

2021

2021 Q1 Interim Report



TABLE OF CONTENTS

- Interim Report Q1 2021 Overview.....1
- Comments from the CEO2
- Financial Information.....4
- Financial Reports First Three Months 20216
- Contact Details12



INTERIM REPORT Q1 2021 OVERVIEW

Interim Report Q1 2021 Overview

FIRST QUARTER 2021

- Annual Recurring Revenue (“ARR”), including long-term service contracts, at the end of the period was MSEK 31.5, up 18% from MSEK 26.7 at the end of Q4 2020.
- Revenue for the first quarter was MSEK 8.1 (8.2)
- Gross margin was 76 percent (69)
- Operating loss amounted to MSEK 9.6 million (-6.2)
- Profit after tax amounted to SEK -9.7 million (-7.1)
- Earnings per share amounted to SEK -0.11 (-0.26)

REMARKS ON THE BALANCE SHEET

- The total assets at the end of the period: MSEK 88.5 (68.6)
- Total cash at the end of the period was MSEK 21.4 (3.0)
- The total accounts receivable at the end of the period was MSEK 13.7 (13.3)
- The total accounts payable at the end of the period was MSEK 2.8 (8.8)
- Total liabilities, including Deferred Revenue, at the end of the period: MSEK 13.8 (61.1)
- The Equity at the end of the period amounted to MSEK 74.6 (7.5)

IMPORTANT EVENTS IN THE FOURTH QUARTER

- Received an additional order from Walbridge, a global, full-service construction firm headquartered in Detroit, MI, to implement Hoylu's Pull Planning Module. to continue modernizing and improving its construction planning and workflows.
- Received a new order from Polymedia, Hoylu's partner in the Russian market.
- Hoylu carried out a private placement of shares that resulted in additional capital of MSEK 30.
- Announced growth in user numbers and ARR as of the end of Q4 2020:
 - The number of Total Users reached 45,000, up 40% from 32,200 at the end of December 2020.
 - The number of Paying Users grew to 7,900, up 66% from 4,700 at the end of December 2020.
 - ARR, including long term service contracts, reached MSEK 31.5 as of the end of March 2021.

Description	Mar-20	Dec-20	Mar-21	Growth	
				Quarter/Quarter	Year/Year
ARR - Total	20.7	26.7	31.5	18%	52%
ARR - SaaS	5.0	9.6	14.8	53%	197%
ARR - Services	15.8	17.1	16.7	-2%	6%
Total Users	4.5	32.2	45.0	40%	893%
Total Paying Users	0.9	4.7	7.9	66%	821%
Total "Free" Users	3.7	27.5	37.2	35%	909%

COMMENTS FROM THE CEO

Comments from the CEO

Annual Recurring Revenues (ARR) including long term service contracts were SEK 31.5 million at the end of Q1, up 18% from the end of Q4 2020. The total number of users increased by 12,000 in Q1, up 40% from the end of Q4 2020. 7,900 (18% of total) were paying users. Hoylu releases monthly ARR and user numbers since the beginning of this year. License agreements are either based upon a fixed number of user subscriptions or billing for how many users are active in a certain time period and therefore ARR growth will vary from month to month depending on when license agreements are signed and when new customers are onboarded. We are excited to see an increasing awareness in the market of challenges and benefits with hybrid work and an increasing interest in the solutions Hoylu has to offer both in enterprise and business as well as within large government institutions. The strongest growth in Q1 came from existing customers P&G and FedEx as well as customers within construction, Walbridge in the US and AF Group in Scandinavia. Hoylu closed a financing round of 30 MSEK in February and increased investments in sales and marketing, including the hire of a VP Marketing in the US.

According to business analysts more than 80% of company leaders plan to adopt a hybrid work model, 30% of the global workforce will work remotely by the end of 2021 and 70% of executives plan to invest in virtual collaboration tools. The majority of employees would like to work from home at least three days per week in the future. Source:*

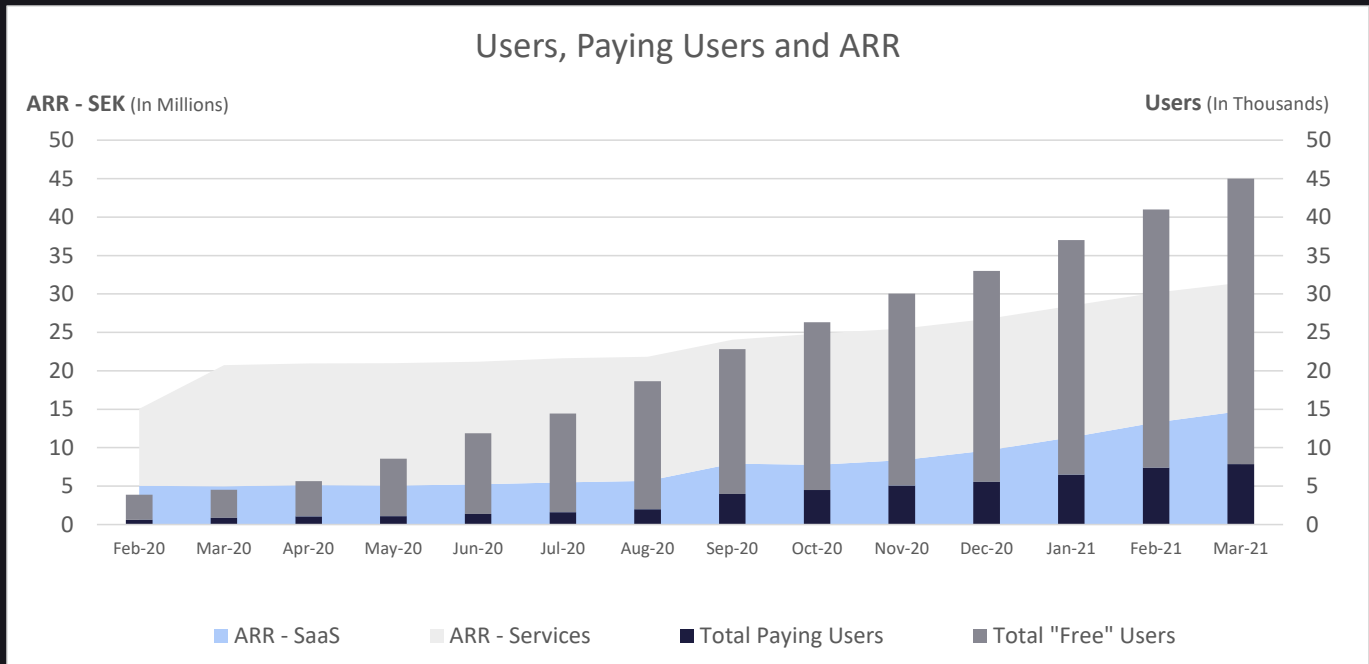
Whilst most business leaders believe that a hybrid work environment combining office and remote teams is here to stay, the next generation collaboration solutions need to enable individual contribution, engagement and active participation. Active participation and contribution from all team members results in better quality, alignment, fewer mistakes and better decisions. Videoconferencing solutions have become commodity but presents challenges and favors extroverted personalities. True collaboration requires tools that take into consideration psychological barriers and different personalities that exist. We also believe a collaboration tool should support work during the whole lifecycle of a project not only during meetings.

Future Outlook

Hoylu's portfolio of large enterprise clients is growing, most recently with the addition of Egger Group (www.egger.com) and Hoya Corporation (www.hoya.com), a global med-tech company and leader within advanced optics technologies with 36,000 employees in more than 30 countries and regions. Our market focus is to support agile methodologies, lean planning and project management. In discussions with customers, we see that there is an increasing awareness of the challenges and benefits of full digital transformation and the shift to a hybrid work model. Hoylu's smart templates ("modules") for project management, enabling all stakeholders to contribute, provide feedback and input during the whole lifecycle of a project also when they are not in the same room, are designed to meet these challenges. Project plans are kept in the same virtual workspace as images, drawings, maps and notes. All information is always available in context to the whole team.

We believe Hoylu is well positioned for future strong growth. Hoylu's prospect pipeline is growing, we add more resources to marketing and sales, and we will in the near future announce new product integrations that will further open up large market opportunities and help solve challenges that many project teams face today.

COMMENTS FROM THE CEO



EVENTS AFTER THE END OF THE PERIOD

- Received an order from Barton Malow, (www.bartonmalow.com), a full-service construction firm headquartered in Michigan, US. The order represents an expansion of Hoylu's business within the construction industry with high-end architectural design and project management.

STEIN REVELSBY | CEO



Source:*

- 1)Reimagine Work: Employee Survey McKinsey & Company,
- 2)Market Size Source: <https://www.grandviewresearch.com/industry-analysis/team-collaboration-software-market>
- 3)Hybrid work source: Gartner Article
- 4)% remote work source: <https://globalworkplaceanalytics.com/work-at-home-after-covid-19-our-forecast>
- 5)Virtual collaboration investment: <https://www.pwc.com/us/en/library/covid-19/us-remote-work-survey.html>
- 6)Gartner prediction: <https://www.gartner.com/en/conferences/na/digital-workplace-us/featured-topics/future-of-work>

FINANCIAL INFORMATION

Financial Information

REVENUES & PROFITABILITY

Revenues for the first three months of 2021 amounted to MSEK 8.1 (8.2) and consisted of revenue from the sale of the Hoylu Connected Workspaces™ via resellers and the sale of the HoyluWall, software product, and professional services.

Cost of goods and services sold was MSEK 1.9 (2.5) and EBITDA amounted to MSEK -7.5 (-4.9).

The operating result was MSEK -9.6 (-6.2).

The net result for the first three months of 2021 amounted to MSEK -9.7 (-7.1).

FINANCIAL POSITION

Cash flow from operating activities the first three months of 2021 amounted to MSEK -8.5 (-13.1).

Cash flow from investment activities amounted to MSEK -3.6 (-3.1) and the cash flow from financing activities was MSEK 28.7 (18.6).

Cash-flow for the first three months of 2021 was MSEK 16.5 (2.3) and the liquid assets at the end of the period was MSEK 21.4 (3.0).

CAPITALIZED EXPENSES

Hoylu continues to capitalize its investments in research and development efforts associated with Hoylu's Anytime Collaboration and Insight products.

During the first three months 2021 Hoylu capitalized product development costs in the amount of SEK 3.5 million, which represents 20% of the Company's total operating costs.

Amortization expense associated with capitalized product development costs amounted to SEK 1.2 million in the first three months of 2021.

DEPRECIATION & AMORTIZATION

Intangible and tangible assets are stated at cost less amortization and depreciation. Expenditures directly attributable to the cost of the asset is included in the cost of the asset.

Amortization and Depreciation is linear as follows:

Goodwill	10 years
Other Intangible Assets	5 years
Machinery Equipment	3 years
Furniture & Fixtures	5 years

EMPLOYEES & ORGANIZATION

Hoylu had a total 39 employees as of March 31, 2021. 33 in the US and 6 in the EU. Hoylu's headquarters is in Stockholm, Sweden.

Product management and software development activities are based in Seattle, US.

FINANCIAL INFORMATION

RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

FINANCIAL CALENDAR

Interim Report – Q2 2021	August 20, 2021
Interim Report – Q3 2021	November 19, 2021
Interim Report – Q4 2021	February 18, 2022

RISKS AND UNCERTAINTIES

An investment in Hoylu's shares is associated with certain risks.

Hoylu's business is affected, and may be affected, by numerous factors which are not possible for Hoylu at all, or in part, to control.

Such factors may adversely affect the Company's business, financial position and profits in the future or may lead to a decrease of the share price and that the investors could lose part or all of their investment.

Certain risks are associated with the Company and other do not have any specific connection to the Company. Investors should carefully analyze the specific risk factors as well as other information in the Company Description prior to deciding whether to make an investment in the Company or not.

ACCOUNTING PRINCIPLES

The interim report for Hoylu has 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 K3 financial reporting framework is comparable to International Financial Reporting Standard's (IFRS) for Small and Medium enterprises. The parent company has in preparation of this interim report applied the same accounting and valuation principles as Hoylu.

AUDITORS REVIEW

This report has not been subject to review by the Company's auditor.

SHARE DATA

The Hoylu share is listed on the Nasdaq First North Growth Market in Stockholm.

The total number of shares at the end of the period amounted to 91,208,209.

ABOUT HOYLU

Hoylu's mission is to empower distributed teams to collaborate easily and seamlessly while always staying in sync. Hoylu's Connected Workspaces™ helps enterprises as well as small and medium companies run projects, programs, and initiatives across time zones and continents with the same level of engagement and clarity as if everyone were working in the same room.

For more information: www.hoylu.com.

FINANCIAL REPORTS FIRST THREE MONTHS 2021

Financial Reports First Three Months 2021

CONSOLIDATED INCOME STATEMENT IN SUMMARY

KSEK	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	8,066	8,152	29,168
Cost of goods and services sold	-1,918	-2,499	-8,652
Gross profit	6,148	5,653	20,516
Development, Sales, and Administrative Costs	-13,685	-10,512	-46,434
Other Income (Expenses)	0	0	3,533
Depreciation/Amortization	-2,031	-1,334	-7,329
Operating profit/loss	-9,568	-6,194	-29,714
Other financial items	-102	-911	-2,356
Profit before taxes	-9,670	-7,105	-32,070
Taxes	20	-4	-12
Profit/loss for the period	-9,650	-7,109	-32,082
Key ratios:			
Gross margin	76.2%	69.3%	70.3%
Operating margin	Neg	Neg	Neg
Earnings per share before and after dilution	-0.11	-0.26	-0.55
Average number of shares before and after dilution	85,440,352	27,693,489	58,011,673

FINANCIAL REPORTS FIRST THREE MONTHS 2021

CONSOLIDATED BALANCE SHEET IN SUMMARY

KSEK	3/31/2021	3/31/2020	12/31/2020
Intangible fixed assets	65,836	56,868	59,413
Cumulative Amortization	-19,327	-12,669	-16,884
Intangible fixed assets	46,509	44,199	42,529
Tangible assets	3,761	3,543	3,581
Cumulative Depreciation	-2,975	-2,646	-2,765
Tangible assets	786	897	816
Financial fixed assets	610	588	722
Total fixed assets	47,905	45,684	44,067
Inventories	2,024	1,942	1,776
Accounts receivable	13,663	13,290	9,342
Other current assets	3,482	4,650	3,503
Liquid assets, including current investments	21,377	2,998	4,868
Total current assets	40,546	22,880	19,489
Total assets	88,451	68,564	63,557
Total equity	74,568	7,459	48,602
Other long term liabilities	91	82	82
Total long-term liabilities	91	82	82
Accounts payable	2,806	8,801	3,777
Other current liabilities	10,986	28,360	11,096
Convertible Notes	0	23,862	0
Total current liabilities	13,792	61,023	14,873
Total liabilities and shareholders equity	88,451	68,564	63,557

FINANCIAL REPORTS FIRST THREE MONTHS 2021

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

KSEK	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Operating Profit (Loss)	-9,568	-6,194	-29,792
Depreciation, amortisation	2,031	1,334	7,329
Interest Paid	-102	-902	-2,153
Taxes	20	-4	-12
Foreign exchange Gain or Loss	0	-10	-4,265
Incentive Programs	309	0	0
Translation differences	3,172	-643	899
Cash flow from operating activities before changes in working capital	-4,138	-6,418	-28,893
Change in operating receivables	-4,300	-4,797	274
Change in inventory	-248	675	841
Change in operating liabilities	149	-2,574	-15,288
Cash flow from operating activities	-8,537	-13,113	-43,066
Intangible assets	-3,461	-2,885	-14,093
Fixed assets	-181	-243	-279
Cash flow from net capital expenditures	-3,642	-3,128	-14,372
Total cash flow before financing activities	-12,178	-16,241	-57,438
New share issue	30,000	8,465	53,660
Change in financial liabilities	-1,313	10,137	8,009
Cash flow from financing activities	28,687	18,602	61,669
Cash flow for the period	16,509	2,361	4,231
Liquid assets at the beginning of the period	4,868	637	637
Liquid assets at the end of the period	21,377	2,998	4,868

FINANCIAL REPORTS FIRST THREE MONTHS 2021

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

KSEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Translation Reserves	Profit/(Loss) Brought Forward	Shareholders Equity
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
Profit/loss from Jan 1, 2021 to Mar. 31, 2021					-9,650	-9,650
Incentive Program					300	300
Translation Differences				5,317		5,317
Private Placement/Rights Issue	839		27,661			28,500
Ongoing Share Issue		1,500				1,500
Closing balance March 31, 2021	7,519	1,500	207,254	-2,040	-139,663	74,568

KEY RATIOS

KSEK	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Cash flow for the period	16,509	2,361	4,231
Cashflow / share before and after dilution (SEK) ¹	0.19	0.09	0.07
	3/31/2021	12/31/2020	
Equity/assets ratio	84.3%	10.9%	
Number of shares	85,440,352	58,011,673	
Shareholders equity per share (kr)	0.87	0.84	

¹ Based on the weighted average number of shares and outstanding warrants for each period.

FINANCIAL REPORTS FIRST THREE MONTHS 2021

PARENT COMPANY – INCOME STATEMENT IN SUMMARY

TSEK	2021	2020	2020
	Jan-Mar	Jan-Mar	Jan-Dec
Net sales	926	2,352	6,378
Cost of goods and services sold	-43	-825	-1,666
Gross profit	883	1,527	4,712
Development, Sales, and Administrative Costs	-7,618	-2,660	-17,526
Depreciation/Amortization/Impairment	-176	-160	-250
Operating profit/loss	-6,912	-1,293	-13,064
Other financial items	361	-523	-690
Profit before taxes	-6,550	-1,816	-13,754
Taxes	0	0	0
Profit/loss for the period	-6,550	-1,816	-13,754

FINANCIAL REPORTS FIRST THREE MONTHS 2021

PARENT COMPANY –BALANCE SHEET IN SUMMARY

KSEK	3/31/2021	3/31/2020	12/31/2020
Intangible fixed assets	3,596	4,433	3,773
Tangible assets	2	153	0
Financial fixed assets	14,130	14,130	14,130
Total fixed assets	17,728	18,716	17,904
Inventories	1,900	1,370	1,616
Accounts receivable	2,097	4,816	1,431
Other current assets	123,067	96,642	120,887
Liquid assets, including current investments	19,906	120	332
Total current assets	146,971	102,948	124,266
Total assets	164,698	121,664	142,170
Total equity	159,292	71,384	135,842
Other long term liabilities	0	0	0
Total long-term liabilities	0	0	0
Accounts payable	1,274	4,716	1,313
Convertible Notes	0	23,862	0
Other current liabilities	4,132	21,702	5,015
Total current liabilities	5,406	50,280	6,328
Total liabilities and shareholders equity	164,698	121,664	142,170

CONTACT DETAIL

Contact Details

HOYLU AB

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BOARD OF DIRECTORS

Bjorn Wallin, Chairman of the Board
Stein Revelsby, Member of the Board, CEO
Hans Othar Blix, Member of the Board
Ian Sandmael, Member of the Board

EXECUTIVE OFFICERS

Stein Revelsby, Member of the Board, CEO
Truls Baklid, COO and Deputy CEO
Karl Wiersholm, CFO
Travis Beaven, CPO
John D'Costa, CTO

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MARKETPLACE

Nasdaq First North Growth Market, Stockholm Ticker:
HOYLU.

LEGAL DISCLAIMER

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes.

Such factors include developments for customers, competitors, the impact of economic and market conditions, regulations, technological developments, exchange rates fluctuations and market conditions and political risks.