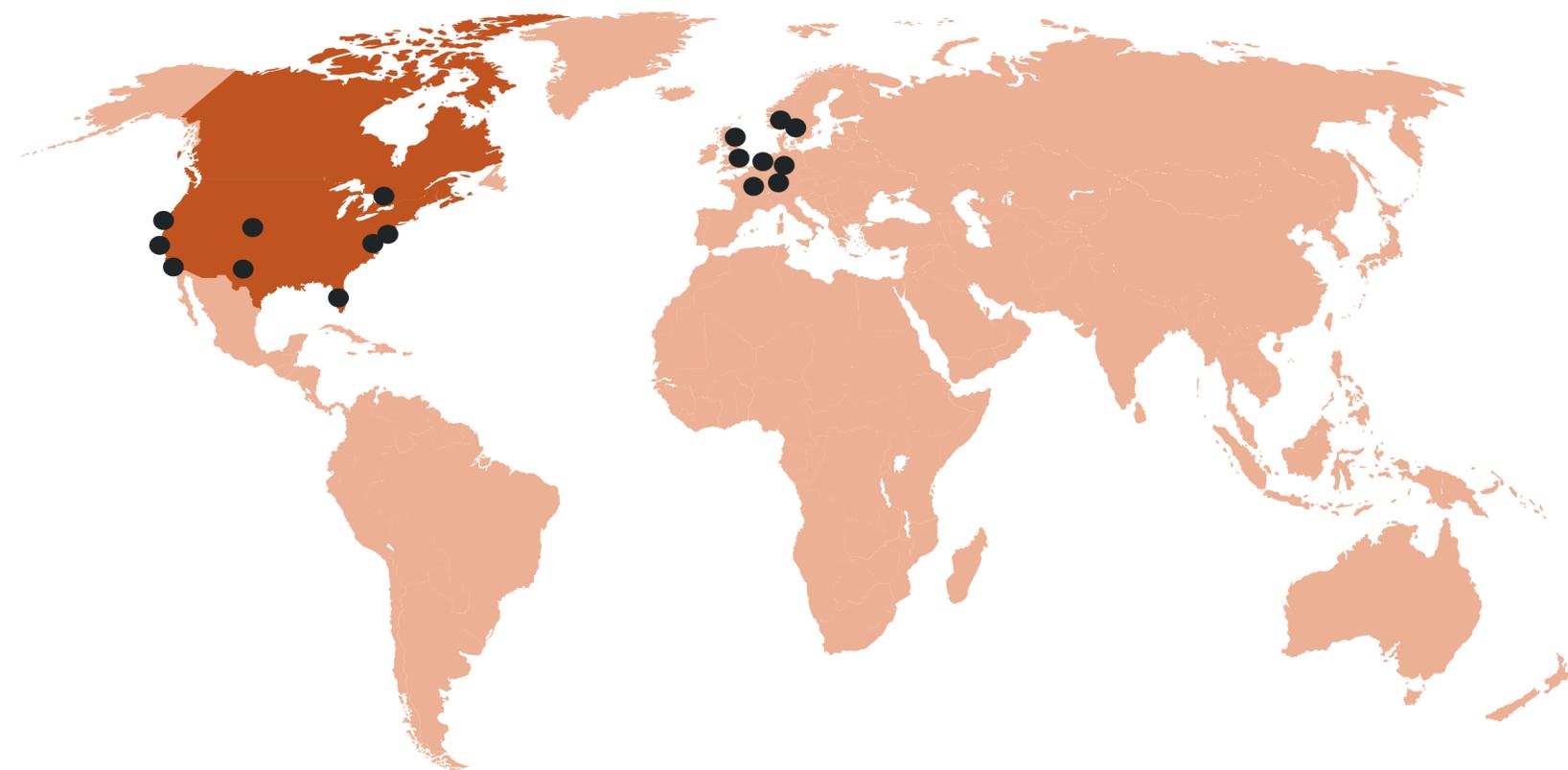
Huddly studio

Software innovation
Market launch: 2023

- AI director multi camera system
- Dynamic and natural video environment
- Technology demonstrations during second half 2022
- Will be backward compatible with existing L1 and S1 cameras



Increasing focus on channel sales through strengthened commercial organization



 >80% of Huddly 2021 sales¹ ● Huddly presence

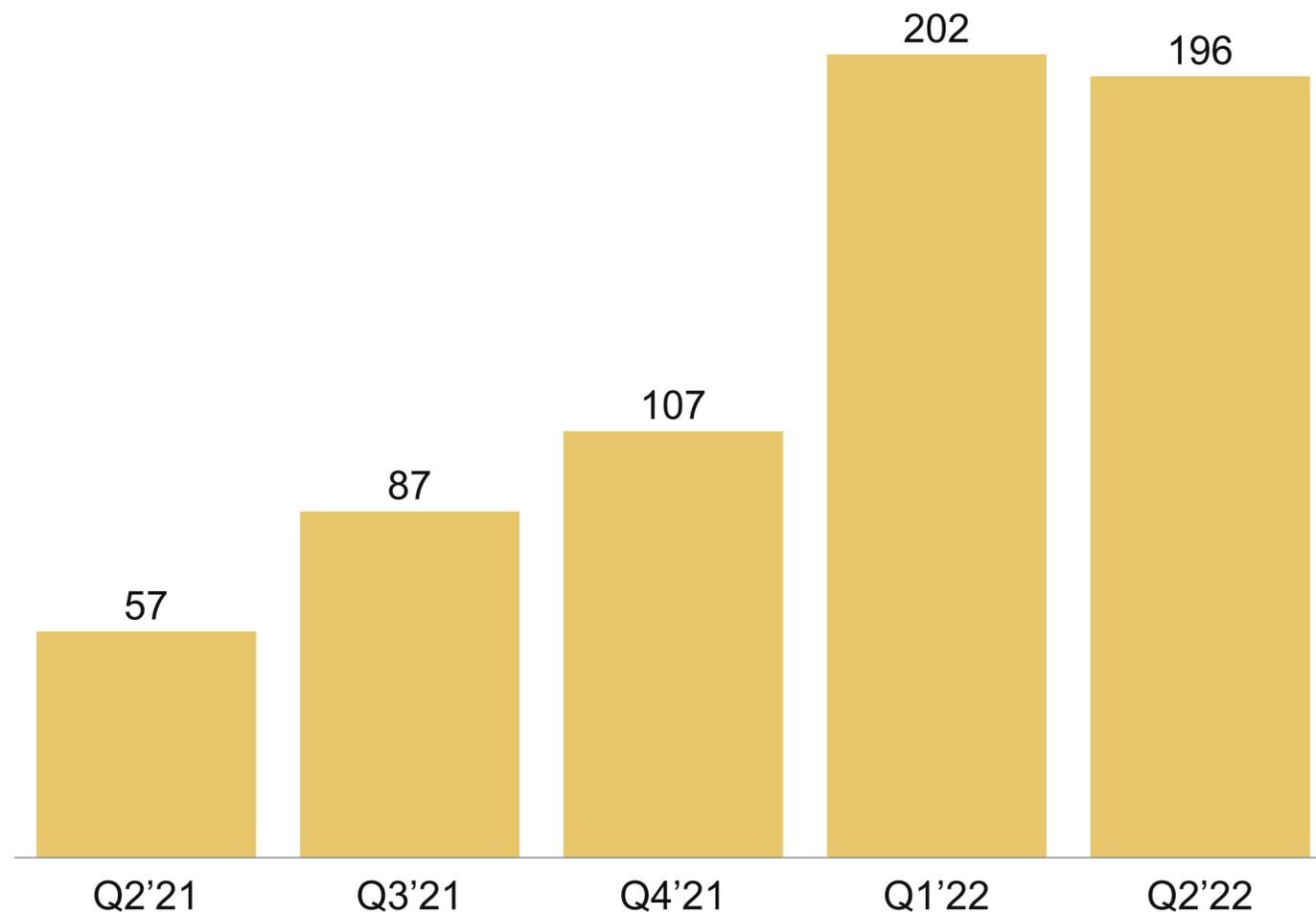
- Increased presence in the EMEA region
- Geographical expansion strengthening commercial footprint
- New Chief Commercial Officer with extensive track record from Tandberg and Cisco
- New VP Sales Americas



Backlog development

Order backlog development

NOK million



- Reduction in order backlog does not directly reflect demand
- High order backlog in 2022
 - Stretching beyond six months
- Easing supply chain constraints could reduce backlog



Financials

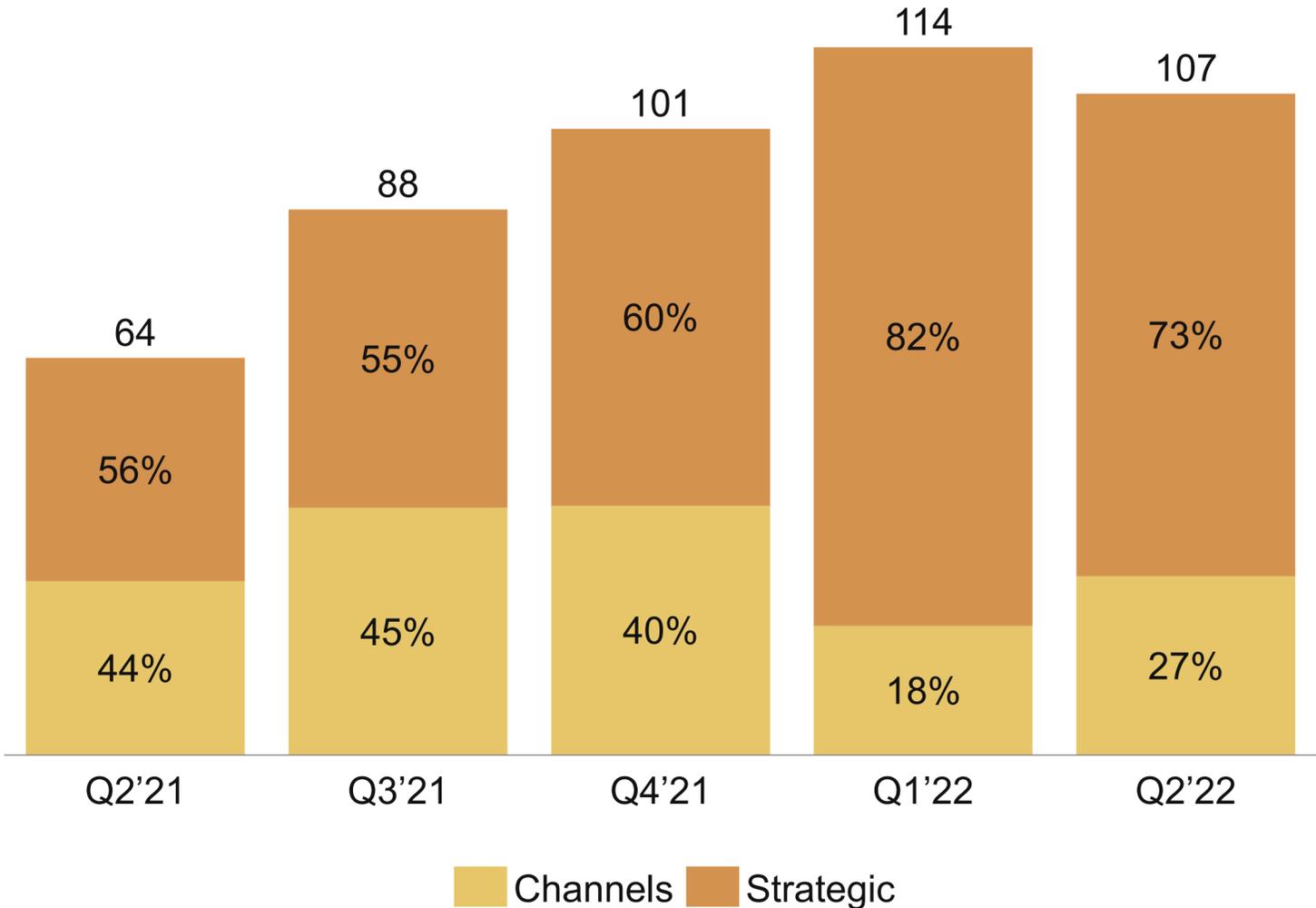
Ragnar Kjos
CFO



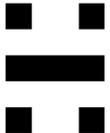
Revenue growth supported by strategic partners

Revenue development and split

NOK million, % of total revenue



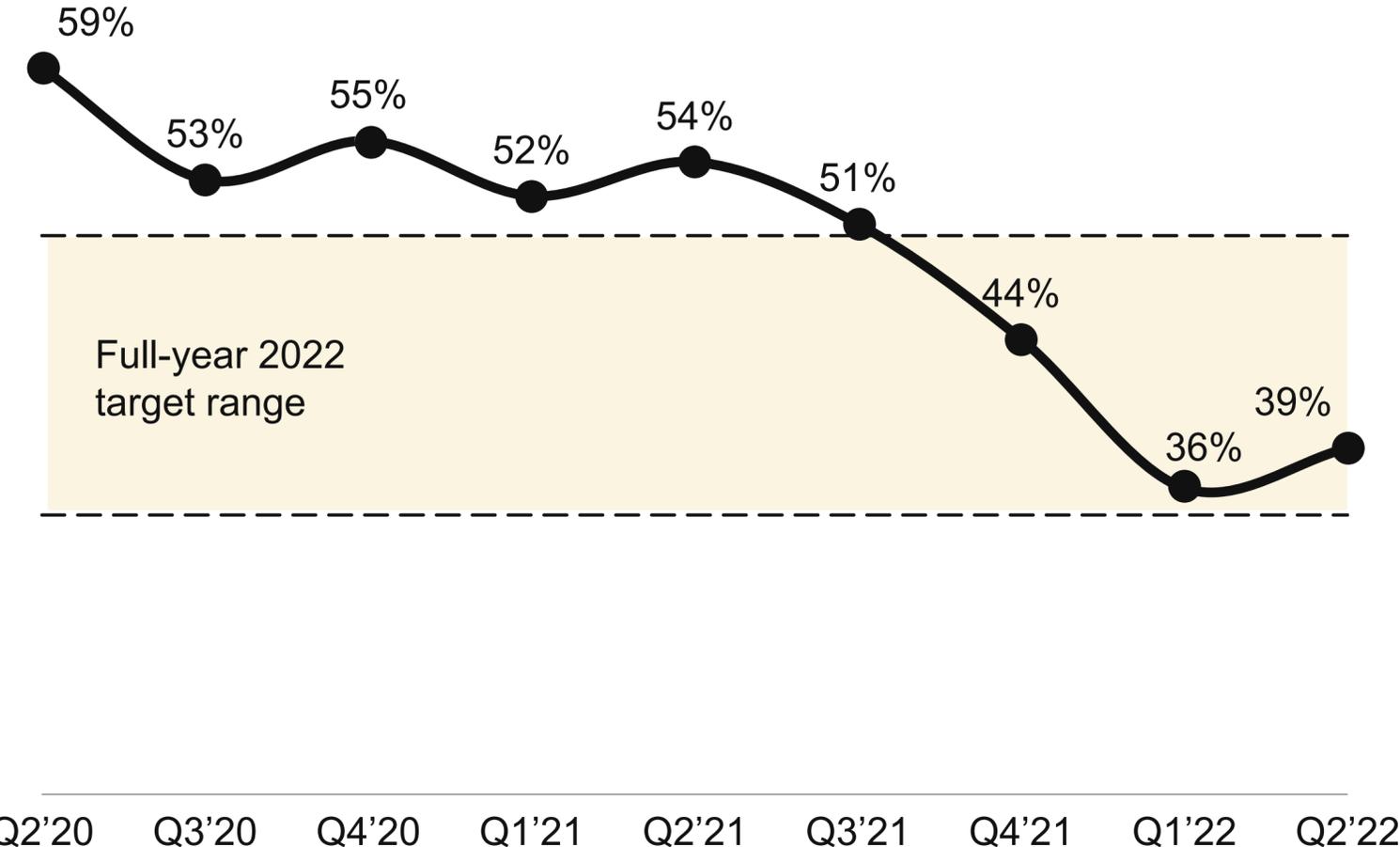
- Revenue of NOK 107 million resulting in a 67% increase compared to Q2 2021
 - Strategic partner sales increased 116%
 - Sales to channels remaining stable at 3%
- Decreased Q2 2022 revenue compared to Q1 2022
 - Increased sales through channel partners
 - Decreased sales through strategic partners
- Increased focus on Channel sales going forward on the back of strengthened commercial organization



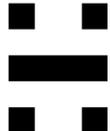
Low channel performance hits our margins

Gross margin development

Gross margin (%)



- Gross margin decreased to 39% from 54% in Q2 2021
 - Strategic partner sales accounting for 73% of sales in Q2 2022 with lower margins than channel sales
 - Manufacturing and supply chain remains under pressure with purchase price variances (PPVs) negatively impacting the gross margins
- Gross margin increase in Q2 2022 compared to Q1 2022 in large due to customer mix, product mix and easing in PPVs
- Sensitive to changes in product and customer mix
- Within full year 2022 target range of 35-50%



Profit and loss

Condensed Profit & Loss statement

NOK million

	Q2'22	Q2'21	YoY%	Q1'22
Revenue	106.6	64.0	67 %	114.1
Cost of goods sold	65.5	29.5	122 %	72.5
Gross profit	41.1	34.5	19 %	41.6
Gross margin(%)	39 %	54 %		36 %
Operational expenditures (OPEX)	31.7	11.9	167 %	31.6
of which extraordinary items	2.8	-2.5		4.9
Adjusted EBITDA	12.2	20.2	-39 %	14.9
EBITDA(%)	11 %	32 %		13 %
Depreciation and amortization	20.9	14.9	40 %	19.7
EBIT	-11.5	7.8		-9.8
Net finance	10.4	0.2		-1.7
Tax	0.0	0.0		0.0
Net profit	-1.1	7.9		-11.5

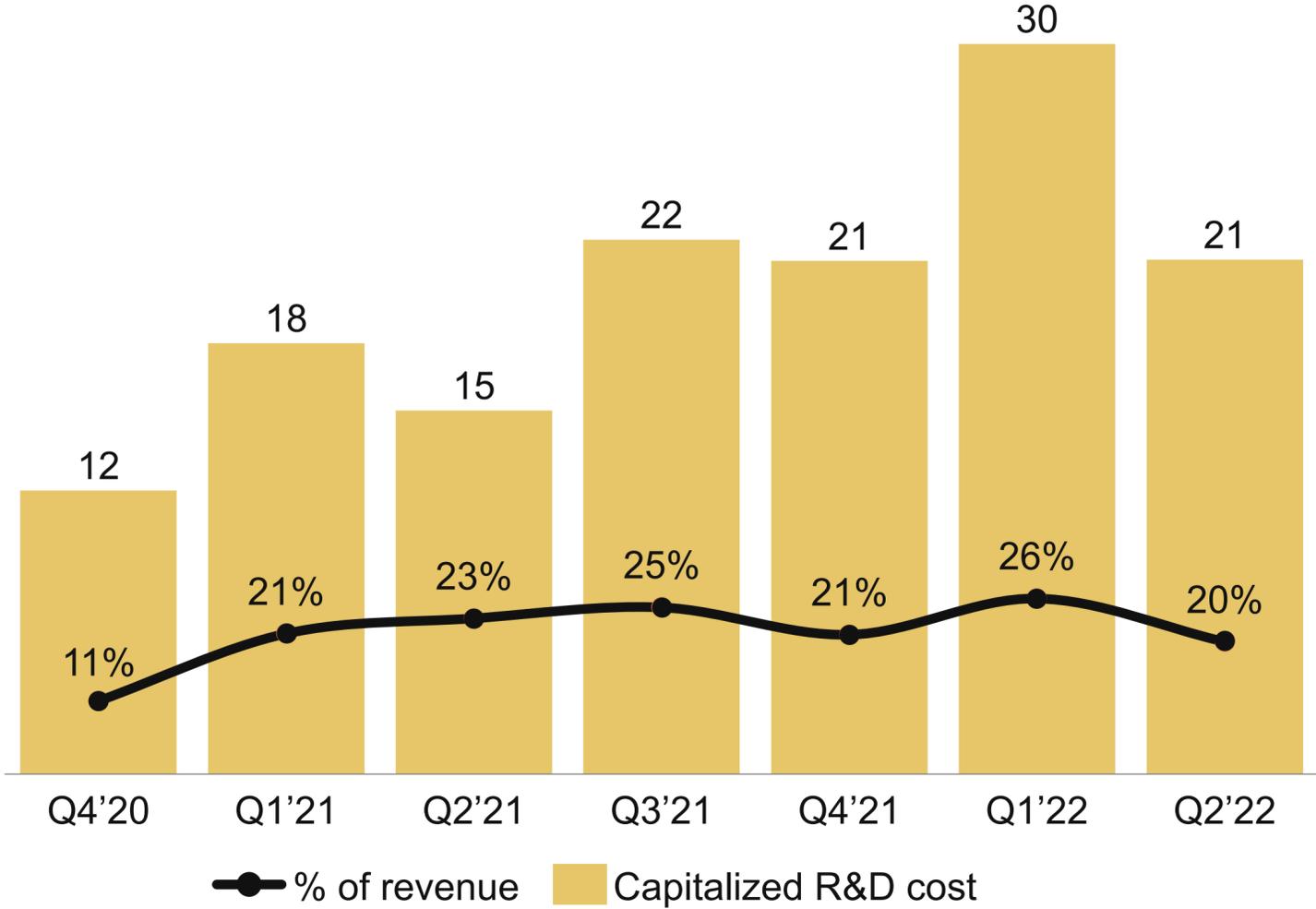
- Gross margin of 39% vs. 54% in Q2 2022
 - Margin pressure from channel and product mix and increased component cost
- OPEX increase of 167% YoY
 - Representing increased salary and personnel expenses
 - 55% increase in total FTEs in the period
- Depreciation and amortization increase of 40% YoY
 - Reflecting increased investments in R&D



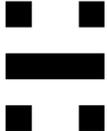
Investing in R&D to drive future growth

Capitalized R&D cost

NOK million, % of revenue



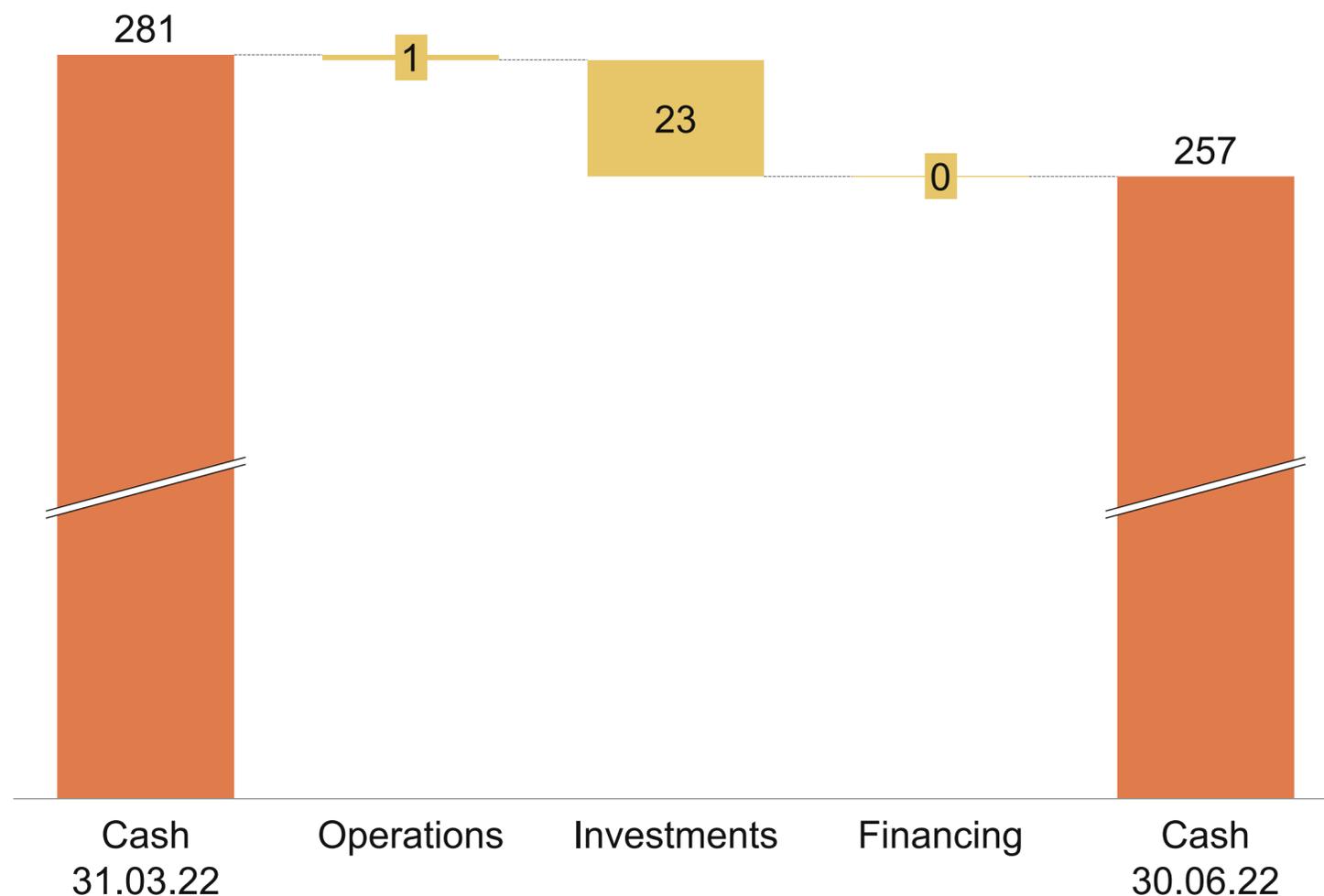
- Capitalized R&D cost of NOK 21 million in Q2 2022
 - 20% of Revenue
- Capitalized R&D cost in Q2 2022 lower due to accounting effects
- >70 FTEs in R&D organization
 - ~60% of overall personnel expenses capitalized
- Successful monetization of the innovative software solutions will be crucial to build strategic value and establish a more robust margin position in the future



Cash flow

Q2 2022 Cash flow

NOK million



- Operating cash flow of negative NOK 1.0 million
- Investments mainly reflected software development through capitalized R&D
- No change in cash from financing activities
- Ending cash balance of NOK 257 million Q2'22
 - Net change of negative NOK 24.0 million
- Equity ratio of 70%



Summary and outlook

Alexander Woxen
CEO



Leveraging product innovation leadership in a growth market

1

Improve gross margin

- Strengthening channel sales
- Increase prices to accommodate inflation
- Procurement initiatives to improve COGS

2

Support growth

- Software monetization
- Further strengthening management



Outlook

Revenue
NOK million

2021 Actuals

337

Gross
Margin

~50%

2022 Guiding

450-550

Low-end of range

35-50%

Low-end of range



Q&A



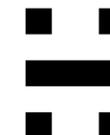
Appendix



Reported financials

Profit & loss

Interim consolidated statement of comprehensive income (Unaudited)						
Thousands NOK	Notes	Q2 2022	Q2 2021	YTD June 2022	YTD June 2021	2021
Revenue	3	106,612	63,981	220,675	148,059	336,929
Cost of goods sold		(65,467)	(29,461)	(137,967)	(69,717)	(169,209)
Gross margin		41,145	34,520	82,708	78,342	167,720
Operational expenditures	4	(31,723)	(11,862)	(63,328)	(298,706)	(435,106)
EBITDA		9,422	22,658	19,380	(220,365)	(267,386)
Depreciation and Amortization		(20,934)	(14,907)	(40,683)	(28,257)	(63,975)
EBIT		(11,513)	7,751	(21,303)	(248,621)	(331,361)
Net finance		10,449	171	8,757	(948)	(115)
Tax income/(expense)		-	-	-	-	18,365
Net Income/(loss)		(1,064)	7,922	(12,547)	(249,569)	(313,111)
Gross margin %		39%	54%	37%	53%	50%
Earnings per share						
Basic earnings per share		(0.00)	0.04	(0.06)	(1.15)	1.45
Fully diluted earnings per share		(0.00)	0.03	(0.05)	(0.99)	1.30



Reported financials

Cash flow

Interim consolidated statement of cash flow (Unaudited)						
Thousands NOK	Notes	Q2 2022	Q2 2021	YTD June 2022	YTD June 2021	2021
Cashflow from operations						
Result before tax		(1,064)	7,922	(12,547)	(249,569)	(331,475)
Share-based payments to employees	4, 7	5,112	10,540	16,383	247,352	261,891
Depreciation and amortization		20,934	14,907	40,683	28,257	63,975
Changes in provisions		(30,049)	(245)	(25,092)	(280)	23,177
Changes in working capital		4,050	(28,135)	7,922	(10,578)	4,002
Net change in cash from operations		(1,017)	4,989	27,350	15,182	21,570
Cashflow from investments						
Changes in capitalized assets		(21,242)	(15,011)	(51,405)	(32,803)	(76,074)
Purchase of tangible assets		(1,695)	(1,106)	(15,767)	(1,211)	(17,379)
Net change in cash from investments		(22,937)	(16,118)	(67,172)	(34,015)	(93,453)
Cashflow from financing						
Net proceeds own shares	7	-	-	(40,157)	4,990	4,990
Receipt of issued capital	7	-	-	(329)	277,799	277,799
Net change in cash from financing		-	-	(40,486)	282,789	282,789
Net change in Cash		(23,954)	(11,128)	(80,308)	263,956	210,905
Beginning balance Cash		280,921	401,455	337,276	126,371	126,371
End balance Cash		256,967	390,327	256,967	390,327	337,276



Reported financials

Balance sheet

Interim consolidated statement of financial position (Unaudited)		At 30 June	At 31 Dec	At 30 June
Thousands NOK	Notes	2022	2021	2021
ASSETS				
Intangible assets		143,216	122,778	92,212
Tangible assets		24,767	18,716	7,197
Total non-current assets		167,983	141,494	99,409
Inventory		44,650	30,728	15,386
Trade receivables		89,560	97,374	55,978
Other receivables		24,567	29,513	25,520
Cash and cash equivalents	5	256,967	337,276	390,327
Total current assets		415,745	494,891	487,211
Total assets		583,727	636,385	586,619
				0
EQUITY AND LIABILITIES				
				0
Total equity	6, 7	409,021	446,047	496,669
Total non-current liabilities		7,041	32,132	8,675
Trade payables		60,256	70,345	43,464
Other current liabilities		107,409	87,861	37,810
Total current liabilities		167,665	158,206	81,275
Total equity and liabilities		583,727	636,385	586,619



Shareholder information

Top 20 shareholders

Shareholder name	Number of shares	Ownership
CLEARSTREAM BANKING S.A.	20,027,384	9.3%
GJEH Pty Ltd ATF GJEH Family Trust	14,324,839	6.6%
MERTOUN CAPITAL AS	13,845,471	6.4%
STAFF HOLDING AS	9,066,000	4.2%
SOM HOLDING AS	7,970,928	3.7%
MP PENSJON PK	6,993,959	3.2%
ATF G+J Williams Super Fund	6,858,272	3.2%
State Street Bank and Trust Comp	6,712,511	3.1%
KOLBERG MOTORS AS	6,628,000	3.1%
PORTIA AS	6,400,000	3.0%
ARCTIC FUNDS PLC	5,945,941	2.7%
HUDDLY AS	5,300,016	2.4%
HØYLANDET BYGGUTLEIE AS	5,041,264	2.3%
SKIPS AS TUDOR	4,950,000	2.3%
BJØBERG EIENDOM AS	4,042,080	1.9%
MULTIPLIKATOR AS	3,915,000	1.8%
MI CHELVERTON EUROPEAN SELECT FUND	3,500,000	1.6%
KORINVEST AS	3,216,832	1.5%
SALAMANDER HOLDING AS	2,627,300	1.2%
HPA HOLDING AS	2,560,000	1.2%
All others	76,402,251	35.3%
Total	216,328,048	100.0%



Important information

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