

HOYLU

Q3 Report

November 2020

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

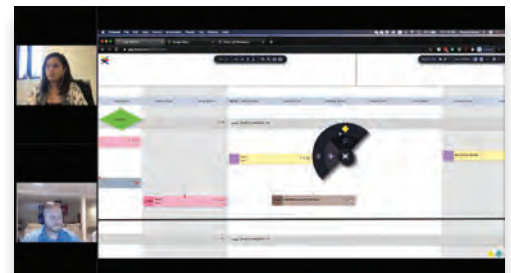


Q3 2020 OVERVIEW

Interim Report Q3 2020 Overview

FIRST NINE MONTHS 2020

- Annual Recurring Revenue (“ARR”) and long-term service contracts for 2020 at the end of the period was MSEK 24.0, up 13% from MSEK 21.3 million at the end of Q2, 2020
- Revenues for the first nine months were SEK 22.2 million (19.0)
- Gross margin was 70 percent (69)
- Operating loss amounted to SEK 21.9 million (-22.7)
- Profit after tax amounted to SEK -24.1 million (-27.5)
- Earnings per share amounted to SEK -0.54 (-1.51)

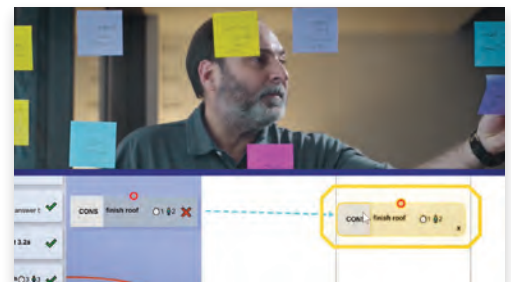


October 2020

Hoylu Presenting at the LEAN Construction Institute (LCI) Congress.

THIRD QUARTER 2020

- ARR and long-term service contracts for 2020 increased MSEK 3.3 during the third quarter
- Revenues for the third quarter were SEK 6.1 million (6.3)
- Gross margin was 73 percent (69)
- EBITDA for the third quarter was MSEK -6.3 (-5.7)
- Operating loss was SEK 8.3 million (-7.1)
- Profit after tax amounted to SEK -8.5 million (-7.8)
- Earnings per share amounted to SEK -0.11 (-0.31)



October 2020

Pull Planning Module Commercial produced.

WATCH:

<https://vimeo.com/468543038>

Q3 2020 OVERVIEW



REMARKS ON THE BALANCE SHEET

- The total assets at the end of the period was MSEK 81.1 (61.9)
- Total cash at the end of the period was MSEK 13.8 (1.5)
- The total accounts receivable at the end of the period was MSEK 15.7 (6.9)
- The total accounts payable at the end of the period was MSEK 2.6 (7.8)
- Total liabilities, including Deferred Revenue, at the end of the period was MSEK 18.6 (40.3)
- The Equity at the end of the period amounted to MSEK 62.4 (21.6)

IMPORTANT EVENTS IN THE THIRD QUARTER

- Introduced Hoylu for Mac in the Apple AppStore. This native application can be downloaded free and brings full access to Hoylu's workspaces and collaboration elements for the user community.
- Released template library to Hoylu workspaces for all users. Templates increase the ability to customize and expand Hoylu workspaces to fit specific business purposes for the entire user community.
- Added two powerful new features to Hoylu workspaces for all users. Voting and Timer are available now to all registered Hoylu users to expand functionality for new and existing workspaces.

COMMENTS FROM THE CEO

Comments from the CEO

After we launched the new Hoylu online whiteboard platform Connected Workspaces™ in Q2 we focused on converting active users to paid subscriptions in Q3. Our largest enterprise account had more than 4,000 registered users with 2,000 paid subscribers at the end of the quarter. The number of registered users increased by 11,000, up 100% from Q2. Annual recurring revenues (ARR) including long-term service contracts were 24.0 million, up 13% from Q2.

Remote work, digital transformation, and the need for tools that are more intuitive and easy to use are factors driving the high demand for collaboration solutions. More and more customers are discovering the benefits of visual communication that go beyond videoconferencing and simple screen-sharing to ensure a more engaging, efficient, and productive decision-making process. Recent studies in the US show that more than 50% of the US workforce holds a job that is compatible with remote work and that we will see a significant upswing in adoption to 25-30% of the workforce working at home on a multiple-days-a-week basis by the end of 2021.

Covid-19 gave a strong boost to providers of videoconferencing solutions, but also exposed the weaknesses and challenges with screensharing and just watching each other on video. The next generation collaboration solutions focus on engagement and active participation. At Hoylu we believe in active participation, not only the tools expert, as well as visual communication with information presented in context for all. Visuals cause faster and stronger emotional responses to information creating efficiencies in enabling quicker decision making and solution identification rather than only written information in a sequence.

Hoylu's unique offering is different from our competitors in several ways. Most importantly because we have taken the concept of the template to the next level by developing custom modules that support already existing methodologies and processes in large industries like construction, manufacturing and engineering. Several large construction companies have started to implement Hoylu's newest module for pull planning, a technique that is widely used in construction planning and project management



COMMENTS FROM THE CEO

with the objective to reduce waste of time, materials and efforts. By using Hoylu's connected workspaces companies can now replicate the "big room" experience and have project plans, schedules, CAD drawings, images and other relevant information in one place.

Revenues from sale of HoyluWalls, that used to be a significant part of our business was lower due to the Covid-19 situation and restricted activities in meeting rooms, but we now see increased activity also in this area, especially with our partner Technological Innovations Group (tig.eu).

FUTURE OUTLOOK

The pandemic has disrupted the way businesses are operated. The first phase was to enable teamwork outside the traditional meeting room environment with whiteboards and sticky notes. Video conferencing became the norm but also revealed the limitations and needs for better tools beyond audio, video, and screen sharing. The second phase was dealing with social distancing and how to keep teams engaged and productive outside the traditional office. We believe the long-term effects of the pandemic will impact companies forcing them to adjust to offer more flexibility and freedom. The office will be a place to socialize, and arrange team events and for those who prefer to work full or part time in the office, whilst the workspace will be a mixed reality and virtual environment to connect everybody wherever they are. This is a view that is more and more common amongst business leaders and influencers including Bill Gates who recently said in a New York Times interview "My prediction would be that over 50 per cent of business travel and over 30 per cent of days in the office will go away."

We will continue our focus on delivering tools that are engaging and easy to use for the whole team, as well as easy to manage and integrate in the workflow for the enterprise. Hoylu's smart modules concept has been implemented in large market verticals like construction and engineering, and we will continue build out the portfolio of modules to cover and target additional verticals going forward. We have partnered with organizations like Lean Construction Institute that work to explore best practices for Lean Design and Construction, and we have recently engaged a PR firm to build more awareness. Our strategy to work with large enterprise customers includes longer lead times but validates our product offering, value proposition and competitive position. We are confident that this strategy will result in strong growth in the coming quarters.



STEIN REVELSBY

CHIEF EXECUTIVE OFFICER

NOVEMBER 2020

COMMENTS FROM THE CEO



EVENTS AFTER THE END OF THE PERIOD

- 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. The new order value was SEK 375,000.
- Joined the Lean Construction Institute (LCI) and is sponsoring the LCI's 22nd Annual Virtual Congress to showcase its brand and Hoylu's Pull Planning Module, a digital tool modernizing construction planning and workflows.

FINANCIAL INFORMATION

Financial Information

REVENUES & PROFITABILITY

Annual Recurring Revenue (“ARR”) and long-term service contracts for 2020 at the end of the period was MSEK 24.0, up from MSEK 21.3 million at the end of Q2, 2020

Revenues for the first nine months of 2020 amounted to MSEK 22.2 (19.0) and consisted of revenue from the sale of Hoylu Software, HoyluWall and professional services direct to customers as well as via resellers.

Cost of goods and services sold was MSEK 6.7 (5.9) and EBITDA was MSEK -16.9 (-18.3).

The operating result was MSEK -21.9 (-22.8).

The net result for the first nine months of 2020 amounted to MSEK -24.1 (-27.5).

FINANCIAL POSITION

Cash flow from operating activities in the first nine months of 2020 was MSEK -50.2 (-11.5).

Cash flow from investment activities amounted to MSEK -8.6 (-9.9) and the cash flow from financing activities was MSEK 72.4 (22.4).

Cash-flow for the first nine months of 2020 was MSEK 13.2 (1.1) and the liquid assets at the end of the quarter was MSEK 13.8 (1.5).

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 nine months of 2020 Hoylu capitalized product development costs in the amount of SEK 10.5 million, which represents 22% of the Company’s total operating costs.

Amortization expense associated with capitalized product development costs amounted to SEK 2.6 million in the first nine months of 2020.

FINANCIAL INFORMATION

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 35 employees as of September 30, 2020. 30 in the US and 5 in the EU. Hoylu's headquarters is in Stockholm, Sweden.

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

RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

FINANCIAL CALENDAR

Interim Report - Q4 2020	19 Feb. 2021
Interim Report - Q1 2021	14 May. 2021

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.

FINANCIAL INFORMATION

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 81,029,637.

ABOUT HOYLU

Hoylu's mission is to make remote work and information sharing easy. Through our customizable Connected Workspaces™ we deliver software solutions for companies, organizations and individuals across virtually all industries that enable all teams, big and small to work efficiently and securely in an intuitive and easy workflow.

For more information visit: www.hoylu.com

FINANCIAL REPORTS

Financial Reports First Nine Months 2020

CONSOLIDATED INCOME STATEMENT IN SUMMARY

KSEK	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	6,063	6,317	22,202	18,977	26,903
Cost of goods and services sold	-1,645	-1,956	-6,673	-5,883	-8,373
Gross profit	4,418	4,362	15,529	13,094	18,530
Development, Sales, and Administrative Costs	-10,710	-10,007	-32,408	-31,436	-47,548
Administrative Assessment *	0	0	0	-2,100	-2,100
Depreciation/Amortization	-2,035	-1,468	-5,015	-4,419	-5,690
Operating profit/loss	-8,327	-7,113	-21,895	-24,861	-36,808
Other financial items	-206	-648	-2,195	-2,633	-10,535
Profit before taxes	-8,533	-7,761	-24,090	-27,493	-47,343
Taxes	-3	-7	-9	-38	-40
Profit/loss for the period	-8,536	-7,768	-24,099	-27,531	-47,383
Key ratios:					
Gross margin	72.9%	69.0%	69.9%	69.0%	68.9%
Operating margin	Neg	Neg	Neg	Neg	Neg
Earnings per share before and after dilution	-0.11	-0.31	-0.54	-1.51	-2.37
Average number of shares before and after dilution	77,281,680	24,897,956	44,538,305	18,209,793	19,971,528

* Excluding the administrative assessment of MSEK 2.1 for the period in 2019. Hoylu has appealed the assessment.

FINANCIAL REPORTS

CONSOLIDATED BALANCE SHEET IN SUMMARY

KSEK	9/30/2020	9/30/2019	12/31/2019
Intangible fixed assets	59,832	49,790	51,069
Cumulative Amortization	-15,357	-10,371	-11,257
Intangible fixed assets	44,475	39,418	39,812
Tangible assets	3,688	3,363	3,300
Cumulative Depreciation	-2,803	-2,148	-2,261
Tangible assets	885	1,216	1,039
Financial fixed assets	629	7,932	544
Total fixed assets	45,989	48,566	41,395
Inventories	1,413	2,055	2,617
Accounts receivable	15,777	6,891	9,286
Other current assets	4,061	2,879	3,858
Liquid assets, including current investments	13,851	1,534	637
Total current assets	35,102	13,360	16,398
Total assets	81,091	61,926	57,793
Total equity	62,399	21,645	4,334
Other long term liabilities	82	0	0
Total long-term liabilities	82	0	0
Accounts payable	2,631	7,795	10,035
Other current liabilities	15,979	22,587	29,699
Convertible Notes	0	9,899	13,725
Total current liabilities	18,610	40,281	53,459
Total liabilities and shareholders equity	81,091	61,926	57,793

FINANCIAL REPORTS

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

KSEK	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Operating Profit (Loss)	-8,327	-7,113	-21,895	-24,861	-43,766
Depreciation, amortisation	2,035	1,468	5,015	4,419	5,690
Impairment	0		0	0	6,957
Interest Paid	-206	-648	-2,186	-2,595	-3,704
Taxes	-3	-7	-9	-38	-40
Foreign exchange Gain or Loss	-10	-7	-74	-221	127
Incentive Programs	0	0	0	0	0
Translation differences	-5,397	-4,325	-4,527	-5,723	857
Cash flow from operating activities before changes in working capital	-11,908	-10,632	-23,676	-29,020	-33,879
Change in operating receivables	353	2,325	-6,695	4,580	1,380
Change in inventory	-344	-942	1,204	-653	-1,189
Change in operating liabilities	-5,242	-648	-21,124	13,590	9,851
Cash flow from operating activities	-17,141	-9,897	-50,290	-11,503	-23,837
Intangible assets	-1,805	-4,290	-8,437	-9,444	-11,609
Fixed assets	-184	-199	-427	-239	-322
Cash flow from net capital expenditures	-1,989	-4,489	-8,864	-9,683	-11,931
Total cash flow before financing activities	-19,130	-14,386	-59,154	-21,187	-35,768
New share issue	14,766	13,375	86,093	38,955	43,052
Change in financial liabilities	0	98	-13,725	-16,523	-7,122
Cash flow from financing activities	14,766	13,473	72,368	22,432	35,930
Cash flow for the period	-4,364	-913	13,214	1,245	162
Liquid assets at the beginning of the period	18,216	2,633	637	475	475
Liquid assets at the end of the period	13,851	1,720	13,851	1,720	637

FINANCIAL REPORTS

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, 2018	1,226	0	57,134	-70	-50,847	7,443
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	309		13,191			13,500
Private Placement	49		1,661			1,710
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 Sep. 30, 2020					-24,100	-24,100
Translation Differences				-3,928		-3,928
Ongoing Share Issue		-2,263				-2,263
Convertible Note Conversion	84		2,178			2,263
Private Placement	161		6,089			6,250
Rights Issue	57		2,158			2,215
Private Placement	3,455		59,407			62,862
Rights Issue	603		10,376			10,979
Private Placement	208		3,579			3,787
Closing balance September 30, 2020	6,680	0	180,827	-2,776	-122,331	62,398

KEY RATIOS

KSEK	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Cash flow for the period	-4,364	-913	13,214	1,245	162
Cashflow / share before and after dilution (SEK) ¹	-0.10	-0.06	0.66	0.08	0.01
	9/30/2020	12/31/2019			
Equity/assets ratio	71.8%	9.5%			
Number of shares	81,029,637	25,610,678			
Shareholders equity per share (kr)	0.75	0.85			

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

FINANCIAL REPORTS

PARENT COMPANY - INCOME STATEMENT IN SUMMARY

TSEK	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Net sales	740	2,395	5,776	4,913	7,878
Cost of goods and services sold	-101	-621	-1,498	-1,193	-1,929
Gross profit	639	1,774	4,279	3,720	5,949
Development, Sales, and Administrative Costs	-3,074	-2,078	-9,194	-6,163	-16,848
Administrative Assessment *	0	0	0	-2,100	0
Depreciation/Amortization/Impairment	-166	-293	-472	-878	-1,092
Operating profit/loss	-2,601	-597	-5,386	-5,421	-11,991
Other financial items	375	-1,518	-743	-2,937	-2,571
Profit before taxes	-2,226	-2,115	-6,129	-8,358	-14,562
Taxes	0	0	0	0	0
Profit/loss for the period	-2,226	-2,115	-6,129	-8,358	-14,562

* Excluding the administrative assessment of MSEK 2.1 for the period in 2019. Hoylu has appealed the assessment.

FINANCIAL INFORMATION

PARENT COMPANY - BALANCE SHEET IN SUMMARY

KSEK	6/30/2020	6/30/2019	12/31/2019
Intangible fixed assets	4,385	4,637	4,481
Tangible assets	55	390	265
Financial fixed assets	14,130	12,420	14,130
Total fixed assets	18,570	17,446	18,876
Inventories	1,082	930	2,058
Accounts receivable	5,438	4,361	3,076
Other current assets	102,632	65,803	83,007
Liquid assets, including current investments	17,948	487	180
Total current assets	127,101	71,581	88,321
Total assets	145,671	89,027	107,197
Total equity	134,546	58,043	64,736
Other long term liabilities	0	0	0
Total long-term liabilities	0	0	0
Accounts payable	2,168	3,394	5,257
Convertible Notes	0	9,801	23,479
Other current liabilities	8,957	17,790	13,725
Total current liabilities	11,125	30,984	42,461
Total liabilities and shareholders equity	145,671	89,027	107,197

Contact Details

BOARD OF DIRECTORS

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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

AUDITOR

Henrik Ekstrom, Deloitte AB

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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.