



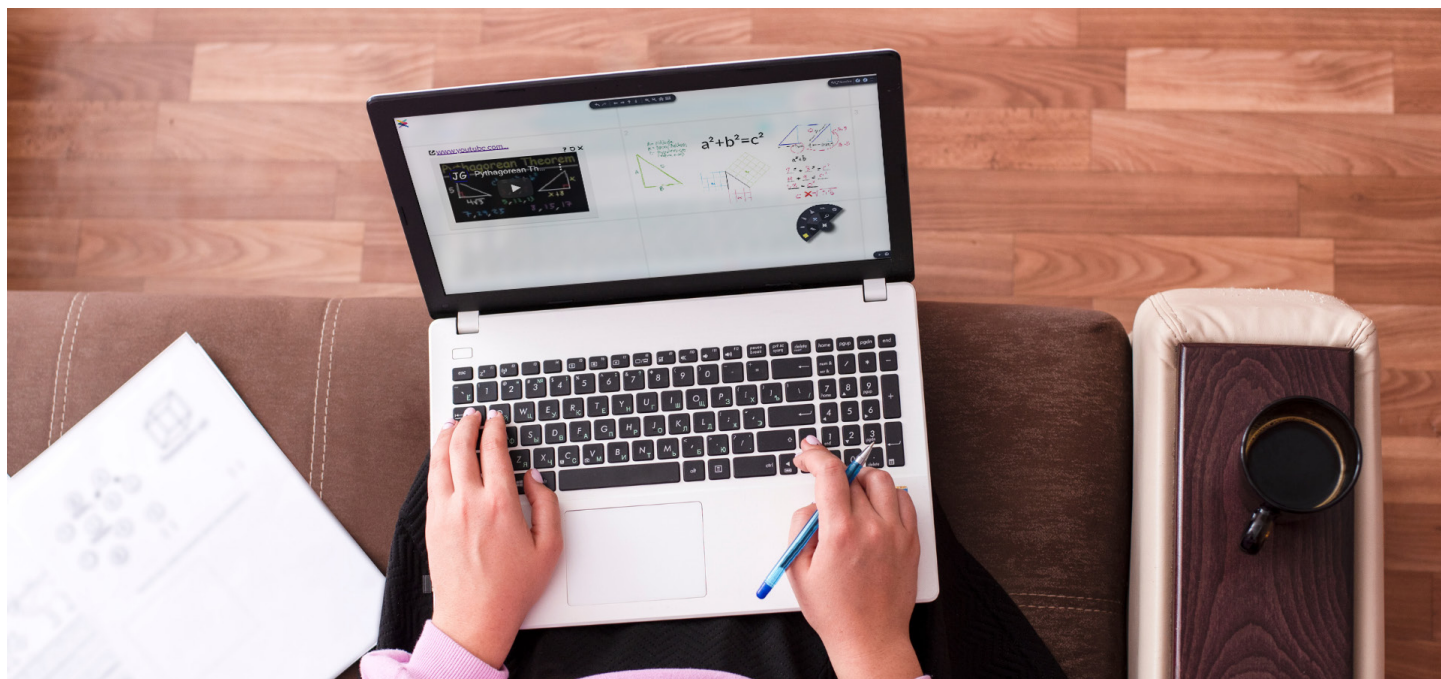
HOYLU AB

2020

ANNUAL REPORT

January 1, 2020 - December 31, 2020

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All amounts are in thousand kr (KSEK) unless otherwise stated

COMMENTS FROM THE CEO

HOYLU - A BETTER WAY TO COLLABORATE

In the midst of every crisis, lies great opportunity. The Covid-19 pandemic accelerated a trend towards digital transformation, distributed workforce and environmental sustainability and forced most of the world's businesses to rethink how to manage when employees had to work from their homes. Projects that used to be managed in large meeting rooms with whiteboards and paper sticky notes suddenly had to be managed over Zoom and MS Teams. Covid-19 gave a strong boost to providers of videoconferencing solutions, but also exposed the weaknesses and challenges with screensharing and lack of engagement. Zoom fatigue became an expression and whilst most business leaders believe that a hybrid work environment, combining office and remote teams is here to stay the next generation collaboration solutions need to focus on engagement and active participation.

Hoylu's business in the past was centered around the HoyluWall and software bundles. A significant milestone was reached in May when we launched our new online whiteboard platform as a software as a service (SaaS) business. With a strong foothold within a growing portfolio of large enterprise clients we continued to expand our business and user base and adapt to our customers workflow and processes as well as their needs for scalability, security and user management. Annual recurring revenues and long-term service revenues increased 78% over the year and our largest enterprise account reached 2,000 paying users. Whilst our product is used in a broad variety of use cases, departments and industries we focus on maintaining a strong and leading position within project management, lean and agile processes and methodologies where templates and smart modules can be combined in a workspace with related documents, images and applications.

Hoylu transforms teamwork in the same way as the computer transformed individual work. Individual work used to happen at a desk and documents and files are archived in folders in a PC. Teamwork happened in the meeting room and the whiteboard has for decades been the common tool for brainstorming, collaboration and visualization. In a hybrid working environment the virtual workspace needs to take into consideration that many of the processes in the early stage of a project like brainstorming and planning has been disconnected from project management and execution. Videoconferencing solutions have become commodity, but we believe a collaboration tool should support work during the whole lifecycle of a project not only during meetings. Video is secondary and work is primary. The online whiteboard becomes the portal to all your content and applications, one place that is easy to access and use for all, and with information in context. At Hoylu we believe in active participation, tools that support work and engagement from the whole team, not only the tools expert, natural born speakers or dominating managers. Active participation and contribution from all team members results in better quality, alignment, fewer mistakes and better decisions. We are very excited about the large opportunities that lies in front of us and how we can help transform teamwork to be more engaging and productive.

I want to thank our customers and partners for your invaluable support, feedback and co-operation and our investors for your continued support and confidence. Finally, I want to thank our great team for your passion, loyalty and hard work. The journey has just begun!

- Stein Revelsby



STEIN REVELSBY
CEO
APRIL 2021

“ Videoconferencing solutions have become commodity, but we believe a collaboration tool should support work during **the whole lifecycle of a project not only during meetings.** ”

HOYLU CONNECTED WORKSPACES



HOYLU CONNECTED WORKSPACES

Hoylu's Connected Workspaces™ is a digital whiteboard and visual collaboration platform for remote work and distributed teams. Our belief is that a communications tool needs to be intuitive and easy to use across multi-disciplinary and disperse teams. Most software solutions are built for specialists and feature rich toolbars get in the way of intuitive and efficient communication. Hoylu's product strategy is therefore to provide the flexibility to configure the user interface with just the tools and templates people need for different types of work. Hoylu's software is offered as a subscription service (SaaS) and combines functionality in previous products with intuitive tools for collaborative work and includes a dashboard for organizing workspaces as well as custom templates and tailored modules for specific use cases, processes and workflows.

The modules are developed in close co-operation with our enterprise clients within specific industries. Hoylu allows for real-time synchronization as well as asynchronous work across time zones, integration with other videoconferencing solutions and applications that a team uses, for example Microsoft Teams. Hoylu is accessible from any browser or device and does not require any special hardware or proprietary platform to work. Our product portfolio is continuously improving, and customers use our products daily for planning, process flows, mind maps, document reviews, brainstorming, scheduling, and more.

BOARD OF DIRECTORS



Björn Wallin

Chairman of the Board
Since: 2019

Background:

Founder and board member of the Unwrap Finance group as well as founder and board member of SME Sweden.

Shareholding Hoylu:

0 shares and 150,000 options



Stein Revelsby

Board Member/CEO
Since: 2016

Background:

CEO Hoylu. Serial entrepreneur, 15 years in technology investment banking. MBE from BI Norwegian Business School.”

Shareholding Hoylu:

518,975 shares and 1,600,000 options



Hans Othar Blix

Board Member
Since: 2019

Background:

President and Chairman of Skadi Capital LLC and Chairman and CEO of Skadi AS

Shareholding Hoylu:

2,130,789 shares through Skadi AS and 150,000 options



Ian Sandmael

Board Member
Since: 2018

Background:

Co-founder and CEO at Work, a product design consultancy firm.

Shareholding Hoylu:

0 Shares and 150,000 options

MANAGEMENT TEAM



Stein Revelsby
Founder, CEO
Member of the Board

Since 2016

Previous Assignments:
Member of the Board of Cenium AS, Member of the Board and CEO of Anoto Group (publ)

Shareholding Hoylu:
518,975 shares and 1,600,000 options



Karl Wiersholm
Co-founder, CFO

Since 2016

Previous Assignments:
Member of the Board of Anoto, Inc. CFO of Anoto Group AB, Athletic DNA, Inc., Doyenz, Inc. and Xevo, Inc.

Shareholding Hoylu:
293,975 shares and 800,000 options



Travis Beaven
CPO

Since 2017

Previous Assignments:
Founder Creative Minds LLC; Chief Product Officer, Xevo, Inc. and various roles at Microsoft Corporation

Shareholding Hoylu:
293,975 shares and 800,000 options



Truls Baklid
COO

Since 2019

Previous Assignments:
Vice President at Scala, Managing Director at VirtualWorks, Managing Director at ayfie Group

Shareholding Hoylu:
1,333,808 shares through Baklid Invest AS and 200,000 options



John D'Costa
CTO

Since 2020

Previous Assignments:
Enterprise Solutions Architect for the Carnival brands
Principal Architect at AT&T
Chief Principal Architect at Verizon

Shareholding Hoylu:
800,000 options

ADMINISTRATION REPORT

Administration Report

The Board of Directors and CEO of Hoylu AB (publ.), Corporate Identity No. 559084-6381, hereby submit the annual accounts and consolidated accounts for January 1, 2020 – December 31, 2020.

CORPORATE STRUCTURE

Hoylu AB, headquartered in Sweden, is the parent company of Hoylu. In addition to performing group-wide functions to its subsidiaries, Hoylu AB's operational activities includes sales and marketing activities within Europe and EMEA.

Hoylu, Inc. is a wholly owned subsidiary of Hoylu AB based in the United States. Hoylu, Inc. has operating offices in Los Angeles, Seattle, and Orlando, and is responsible for Hoylu's product management and software development activities.

Hoylu GmbH, (aka w'inspire GmbH, is a wholly owned subsidiary of Hoylu AB based in Austria. Hoylu GmbH manages the support and maintenance of the software Hoylu acquired from w'inspire GmbH.

Hoylu Norge AS, is a wholly owned subsidiary of Hoylu AB based in Norway. Hoylu Norge AS manages Hoylu's sales and marketing efforts.

Hoylu Intressenter AB is a wholly owned subsidiary of Hoylu AB based in Norrköping, Sweden. Hoylu Intressenter AB's business is to hold options and warrants for further issuance to the Hoylu's employees.

From here on we refer to the various entities included in Hoylu's corporate structure as "Hoylu" or "Hoylu Group", unless otherwise stated.

ENTERPRISE

Hoylu is an innovative and groundbreaking provider of easy-to-use software that enables real-time collaboration in a manner that allows enterprises to plan, assemble and evolve with a focus on enriching the user experience.

Hoylu's software offering, Hoylu Connected Workspaces™, delivers a comprehensive set of personalized digital workspaces to enable teams to work from anywhere with any device and with more fun across major industries including Engineering, Pharmaceutical, Construction, Manufacturing, Travel, Hospitality, Graphic Design and many more.

Hoylu Connected Workspaces™:

- Allows users to create and share workspaces for free form sketching, drawing, mark-ups and organization of documents, pictures, video-links and other types of content on an infinite canvas.
- Is built to be easy to use and engaging with the objective to enhance productivity and simplify work processes for teams and people across multiple disciplines, while working in the same room or remotely.

IMPORTANT EVENTS DURING THE FISCAL YEAR

Hoylu entered into a strategic partnership with Technological Innovations Group ("TIG"), the leading technology sales agency in the EMEA region offering integrated automation and control solutions for smart spaces, whereby TIG will represent Hoylu in EMEA.

Hoylu completed a private placement in January 2020, which resulted in additional capital of approximately MSEK 6.25. Approximately MSEK 3.1 in cash MSEK 3.1 by offset of liabilities.

ADMINISTRATION REPORT

In February 2020, Hoylu carried out a new share issue of approximately MSEK 2.2, as a result of conversion of convertible notes.

Hoylu completed a private placement May 2020, which resulted in additional capital of approximately MSEK 63. Approximately MSEK 36 in cash, MSEK 22 as a result of conversion of convertible notes, and MSEK 5 by offset of liabilities.

In July 2020, Hoylu carried out a rights issue of approximately MSEK 11 in cash.

Hoylu carried out a private placement in July 2020 to certain employees and a board member, which resulted in additional capital of approximately MSEK 3.8. MSEK 1.4 in cash and MSEK 2.4 by offset of liabilities.

SHARES AND SHAREHOLDERS

As of December 31, 2020, there were 81,029,637 issued Hoylu shares. According to Euroclear Sweden AB's statistics, there were 1,201 shareholders on December 31, 2020.

The largest shareholders as per December 31, 2020, and the only shareholders owning more than 10%, were Fougner Invest AS owning 20.3% of the votes and capital, Alden AS owning 15.5% of the votes and capital, and TTC Invest AS owning 11.5% of the votes and capital.

EMPLOYEES

Hoylu Group had a total 36 employees as of December 31, 2020. 30 in the US and 6 in the EU.

REMARKS ON THE INCOME STATEMENT

- Net sales for the period was MSEK 29.2 (26.9).
- Hoylu's gross profit for the period was MSEK 20.5 (18.5), and the gross margin was 70 percent (69).
- Operating expenses, excluding cost related to amortization, depreciation, administrative assessment and foreign exchange gains(losses) for the period was MSEK 46.4 (47.6). During 2019 the Hoylu recognized the expense associated with the administrative assessment of MSEK 2.1 in 2019. Hoylu is appealing the assessment. In 2020, Hoylu received financial assistance associated with covid-19 that was recognized as other income for a total of MSEK 3.5.
- Hoylu capitalized its investments in product development efforts associated with Hoylu Connected Workspaces™ product. A total of MSEK 14.1 (10.7) product development cost was capitalized during the period.
- The total product development expenses during the period were MSEK 15.8 (16.7). Including the capitalization, Hoylu's product development expenses for the period totaled MSEK 29.9 (27.4) equivalent to 46 (44) percent of the total operating expenses.
- The profit before depreciations, amortizations, interest and taxes, and excluding the administrative assessment (EBITDA) in the period was MSEK -22.5 (-29.0).
- The operating result for the period was MSEK -29.8 (-43.8). In 2019, a convertible from VR Global for MSEK 7.0 was written off due to the uncertainties.

Employees

Hoylu Group had a total 36 employees as of December 31, 2020. 30 in the US and 6 in the EU.



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ADMINISTRATION REPORT

REMARKS ON THE BALANCE SHEET AND THE STATEMENT OF CASH FLOWS

- The total assets at the end of the period were MSEK 63.5 (57.8).
- Total liabilities at the end of the period were MSEK 15.0 (53.5). Of these, as of December 31, 2019, MSEK 13.7 was related to convertible notes and MSEK 18.3 was related to other interest-bearing liabilities. During 2020, MSEK 21.7 convertible notes from 2018 and 2019 were converted to equity, MSEK 10 of additional convertible notes were issued, MSEK 10.7 other liabilities were offset against equity, and MSEK 16.1 of liabilities, including MSEK 2.0 of convertible notes, was repaid.
- During 2020, MSEK 13.8 convertible notes from 2018 and 2019 were converted to equity, MSEK 15.0 of other liabilities were offset against equity, and MSEK 9.7 million of liabilities, including MSEK 2.3 convertible notes, were repaid.
- The Equity at the end of the period amounted to MSEK 48.6 (4.3).
- The cash flow from operating activities during the period was MSEK -43.1 (-23.8). Cash flow from investment activities during the period was MSEK -14.4 (-11.9). The cash flow from financing activities during the period was 61.7 (35.9), including net proceeds from share issues of MSEK 53.7 (43.1). The cash flow for the period was MSEK 4.2 (-0.2). Closing cash at end of year was MSEK 4.9 (0.6).

PRODUCT DEVELOPMENT

Hoylu's product development efforts are focused on developing Hoylu Connected Workspaces™ products, as well as migrating the Hoylu Suite products from Windows to the web.

LEGAL PROCEEDINGS

In 2019 Hoylu was issued an administrative assessment of MSEK 2.1, that was accrued and included in the balance sheet as of December 31, 2019. Hoylu is appealing the decision. Hoylu is not involved in any other legal disputes.

ENVIRONMENT

Hoylu does not pursue any activities that require environmental permits. None of its units are environmentally certified.

LIQUIDITY AND FINANCING RISK

Hoylu's liquid assets, as cash and bank deposits, amounted at the end of 2020 to MSEK 4.9.

During February and March of 2021, the company completed a directed issue of shares in the amount of MSEK 28.5 and MSEK 1.5; for a total of MSEK 30.

Based on the experience of Hoylu's financing efforts over the past twelve months, Hoylu's Board of Directors and management believe that there are good opportunities to secure additional financing if needed. In view of the cash balance per day for this report, the additional financing in February/March and the improved cash flow from operating activities, it is the opinion of management and the Board that the existing liquid assets and the budgeted cash flow from operating activities will be sufficient to meet Hoylu's operating requirements for the next twelve months.

CURRENCY EXPOSURE

Hoylu conducts the main part of its sales internationally, and a majority of the invoicing is in EUR and USD and Hoylu's costs are in SEK, USD and EUR. Margins and earnings are sensitive to currency fluctuations, mainly against the Euro and US Dollar where the company has predominant income. The Board believes that the distribution between Hoylu's operating currencies provides a sufficient balance in the foreign currency exposure and that the company therefore should not work with hedging of currency net flows.

ADMINISTRATION REPORT

In 2020, 22 percent of the total income was in EUR and 78 per cent in USD.

CREDIT RISK

The management of credit risks can be broken down into commercial risks and financial risks. The provisions set aside for bad debt losses as of the balance sheet date have not identified any commercial credit risks. The financial credit risk is managed as part of Hoylu's Finance Policy.

INSURANCE RISK

Hoylu's insurance coverage is reviewed annually with respect to traditional business insurance policies for property, liability, travel, etc.

EMPLOYEE POLICIES

To realize Hoylu's business concepts, we depend on a multitude of skilled employees who are wholeheartedly engaged in their work and who have a good understanding of the communication between people from different cultures and backgrounds. We strive to make use of all of our employees' competences in best possible ways. No employee should under any circumstance be discriminated against. Hoylu applies a clear policy on gender equality, equal opportunities and anti-discrimination. Hoylu strongly encourages an environment of respect and honesty, with open and clear communication by and between all parties involved in Hoylu's business.

GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

Remuneration for the CEO and senior executives in 2020 appears in Note 6, "Salary, wages and other remunerations to employees". The guidelines set by the Board for 2020 was for the compensation level and structure to be at market level. The total compensation was to be a balanced mix of fixed salaries, variable compensation, retirement and health plans, any other benefits and terms for dismissal and severance payments. The compensation could also comprise stock related long term incentive programs. The Board has proposed to the Annual General Meeting that the guidelines on remuneration for senior executives remain unchanged in 2020.

APPROPRIATION OF ACCUMULATED RESULT

Proposed appropriation of accumulated result in the parent company:

<i>Appropriation of Accumulated Result (SEK)</i>	<i>2020</i>
Profit/losses brought forward	62,624,193
Additional Capital	80,291,737
Loss for the year	-13,753,646
Total	129,162,283
The board of directors propose the total amount of 129,162,283 is brought forward is appropriated as follows	
To be brought forward	129,162,283

INCOME STATEMENT

KSEK	Not	Hoylu Group		Parent Company	
		2020	2019	2020	2019
Net sales		29,168	26,903	6,378	7,878
Cost of goods and services sold		-8,652	-8,373	-1,666	-1,929
Gross profit		20,516	18,530	4,712	5,949
Selling Expenses	4, 5, 6, 8	-27,017	-24,589	-9,585	-8,666
General & Administration Expenses	4, 5, 6, 8	-10,956	-11,965	-5,659	-7,174
Research & Development Expenses	4, 5, 6, 8	-15,775	-16,665	-2,282	0
Other operating income	7	3,546	0	0	0
Other operating expenses	7	-106	-2,051	-250	-2,031
Operating profit/loss		-29,792	-36,740	-13,064	-11,922
Interest income	9	0	0	1,433	1,036
Interest expense	9	-2,153	-3,704	-1,951	-3,595
Write-off long term investments	17	0	-7,026	0	0
Foreign exchange gain		-125	127	-171	-69
Profit before taxes		-32,070	-47,343	-13,754	-14,550
Taxes		-12	-40	0	0
Profit/loss for the period		-32,082	-47,383	-13,754	-14,550
Key ratios:					
Gross margin		70.3%	68.9%	73.9%	75.5%
Operating margin		Neg	Neg	Neg	Neg
Earnings per share before and after dilution		-0.55	-2.37	-0.24	-0.73
Average number of shares before and after dilution		58,011,673	19,971,528	58,011,673	19,971,528

BALANCE SHEET

KSEK	Note	Hoylu Group	Hoylu Group	Parent Company	Parent Company
		Dec 31 2020	Dec 31 2019	Dec 31 2020	Dec 31 2019
ASSETS					
Fixed Assets					
Intangible fixed assets					
Capitalized development costs	10	34,176	28,501	0	0
Goodwill	11	5,663	6,748	3,154	3,649
Software	12	2,034	3,660	265	0
Trademarks	13	385	474	354	411
Other intangible assets	14	272	429	-1	421
Intangible fixed assets		42,529	39,812	3,773	4,481
Tangible assets					
Machinery & Equipment	15	816	1,040	2	265
Tangible fixed assets		816	1,040	2	265
Financial fixed assets					
Participation in group companies	16	0	0	14,130	14,130
Long-term investments	17	0	0	0	0
Other long-term receivables		722	544	0	0
Total financial fixed assets		722	544	14,130	14,130
Total fixed assets		44,067	41,396	17,904	18,875
Current Assets					
Inventory		1,776	2,617	1,616	2,058
Current receivables					
Trade receivables		9,342	9,286	1,431	3,076
Other receivables		2,041	2,201	1,314	667
Group receivables		0	0	119,559	82,274
Prepaid expenses and accrued income		1,462	1,631	14	40
Total current receivables		12,845	13,118	122,318	86,057
Liquid Assets		4,868	637	332	181
Total current assets		19,489	16,372	124,267	88,296
TOTAL ASSETS		63,557	57,768	142,171	107,171
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Restricted equity - Share capital	18	6,680	2,111	6,680	2,111
Non-restricted equity - Free capital	18	74,004	47,343	142,916	74,912
Profit/loss for the year	19	-32,082	-47,383	-13,754	-14,550
Unregistered capital		0	2,263	0	2,263
Total shareholders' equity		48,602	4,334	135,842	64,736
Long-term liabilities					
Long-term interest bearing liabilities		0	0	0	0
Total long-term liabilities		0	0	0	0
Current liabilities					
Convertible Notes	20	0	13,725	0	13,725
Short-term interest bearing liabilities		1,707	18,329	1,313	16,070
Group liabilities		0	0	0	2,230
Accounts payable		3,777	10,035	1,305	5,257
Other liabilities		82	133	0	20
Accrued expenses and deferred income		9,388	11,212	3,710	5,133
Total current liabilities		14,955	53,434	6,328	42,435
SHAREHOLDERS' EQUITY AND LIABILITIES		63,557	57,768	142,171	107,171

CASH FLOW STATEMENT

KSEK	Koncernen 2020	Koncernen 2019	Moderbolaget 2020	Moderbolaget 2019
Operating Profit (Loss)	-29,792	-36,740	-13,064	-11,922
Depreciation, amortisation	7,329	5,690	918	1,092
Impairment	0	-68	0	0
Interest Received	0	0	1,433	1,036
Interest Paid	-2,153	-3,704	-1,951	-3,595
Taxes	-12	-40	0	0
Foreign exchange rate differences	-4,265	984	-171	-69
Adjustments for items not included in cash flow	899	2,862	229	-1,536
Cash flow from operating activities before changes in working capital	-28,893	-33,878	-12,835	-13,458
Change in operating receivables	274	1,405	-36,261	-25,756
Change in inventory	841	-1,189	441	-1,012
Change in operating liabilities	-15,288	9,826	-12,916	5,609
Cash flow from operating activities	-43,066	-23,837	-61,571	-34,616
Intangible assets	-14,093	-11,609	0	-123
Fixed assets	-279	-322	53	-103
Financial fixed assets	0	0	0	-1,670
Cash flow from net capital expenditures	-14,372	-11,931	53	-1,896
Total cash flow before financing activities	-57,438	-35,768	-61,518	-36,513
New share issue	53,660	43,052	53,660	43,052
Change in financial liabilities	8,009	-7,122	8,009	-6,648
Cash flow from financing activities	61,669	35,930	61,669	36,404
Cash flow for the period	4,231	162	151	-109
Liquid assets at the beginning of the period	637	475	181	290
Liquid assets at the end of the period	4,868	637	332	

STATEMENT OF CHANGES IN EQUITY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - HOYLU GROUP

KSEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Translation Reserves	Profit/(Loss) Brought Forward	Shareholders Equity
Closing balance December 31, 2018	1,226	0	57,135	-70	-50,847	7,444
Profit/loss from Jan 1, 2019 to Dec. 31, 2019					-47,384	-47,384
Translation Differences				1,222		1,222
Convertible Note Conversion	527		25,053			25,580
Private Placement	358		14,851			15,209
Ongoing Share Issue		2,263				2,263
Closing balance December 31, 2019	2,111	2,263	97,039	1,152	-98,231	4,334
Profit/loss from Jan 1, 2020 to Dec. 31, 2020					-32,082	-32,082
Translation Differences				-8,509		-8,509
Ongoing Share Issue		-2,263				-2,263
Convertible Note Conversion	1,153		22,843			23,996
Private Placement/Rights Issue	3,415		60,944			64,359
Financing Expenses			-1,233			-1,233
Closing balance December 31, 2020	6,679	0	179,593	-7,357	-130,313	48,602

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY - PARENT COMPANY

KSEK	Fritt Egest Kapital				Shareholders Equity
	Restricted Equity Share Capital	Ongoing Share Issue	Non-Restricted Equity	Profit/(Loss) Brought Forward	
Closing balance December 31, 2018	1,226	0	57,134	-22,127	36,233
Profit/loss from Jan 1, 2019 to Dec. 31, 2019				-14,550	-14,550
Convertible Note Conversion	527		25,053		25,580
Private Placement	359		14,851		15,210
Ongoing Share Issue		2,263			2,263
Closing balance December 31, 2019	2,111	2,263	97,039	-36,677	64,736
Profit/loss from Jan 1, 2020 to Dec. 31, 2020				-13,754	-13,754
Ongoing Share Issue		-2,263			-2,263
Convertible Note Conversion	1,153		22,843		23,996
Private Placement/Rights Issue	3,415		60,944		64,359
Financing Expenses			-1,233		-1,233
Closing balance December 31, 2020	6,679	0	179,593	-50,431	135,842

ACCOUNTING POLICIES

ACCOUNTING POLICIES

NOTE 1- HOYLU GROUP

Hoylu AB, Corporate Identity No. 559084-6381, headquartered in Stockholm, Sweden, is the parent company in Hoylu. In addition to performing group-wide functions to its subsidiaries, Hoylu AB's operational activities includes sales and marketing activities within Europe and EMEA.

Hoylu, Inc., is a wholly owned subsidiary of Hoylu AB based in the United States. Hoylu, Inc. has operating offices in Los Angeles, Seattle, and Orlando, and is responsible for Hoylu's product management and software development activities.

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Hoylu Norge AS, is a wholly owned subsidiary of Hoylu AB based in Norway. Hoylu Norge AS manages Hoylu's sales and marketing efforts.

Hoylu Intressenter AB, is a wholly owned subsidiary of Hoylu AB based in Norrköping, Sweden. Hoylu Intressenter AB's business is to hold options and warrants for further issuance to the Hoylu's employees.

NOTE 2 - GENERAL ACCOUNTING POLICIES

The consolidated accounts of Hoylu AB (publ.) ("Hoylu Group") and Hoylu AB on a stand-alone basis ("Parent Company") have been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board on annual report and consolidated financial statements BFNAR 2012:1 (K3) as well as the Swedish Securities Market Act.

The annual report and consolidated accounts have been approved for distribution by the Board and the CEO on April 27 2021. Hoylu Group's income statement and balance sheet, and the Parent company's income statement and balance sheet, will be subject to approval by the Annual General Meeting on May 21, 2021.

SIGNIFICANT ACCOUNTING POLICIES APPLIED

Other than the revaluation of certain financial instruments, assets and liabilities are based on historical cost. The parent company's functional currency, Swedish kronor (SEK), is also the reporting currency for Hoylu.

Below is a summary of the accounting principles used by Hoylu. The accounting principles have, with the exceptions described, been applied consequently to all periods presented, in Hoylu's financial reports.



VALUATION PRINCIPLES FOR CONSOLIDATED ACCOUNTS

CONSOLIDATED ACCOUNTS

In the consolidated account, the operations of Hoylu AB and all subsidiaries are consolidated up until and including 31 December 2020. Subsidiaries are all companies in which Hoylu AB has the right to draw up the company's financial and operational strategies for the purpose of receiving financial benefits. Hoylu AB achieves and exercises a deciding influence by holding more than half of the votes. Companies set up for particular purposes are also consolidated if Hoylu has a deciding influence, irrespective of whether there is an ownership share or not. Except for Hoylu GmbH which has a balance sheet date of June 30, the balance sheet date of all subsidiaries is 31 December, and they apply Hoylu's valuation principles.

The consolidated accounts are presented in SEK, which is also Hoylu AB's reporting currency. Profit/loss for subsidiaries purchased or sold during the year are reported as from the date the purchase or sale came into force, according to what is applicable.

Amounts reported in the financial reports for subsidiaries have been adjusted where required in order to safeguard correspondence with Hoylu's accounting principles.

ELIMINATION OF INTRA-GROUP TRANSACTIONS

All intra-group transactions are eliminated in the consolidated accounts. Intra-group transactions include internal sales, profits and balances.

ACQUISITION METHOD

Hoylu applies the acquisition method when reporting company acquisitions entailing that the reported value of Hoylu AB's participations in Hoylu Group are eliminated by being offset against the subsidiary's equity at the time of acquisition.

Hoylu draws up an acquisition analysis as at the time of the acquisition in order to identify Hoylu's acquisition value, both for the participations and also for the subsidiary's assets, provisions and liabilities. The company acquisition is reported in Hoylu as of the time of the acquisition.

GOODWILL

Goodwill represents the difference between the acquisition value of a company acquisition and the fair value of the acquired assets, liabilities and contingent liabilities.

AMORTIZATION

Amortization of Goodwill and the other intangible fixed assets is done in a linear way over the expected useful life. Amortization starts when the asset can be used. The useful life is reviewed at each balance sheet date. The following useful lives are used:

Fixed Assets:	3-5 years
Capitalized Development Costs:	5 years
Goodwill:	10 years

Goodwill is currently amortized over a period in excess of five years due to the strategic acquisitions that are expected to generate positive economic results over a longer period.

TRANSACTIONS IN FOREIGN CURRENCIES

On consolidation, assets and liabilities, including goodwill and other Hoylu-wide surplus or shortfall values are translated to SEK at the exchange rate on the balance sheet date.

Income and expenses are translated to SEK according to an average exchange rate for the reporting period, which constitutes an approximation of the transaction rate. Exchange rate differences that arise on translation of foreign operations are reported in equity.

VALUATION PRINCIPLES FOR CONSOLIDATED ACCOUNTS

INCOME

Income arises from the sale of goods and the performance of services and is reported in the item Net sales. Income is valued at the fair value of what has been received or will be received for goods delivered and services performed, i.e. at sales price excluding trade discounts, quantity discounts and similar price deductions and value added tax.

Hoylu's income primarily consisted of revenue from the sale of the Hoylu Connected Workspaces™ via resellers and the sale of the HoyluWall, software product, and professional services.

SALE OF GOODS

Sale of goods is reported when Hoylu has transferred the significant risks and benefits associated with ownership of the goods to the customer, the goods have been delivered to the customer and the expenses that arise as a result of the transaction can be calculated in a reliable way. Hoylu does not have income from sale of goods with significant service obligations.

SOFTWARE AS A SERVICE

Hoylu licenses its proprietary software used for brainstorming, collaboration and visualization. Hoylu owns the server that hosts the software, and the software is accessed electronically through the cloud. During the license period, Hoylu is responsible for maintaining the software, provide various upgrades to improve the software and provide technical support. Upgrades must be provided when and where needed during the contract period, and thus the criterion for reporting income over time is considered to be met.

FINANCIAL INCOME AND EXPENSES

Financial expenses comprise of interest expense on borrowings and impairment of financial assets. Borrowing costs are recognized in earnings using the effective interest method, except to the extent they are directly attributable to the acquisition, construction or production of assets that take a substantial period of time to get ready for intended use or sale, in which case they are part of the acquisition value.

Exchange gains and losses are reported net.



VALUATION PRINCIPLES FOR BALANCE SHEET

INTANGIBLE FIXED ASSETS

Intangible fixed assets are valued at acquisition value minus accumulated amortization and impairment. The acquisition value does not include borrowing expenses.

DEVELOPMENT EXPENSES

Hoylu carried out development products in order to develop the Group's commercial products Hoylu Connected Workspaces™. Expenses that are directly attributable to the development phase of a new product are reported as an intangible fixed asset, provided they fulfil the following requirements:

- It is technically possible to complete the asset so that it can be used or sold.
- Hoylu intends to complete the asset and use or sell it.
- Hoylu has the prerequisites to use or sell the asset.
- It is probable that the asset will generate future financial benefits.
- There are sufficient resources to complete the asset and to use or sell it.
- The development expense can be measured in a reliable way.

Development expenses that do not fulfil these criteria for capitalization are written off as they arise. The acquisition value of development expenses includes the expenses for the production of the asset. Directly attributable expenses include personnel expenses arising from the work on development and direct expenses for external consultants. Hoylu calculates attributable personnel expenses by following up the number of man hours expended on each development project. Expenses per man hour is valued at actual monthly salary and the estimated payroll overhead including pension recalculated on an hourly basis.

After the first reporting opportunity, internally generated intangible assets are reported at acquisition value after deductions for accumulated depreciation and any accumulated write-downs. Estimated useful life is 5 years. The estimated useful life and depreciation method is reassessed the end of each financial year, the effect of any changes in assessments is reported in the future.

TANGIBLE FIXED ASSETS

Tangible fixed assets are initially reported at the acquisition value or manufacturing cost including expenses for getting the asset into place and in condition to use as was the intention of the investment. The acquisition value includes the purchase price and all other directly attributable expenses, such as expenses for delivery, handling, installation, assembly and consultancy services.

The acquisition value of Hoylu's machinery and equipment has been allocated according to component. Tangible fixed assets are thereafter valued at acquisition value minus accumulated depreciation and impairment.

ASSESSMENT OF IMPAIRMENT REQUIREMENT FOR INTANGIBLE AND TANGIBLE FIXED ASSETS

If there is an indication that a Group asset has decreased in value, its recoverable amount is determined. The recoverable amount is defined as the asset's net realizable value or value in use, whichever is higher. When determining the value in use, the present value of the future cash flows that the asset is expected to give rise to during its useful life is estimated. An impairment loss is recognized if the Group's reported value exceeds the recoverable amount, and the impairment loss is charged to result for the year.

REMOVAL FROM THE BALANCE SHEET

Intangible and tangible fixed assets are removed from the balance sheet on scrapping or disposal, or when no future financial benefits are expected from the use, scrapping or disposal of the asset.

When intangible and tangible fixed assets are sold, the capital gain (loss) is calculated as the difference between the sale price and the reported value of the asset and is reported in the income statement in either Other Operating Income or Other Operating Expenses.

LEASING

Leasing agreements are classified as either financial or operational leasing at the time they are entered into. All leasing agreements within Hoylu are currently classified as operational leasing.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Receivables and liabilities in foreign currencies are reported at the exchange rate on the balance sheet date, and unrealized exchange gains and losses are included in earnings. Exchange gains/losses on operating receivables and liabilities are reported as other operating income/expenses. Exchange rate differences on financial receivables and liabilities are reported as financial items.

FINANCIAL INSTRUMENTS

Hoylu's financial instruments consist mostly of accounts receivable, liquid assets, accounts payable, long-term receivables, accounts receivables, financial investments accounts payables, and long-term interest-bearing liabilities.

CONVERTIBLE NOTES

Convertible notes can be converted into shares by the holder exercising its option to convert the convertible note into shares. Convertible notes are reported as a compound financial instrument divided into a debt component and an equity component.

At the time of issue, the debt component is valued at the fair value of a similar debt that has no right to conversion or has a similar equity component. The value of the equity component is calculated as the difference between the release date when the convertible debenture was issued and the fair value of the debt component at the time of release.

The equity component is reported as other contributed capital. After the issue date, the debt component is reported at the accrued acquisition value through the application of the effective interest method. Based on the interest rate in the 8% to 12% range that accrues on the convertible notes, Hoylu has assessed that these represent the debt in its entirety, which is why the value of the option part has not been assessed as significant and thus not reported.

REPORTING OF AND DE-RECOGNITION FROM THE STATEMENT OF FINANCIAL POSITION

For companies that value financial instruments based on the acquisition value as set forth in K3 Chapter 11, a financial asset or financial liability is recognized in the statement of financial position when the company becomes party to the instrument's contractual terms. A receivable is recognized when the company has performed and there is a contractual obligation on the counterpart to pay, even if the invoice has not been sent. Accounts receivable are recorded in the statement of financial position when the invoice is sent.

Liabilities are recognized when the counterparty has performed and there is contractual obligation to pay, even if the invoice has not been received. Accounts payable are recognized when an invoice is received.

A financial asset is derecognized from the statement of financial position when the rights to the agreement are realized, expired or when the company loses control over them. The same applies to portions of financial assets. A financial liability is derecognized from the statement of financial position when the obligation in the agreement is fulfilled or become extinguished in some other way. The same applies for part of a financial liability.

A financial asset and a financial liability are offset and the net amount is recognized in the statement of financial position only when the company has a legal right to set off the amounts and intends either to settle the net amounts or at the same time realize the receivable and settle the liability. Acquisition or divestment of financial assets are reported on the transaction day. The transaction day is the date on which the company commits to acquire or divest the asset.

CLASSIFICATION AND VALUATION

Financial instruments are initially stated at cost, corresponding to the instrument's fair value. Transaction costs are added to this for all financial instruments except for those belonging to the financial assets category, which are reported in the income statement at fair value. The classification of a financial instrument on the initial reporting depends on the intention of the acquirer. The classification decides how the financial instrument is valued on the initial reporting date as described below.

LIQUID ASSETS

Liquid assets consist of cash and bank balances, as well as current investments. A current investment is classified as a liquid asset if it can easily be converted to cash at a known amount and it is exposed to only a negligible risk of value fluctuations.

LOAN RECEIVABLES AND ACCOUNTS RECEIVABLE

Loan receivables and accounts receivable are monetary assets which are not derivatives, that have defined payment plans or identifiable payments and which are not listed on an active market place. These assets are valued at accrued historical cost. Accounts receivable are reported net after deduction of doubtful accounts receivable. The expected maturity of accounts receivables is short, which is why the reporting is done with a nominal amount without discounting.

FINANCIAL ASSETS AVAILABLE FOR SALE

Financial assets available for sale are assets that are not derivative assets identified as available-for-sale or are not classified in any of the other categories. They are included in current assets and management does not intend to dispose of the investment within 12 months after the reporting period.

OTHER FINANCIAL LIABILITIES

Loans and other financial liabilities, such as accounts payable, are included in this category. The liabilities are measured at accrued acquisition value.

INVENTORY

Inventory, consisting of finished products and critical components, is reported at historical cost (in accordance with FIFO) or net realizable value, whichever is lower. The cost of inventories includes costs incurred to acquire inventory assets and transport them to their current site and condition.

PENSIONS AND COMPENSATIONS TO EMPLOYEES

CURRENT PAYMENTS

Current payments to employees, such as salaries, holiday pay and bonus, are payments to employees that become due within 12 months from the balance sheet date during the year the employee has earned the pay. Current payments are valued at the undiscounted amount Hoylu is expected to pay as a result of the unutilized right.

PAYMENTS AFTER TERMINATION OF EMPLOYMENT

Hoylu provides payments after termination of employment in the form of pensions through various defined contribution schemes. There are no defined benefit schemes.

DEFINED CONTRIBUTION PENSION SCHEMES

Hoylu pays fixed fees to other legal entities relating to several government schemes and insurance schemes for individual employees. Hoylu has no legal or informal obligations to pay further fees over and above payment of the fixed fee, which is reported as a cost during the period in which the service in question is performed.

SHARE-RELATED REMUNERATION REGULATED BY EQUITY INSTRUMENTS

Share-based payments that are settled with equity instruments are valued at fair value, excluding any impact from non-market-related terms, at the time of allotment, which is the time when the company enters into an agreement on share-based payments. The fair value determined at the time of allotment is reported as an expense with a corresponding adjustment in equity distributed over the vesting period, based on the company's estimate of the number of shares that are expected to be redeemable. Fair value has been calculated by applying the Black-Scholes valuation model. Social security contributions attributable to the share-based payments are accrued in the same way as the cost of the services received and the liability is revalued at each balance sheet date until it is settled. For the option programs specified in Note 6, related to 2018 and 2019, and based on the assessment of fair value, it appears that these do not have any significant impact and thus no cost and corresponding adjustment of equity has been reported.

EQUITY

EQUITY

All transactions with Hoylu AB's owners are reported separately in equity.

Dividend to be paid is included in the item Other liabilities when the dividend has been approved at a general meeting before the balance sheet date.

PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

PROVISIONS

Provisions for product guarantees, legal processes, loss contracts or other claims are reported when Hoylu has a legal or informal obligation as a result of an event that has occurred, it is probable that an outflow of resources will be required in order to settle the obligation and the amount can be estimated in a reliable way. The timing or the amount of the outflow may still be uncertain. Provisions are not reported for expenses connected to future operations.

Provisions are initially valued at the best estimation of the amount required to settle the existing obligation, based on the most reliable information that is available on the balance sheet date. Provisions are discounted at their current value where the time value of money is significant.

Any compensation that Hoylu is almost certain to receive from an external party in relation to the obligation is reported as a separate asset. However, this asset cannot exceed the amount of the attributable provision. The provision is only utilized for the expenses for which the provision was originally intended. The provision is reassessed every balance sheet date. Adjustments are reported in the income statement.

GOVERNMENT GRANTS

According to section 24.3, a government grant that is not associated with a requirement for future performance must be reported as income when the conditions for receiving the grant are met.

In accordance with BFNAR 2020: 1, financial support as a result of the effects of the spread of the covid-19 pandemic may be reported as income in the financial year to which the financial support relates to when the annual accounts, the annual report or the consolidated accounts are submitted:

- A determination related to the financial support has been issued,
- the company will meet the conditions for the financial support with reasonable certainty, and
- the company will receive the support with reasonable certainty.

CONTINGENT LIABILITIES

The following are reported as contingent liabilities

- A possible obligation as a result of events that have occurred and whose existence will only be confirmed by one or several uncertain events, which are not entirely within the control of Hoylu, occurring or failing to occur, or
- An existing obligation as a result of events that have occurred, but which have not been reported as a liability or a provision as it is not probable that an outflow of resources will be required in order to settle the obligation, or the size of the obligation cannot be calculated with sufficient reliability.

TAXES

INCOME TAXES

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement except when an underlying transaction is reported in equity, when the associated tax effect is also reported in equity.

Current tax receivables and tax liabilities and deferred tax receivables and tax liabilities are offset against each other if there is a legal right to offset.

CURRENT TAX

Current tax is the tax cost for the current financial year relating to the taxable profit for the year and that part of the income tax for previous financial years that has not yet been reported. Current tax is valued at the probable amount according to the tax rates and tax rules that apply on the balance sheet date and are not translated into current value.

DEFERRED TAX

Deferred tax is the income tax on the taxable profit relating to future financial years as a result of previous transactions or events.

Deferred tax is calculated using the balance sheet method for all temporary differences, i.e. differences between the reported value of assets and liabilities and their tax values and tax shortfalls.

No provision is made for deferred tax on temporary difference attributable to holdings in subsidiaries or joint ventures, as Hoylu can control the timing of reversal of the temporary differences, and such a reversal will not take place within the foreseeable future. No provision is made for deferred tax at the first reporting of goodwill, however.

Changes to deferred tax are reported in the income statement.

Deferred tax receivables are reported for all deductible temporary difference and for the option of utilizing unused loss carry forward in the future.

Deferred tax receivables and tax liabilities are valued based on how Hoylu expects to be regain/settle the reported value of the corresponding asset/liability. The valuation is done without discounting and according to the tax rates and tax rules that are decided on the balance sheet date. A deferred tax receivable is valued at most at the amount that will probably be regained, based on current or future taxable profits, which is reassessed on every balance sheet date.

REPORTING CASH FLOW

The cash flow statements are prepared in accordance with the indirect method, i.e., profit/loss after financial items is adjusted for transactions that have not given rise to payments or disbursements during the period, as well as for any income and expenses attributable to the cash flow of investing activities.

DISCLOSURES ABOUT RELATED PARTIES

For disclosures about the company's transactions with related parties, refer to Note 6 "Salary, wages and other remunerations to employees". There were no other transactions with related parties.

SIGNIFICANT JUDGMENTS AND ESTIMATES

NOTE 3 - IMPORTANT ASSESSMENTS AND UNCERTAINTY OF ESTIMATES

When financial reports are drawn up, the Board of Directors and the Managing Director must make certain estimates, assessments and assumptions, according to the accounting and valuation principles applied, which impact on the reporting and valuation of assets, provisions, liabilities, income and expenses. The areas where such estimates and assessments may be of great importance to the Group, and which can thus affect the income statements and balance sheets in the future, are described below.

The following are important assessments that have been made during implementation of Hoylu's accounting principles, and which have the most significant effect on the financial reports.

CAPITALIZING INTANGIBLE FIXED ASSETS

PRODUCT DEVELOPMENT PHASE

The allocation between the research and development phases of new development projects concerning Hoylu Connected Workspaces™ and determining whether the requirements for capitalization of development expenses have been fulfilled requires assessment. Following capitalization, the issue of whether the completion of the reporting requirements for development expenses is continuing to be fulfilled is monitored, and also whether there are indications that the capitalized expenses may be exposed to a reduction in value.

Hoylu has capitalized development expenses which have not yet been completed. These are assessed for any impairment requirement on an annual basis. In order to do this, an assessment must be made of future cash flows attributable to the asset or the cash-generating unit to which the asset shall be attributed once it is completed. A suitable discount interest rate should also be set in order to discount these estimated cash flows. Determining the discount interest rate is always subject to important assessments.

IMPAIRMENT

In order to assess the impairment requirement, the recovery value of each asset or cash-generating unit

is calculated, based on expected future cash flow and using a suitable interest rate in order to discount the cash flow. There are uncertainties in the assumptions about future cash flow and the setting of a suitable discount interest rate. The discount rate used for the impairment calculation amounts to 35%. The impairment tests did not result in any impairment losses in 2020 or 2019. Management estimates that changes in reasonable variances in the calculation assumptions would not have such a large effect that they individually would reduce the recoverable amount to a value lower than the reported the value.

USEFUL LIFE OF DEPRECIABLE ASSETS

On each balance sheet date, a review is made of the current assessments of the useful lives of depreciable assets. The uncertainty of these assessments is due to technical obsolescence, which can change the use of the asset in question.

REPORTING OF DEFERRED TAX RECEIVABLES

The assessment of the extent to which deferred tax receivables may be reported is based on an assessment of the probability of Hoylu's future taxable income against which deferred tax receivables can be utilized. Significant consideration is also required in the assessment of the effect of certain legal and financial limitations or uncertainties in different jurisdictions.

Since Hoylu historically has reported losses the board has decided that a deferred tax receivable shall be reported only when convincing evidence are at hand which support the notion that accumulated taxable loss can be regained against future taxable profits. As of the 2020 financial year end, the accumulated loss carryforward of Hoylu amounts to MSEK 130.

ACCOUNTS RECEIVABLE - TRADE

Accounts receivable – trade are valued at the cash flow that is expected to be received by the company. A detailed and objective review of all outstanding amounts on the balance sheet date is therefore carried out.

The provision for doubtful receivables is based on an assessment of the customers' solvency and is intrinsically difficult to estimate. When drawing up the financial reports a special assessment of Hoylu's accounts receivables is made on an item-by-item basis.

NOTES

NOTE 4 - AVERAGE NUMBER OF EMPLOYEES

NOTE 4 AVERAGE NUMBER OF EMPLOYEES

	<i>2020</i> <i>Average Number</i> <i>of Employees</i>	<i>2020</i> <i>Whereof Men</i>	<i>2019</i> <i>Average Number</i> <i>of Employees</i>	<i>2019</i> <i>Whereof Men</i>
<i>Name</i>				
Hoylu AB				
Sweden	1	0	2	1
Hoylu Group				
Austria	4	4	4	4
Japan	0	0	1	1
Germany	0	0	1	1
USA	26	16	22	15
Total	31	20	30	22

NOTE 5 - SPLIT BY GENDER

The board of directors includes four (4) men. The executive team includes four (4) men.

NOTE 6 - SALARY, WAGES, AND OTHER RENUMERATIONS TO EMPLOYEES

<i>Remunerations to employees</i>	<i>2020</i> <i>Hoylu Group</i>	<i>2019</i> <i>Hoylu Group</i>	<i>2020</i> <i>Parent Company</i>	<i>2019</i> <i>Parent Company</i>
Remunerations - Board	550	550	550	550
Salaries - CEO	2,540	2,441	0	0
Salaries - Management	11,061	9,314	0	738
Salaries and wages - Other employees	23,152	21,763	2,208	1,525
Total	37,303	34,068	2,758	2,813

2018 WARRANT PLAN

Senior executives have been granted warrants in Hoylu AB. The warrants have an exercise price SEK 10.00. The warrants shall have a maturity of 3.5 years until November 15, 2021 with the possibility to exercise the warrant after three years (May 15, 2021).

A total of 376,546 warrants are currently outstanding of which 0 is held by the CEO and 376,546 is held by people that used to be part of the management team.

2018 OPTION PLAN

The employees and some of the long-term consultants have been granted options in Hoylu AB. One third of the options vest at the end of each of the calendar years; December 31, 2019, December 31, 2020, and December 31, 2021. The options have an exercise price SEK 10.00 and may be exercised during the period starting on January 1, 2022 and ending on March 31, 2022, with the added requirement that the option holder is still a service provider to Hoylu at the time of the vesting.

A total of 230,000 options are currently outstanding (compared to 1,385,000 as of December 31, 2019). The reason for the reduction in the number of options compared to previous years is that employees were given the opportunity to cancel the options attributable to the 2018 program and instead be granted the corresponding number of options as part of the 2020 option program, which occurred for a total of 788,333 options in 2020.

2019 OPTION PLAN

The employees and some of the long-term consultants have been granted options in Hoylu AB. One third of the options vest at the end of each of the calendar years; December 31, 2020, December 31, 2021, and December 31, 2022. The options have an exercise price SEK 7.00 and may be exercised during the period starting on January 1, 2023 and ending on June 30, 2023, with the added requirement that the option holder is still a service provider to Hoylu at the time of the vesting.

A total of 120,000 options are currently outstanding (compared to 1,980,000 as of December 31, 2019). The reason for the reduction in the number of options compared to previous years is that employees were given the opportunity to cancel the options attributable to the 2019 program and instead be granted the corresponding number of options as part of the 2020 option program, which occurred for a total of 1,760,000 options in 2020.

2020 OPTION PLAN

The employees and some of the long-term consultants have been granted options in Hoylu AB. One third of the options vest at the end of each of the calendar years; December 31, 2021, December 31, 2022, and December 31, 2023. The options have an exercise price SEK 2.20 and may be exercised during the period starting on January 1, 2024 and ending on June 30, 2024, with the added requirement that the option holder is still a service provider to Hoylu at the time of the vesting.

A total of 7,868,333 options are currently outstanding of which 150,000 is held by the Chairman of the Board of Directors, 300,000 is held by other members of the Board of Directors, 1,600,000 is held by the CEO, and 2,600,000 is held by members of the management team.

NOTES

NOTE 7 - OTHER INCOME AND EXPENSES

<i>Other Income</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Covid 19 Assistance - USA Treasury	3,546	0	0	0
Other Income	0	0	0	0
Total Other Income	3,546	0	0	0

<i>Other Expenses</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Administrative Assessment	0	-2,100	0	-2,100
Other Expenses	-106	49	-250	69
Total Other Expenses	-106	-2,051	-250	-2,031

NOTE 8 - AMORTIZATION AND DEPRECIATION

<i>Amortization and depreciation</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
COGS	0	0		0
Selling	4,962	3,481	918	1,092
General & Administration	0	0	0	0
Research & Development	2,367	2,209	0	0
Total	7,329	5,690	918	1,092

NOTE 9 - INTEREST INCOME AND EXPENSE

<i>Interest Income and Interest Expense</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
External				
Interest Income	0	0	0	0
Interest Expense	-2,153	-3,704	-1,951	-3,595
Internal				
Interest Income	1,433	1,036	1,433	1,036
Interest Expense	-1,433	-1,036	0	0
Total				
Interest Income	1,433	1,036	1,433	1,036
Interest Expense	-3,585	-4,740	-1,951	-3,595

NOTES

NOTE 10 - CAPATALIZED PRODUCT DEVELOPMENT

Hoylu capitalizes expenses that are directly attributable to the development phase of a new product.

<i>Capitalized Product Development</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	32,244	20,853	0	0
Work performed by the company for its own use and capitalized	14,093	10,659	0	0
FX Translation Differences	-5,459	732	0	0
Closing accumulated historical cost	40,878	32,244	0	0
Opening accumulated amortization	-3,743	-1,855	0	0
Amortization for the period	-3,804	-1,890	0	0
FX Translation Differences	846	2	0	0
Closing accumulated amortization-	-6,702	-3,743	0	0
Carrying amount	34,176	28,501	0	0

NOTE 11 - GOODWILL

Hoylu acquired Goodwill in previous periods as a result of the following acquisitions;

December 2016	W'inspire GmbH (2 038 KSEK)
March 2017	Creative Minds LLC (2 000 KSEK)
April 2017	Asset Purchase, Huddlewall-business (4 919 KSEK)

Each of these acquisitions are fundamental and of utmost importance for Hoylu's business operations that is projected to provide significant benefits to Hoylu for more than 10 years and as a result the Hoylu is applying a useful life of 10 years for the said Goodwill.

<i>Goodwill</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	9,195	9,100	4,919	4,919
Goodwill Acquisitions	0	0	0	0
FX Translation Differences	-273	95	0	0
Closing accumulated historical cost	8,922	9,195	4,919	4,919
Opening accumulated amortization	-2,447	-1,509	-1,271	-793
Amortization for the period	-912	-924	-495	-478
FX Translation Differences	100	-14	0	0
Closing accumulated amortization	-3,259	-2,447	-1,766	-1,271
Carrying amount	5.663	6.748	3.153	3.648

NOTE 12 - SOFTWARE

<i>Software</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	8,132	8,132	0	0
Closing accumulated historical cost	8,132	8,132	0	0
Opening accumulated amortization	-4,472	-2,846	0	0
Amortization for the period	-1,626	-1,626	0	0
Closing accumulated amortization	-6,098	-4,472	0	0
Carrying amount	2,034	3,660	0	0

NOTES

NOTE 13 - TRADEMARKS

<i>Trademark</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	707	690	567	567
FX Translation Differences	-17	17	0	0
Closing accumulated historical cost	690	707	567	567
Opening accumulated amortization	-233	-164	-156	-128
Amortization for the period	-85	-85	-56	-28
FX Translation Differences	13	16	0	0
Closing accumulated amortization	-305	-233	-213	-156
Carrying amount	385	474	354	411

NOTE 14 - OTHER INTANGIBLE ASSETS

<i>Other intangible assets</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	791	668	783	660
Other intangible assets Acquisitions	0	123	0	123
Closing accumulated historical cost	791	791	783	783
Opening accumulated amortization	-362	-227	-362	-226
Amortization for the period	-157	-135	-157	-136
Closing accumulated amortization	-518	-362	-519	-362
Carrying amount	273	429	264	421

NOTE 15 - MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES

<i>Tabgible assets</i>	2020		2019	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	3,301	2,979	1,443	1,340
Tabgible asset acquisitions	279	322	0	103
Closing accumulated historical cost	3,580	3,301	1,443	1,443
Opening accumulated amortization	-2,261	-1,220	-1,178	-728
Amortization for the period	-503	-1,041	-263	-450
Closing accumulated amortization	-2,764	-2,261	-1,441	-1,178
Carrying amount	816	1,040	2	265

NOTES

NOTE 16 - PARTICIPATION IN HOYLU COMPANIES

The following subsidiaries are included in the group:

<i>NAME</i>	<i>DOMICILE</i>	<i>CORPORATE ID</i>	<i>OWNERSHIP</i>	<i>CARRYING VALUE</i>
Hoylu, Inc.	United States		100%	904
Hoylu GmbH (aka w'inspire GmbH)	Austria		100%	11 466
Hoylu Intressenter AB	Sweden	559116-2606	100%	50
Hoylu Norge AS	Norway		100%	1 710
Total				14 130

NOTE 17 - LONG-TERM INVESTMENTS

Hoylu convertible in VR Global, Inc., a company based in New York, has been written off during 2020.

<i>Long-term investments</i>	<i>2020</i>		<i>2019</i>	
	<i>Hoylu Group</i>	<i>Hoylu Group</i>	<i>Parent Company</i>	<i>Parent Company</i>
Opening accumulated historical cost	0	6,700	0	0
VR Global, Inc. - Convertible Note				
Impairment	0	-7,026	0	0
FX Translation Differences	0	326	0	0
Closing accumulated historical cost	0	0	0	0

NOTES

NOTE 18 - EQUITY - PARENT

Date	Event	Change in Shares	Total Number of Shares	Change in Capital (SEK)	Share Capital (SEK)	Quota Value (SEK)
Oct-16	Formation	10,000,000	10,000,000	100,000	100,000	0.0100
Dec-16	Reverse Split (4:1)	-7,500,000	2,500,000	0	100,000	0.0400
Jan-17	Directed Share Issue	5,000,000	7,500,000	200,000	300,000	0.0400
Jan-17	New Issue - w'inspire	600,000	8,100,000	24,000	324,000	0.0400
Jan-17	Directed Share Issue	8,800,000	16,900,000	352,000	676,000	0.0400
Feb-17	Changes in Number of Shares	-8,700,000	8,200,000	0	676,000	0.0824
Jun-17	New Issue - Creative Minds	400,000	8,600,000	32,976	708,976	0.0824
Jul-17	Directed Share Issue	1,699,999	10,299,999	140,146	849,122	0.0824
Nov-17	Directed Share Issue	1,000,000	11,299,999	82,439	931,561	0.0824
Jan-18	Directed Share Issue	2,839,767	14,139,766	234,108	1,165,669	0.0824
Feb-18	Conversion	725,945	14,865,711	59,846	1,225,515	0.0824
Jul-19	Convertible Note	6,394,967	21,260,678	527,195	1,752,710	0.0824
Jul-19	Directed Share Issue	3,750,000	25,010,678	309,146	2,061,856	0.0824
Dec-19	Directed Share Issue	600,000	25,610,678	49,463	2,111,319	0.0824
Jan-20	Directed Share Issue	1,953,125	27,563,803	161,014	2,272,333	0.0824
Feb-20	Convertible Note - Conversion	1,021,500	28,585,303	84,212	2,356,545	0.0824
Feb-20	Rights Issue	692,292	29,277,595	57,071	2,413,616	0.0824
May-20	Directed Share Issue	41,908,172	71,185,767	3,454,868	5,868,485	0.0824
Jul-20	Rights Issue	7,319,398	78,505,165	603,404	6,471,889	0.0824
Jul-20	Directed Share Issue	2,524,472	81,029,637	208,115	6,680,004	0.0824

NOTES

NOTE 19 - APPROPRIATION OF ACCUMULATED RESULT

Proposed appropriation of accumulated result in the parent company:

<i>Appropriation of Accumulated Result (SEK)</i>	<i>2020</i>
Profit/losses brought forward	62,624,193
Additional Capital	80,291,737
Loss for the year	-13,753,646
Total	129,162,283
The board of directors propose the total amount of 129,162,283 is brought forward is appropriated as follows	
To be brought forward	129,162,283

NOTE 20 - CONVERTIBLE NOTES

Proposed appropriation of accumulated result in the parent company:

<i>Hoylu Group and Parent Company</i>		
<i>Convertible Notes</i>	<i>2020</i>	<i>2019</i>
Value of convertible notes December 31	0	13,725
Value of convertible notes when issued	0	15,442
Interest Expense	0	546
Conversion	0	-2,263
Convertible Notes	0	13,725

Other Notes

NOTE 21 - SUBSEQUENT EVENTS

As a result of Covid-19, Hoylu AB is closely following the events and taking steps to minimize or eliminate the impact on the Company's operations. Hoylu AB follows guidelines from the Public Health Authority, WHO and ECDC (European Center for Disease Prevention and Control). To date, Hoylu AB has not noticed any significant impact on the operations of the corona virus.

Hoylu carried out a Private Placement of shares in February and March 2021 that resulted in additional capital of approximately MSEK 30.

SIGNATURES

The Annual Report and the consolidated accounts have been approved for issue by the Board on April 27, 2021. The income statement the Group, the balance sheet for the Group and the Parent Company's income statement and balance sheet are subject to approval at the Annual General Meeting on May 21, 2021.

Stockholm, April 27, 2021

Stein Revelsby
Board Member/CEO

Björn Wallin
Chairman of the Board

Hans Othar Blix
Board Member

Ian Sandmael
Board Member

Our auditor's report was submitted on April 27, 2021

Deloitte AB

Henrik Ekström
Authorized Public Accountant

AUDITOR'S REPORT

This auditor's report is a translation of the Swedish language original. In the events of any differences between this translation and the Swedish original the latter shall prevail.

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF HOYLU AB CORPORATE IDENTITY NUMBER 559084-6381

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Hoylu AB for the financial year 2020-01-01 - 2020-12-31.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Hoylu AB for the financial year 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss to be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

- Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- In any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

April 27, 2021

Deloitte AB

Signature on Swedish original

Henrik Ekström

Authorized Public Accountant