



ANNUAL REPORT

2022



www.hoylu.com

2022 ANNUAL REPORT

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Complex Projects. Simplified.

In an ever-evolving business landscape, where complexity seems to be the norm, finding simplicity becomes an invaluable asset.

As you delve into this annual report, you will discover the transformative power of embracing simplicity. We invite you to witness the success stories of our valued partners who have experienced firsthand the remarkable benefits of simplifying their complex projects with Hoylu.

Learn More at www.hoylu.com





USE CASE

Construction Development

Hoylu's success in the construction industry stands as a testament to our unwavering commitment to providing innovative solutions that simplify project management in this complex field. Over the past year, we have made significant strides in transforming how construction projects are executed, delivering tangible value to our esteemed clients.

One remarkable highlight of our presence in the construction industry was our participation in the renowned Lean Construction Institute (LCI) Congress. As an industry-leading event bringing together experts and practitioners, the LCI Congress served as an ideal platform for us to showcase our groundbreaking Adaptive Workspaces. At the congress, we engaged in fruitful discussions, shared insights, and demonstrated how our solutions enable construction teams to streamline their processes, enhance collaboration, and overcome the challenges inherent in large-scale projects.



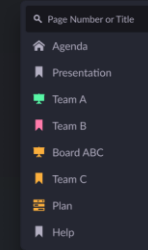


USE CASE

Agile Development

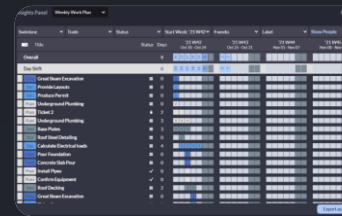
Hoylu has experienced tremendous success in the Agile space, revolutionizing how teams collaborate, plan, and execute projects in an Agile environment. Our innovative solutions have empowered organizations to embrace Agile methodologies and drive greater efficiency and effectiveness in their workflows.

A significant milestone in our Agile journey was the strategic partnership formed with Digital.AI's Agility platform. This partnership brought together the best of both worlds, combining Hoylu's expertise in intuitive collaboration tools with Digital.AI's cutting-edge Agile project management platform. By integrating our solutions, we have created a seamless experience for Agile teams, enabling them to visualize, plan, and track their projects with unprecedented ease and transparency.



Bookmarks

Our Bookmark feature allows you to easily bookmark and navigate to any place in a Hoylu Workspace.

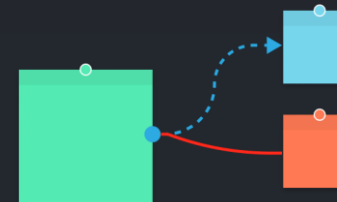


Weekly Workplans

With our new feature in our Construction offering, you can easily pull up weekly work plans and manage crew sizes.

Continuous Development

At Hoylu, our mission has always been to simplify complexity. We believe that by embracing simplicity, we unlock the true potential of teams and enable them to achieve extraordinary results.



Smart Connections

We launched dynamic connection styles and dependency features for our interactive sticky notes.

Letter from the CEO



TRULS BAKLID

Chief Executive Officer

Dear Valued Stakeholders,

As we reflect on the past year, I am delighted to share the tremendous success we have achieved through our strategic partnerships in the construction and agile sectors, as well as our plans to expand into others.

At Hoylu, our mission has always been to simplify complexity. We believe that by embracing simplicity, we unlock the true potential of teams and enable them to achieve extraordinary results.

Throughout the year, we have witnessed firsthand the transformative power of our Adaptive Workspaces, empowering organizations to navigate the intricacies of project management with ease. In 2021, we made a strategic decision to move away from delivering a pure Online Whiteboard solution and continue to expand our offering for organizations that require a tool to better visualize complex projects.

Visual collaboration plays a crucial role in complex digital projects. In such projects, various teams and stakeholders may be involved, each with their own perspectives, goals, and responsibilities. Effective visual collaborations help to ensure that everyone involved in the project is on the same page, communicating clearly and working together toward a common goal.

In summary, visual collaborations play a critical role in complex digital projects by helping teams plan, design, communicate, and manage the project more effectively. By using visual collaboration tools, teams can work more efficiently and collaboratively, resulting in higher quality deliverables and a more successful project outcome.

The construction industry, like many other sectors, is undergoing a digital transformation. Construction projects are inherently complex, involving numerous variables, changing conditions, and unforeseen challenges. Digitalization efforts need to address the industry's specific requirements and offer adaptable solutions that can handle the dynamic nature of construction projects.





In 2022, we continued to grow within the construction industry. Established customers continued to add projects, and new customers signed up for the use of Hoylu. We have proved business value for several teams!

We are excited to scale our sales and marketing efforts, building on the momentum we have gained in the past year. We believe that our technology has the potential to revolutionize the way teams work together, and we are committed to sharing our vision with a wider audience. By expanding our reach, we can help even more organizations unlock the benefits of our platform, driving growth and success for both our company and our clients.

As we look ahead to 2023, we remain committed to pushing the boundaries of innovation, relentlessly pursuing simplicity, and empowering organizations to thrive in an ever-evolving business landscape. We will continue to invest in cutting-edge user experience, nurture our strategic partnerships, and listen closely to the needs of our valued users.

TRULS BAKLID

Chief Executive Officer

The Board of Directors



Johan Lindqvist

Chairman of the Board
Since 2021

Main Occupation:

Chairman of the Board for Carasent ASA, Radar AB, and Aweria AB. Board member of Nipsoft AB

Shareholding Hoylu:

1,071,428 shares through Windchange Invest AB



Reidar Fougner

Board Member
Since 2022

Main Occupation:

Investor and CEO of Fougner Invest AS

Shareholding Hoylu:

17,887,643 shares through Fougner Invest AS



Hans Othar Blix

Board Member
Since 2019

Main Occupation:

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



Fredrik Urbanski

Board Member
Since 2022

Main Occupation:

CEO and board member of TTC Invest AS and Chairman and owner of Urban Invest AS

Shareholding Hoylu:

10,503,645 shares through TTC Invest AS

Management



Truls Baklid

Chief Executive Officer
Since 2022

Previous Assignments:

COO of Hoylu AB,
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



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

Shareholding Hoylu:

293,975 shares and
1,600,000 options

Admin 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, 2022 – December 31, 2022.

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 activities within Europe and EMEA.

Hoylu, Inc. is a wholly owned subsidiary of Hoylu AB based in the United States. Hoylu, Inc. has an office in Seattle.

Hoylu GmbH, (aka w'inspire GmbH), is a wholly owned subsidiary of Hoylu AB based in Austria and is responsible product management and software development activities.

Hoylu Norge AS, is a wholly owned subsidiary of Hoylu AB based in Norway. Hoylu Norge AS manages 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.

IMPORTANT EVENTS DURING THE FISCAL YEAR

The Board of Directors of Hoylu AB appointed Truls Baklid as the new CEO of the company.

Hoylu carried out directed issues of convertible loan notes corresponding to a value of SEK 108.5 million, of which approx. SEK 48.9 million was paid in cash and SEK 59.6 million by set-off.

Hoylu partnered with Digital.ai to enable users to unlock the power of whiteboard-based collaboration with a visual and iterative approach for better agile planning.

The Swedish Tax Agency issued a supplemental tax assessment of SEK 4.5 million due to an incorrect statement in Hoylu's tax declaration for the calendar year 2021. Hoylu has made a provision for this amount as it is deemed uncertain at what amount or when the obligation must be fulfilled, and Hoylu has appealed the decision.

SHARES AND SHAREHOLDERS

As of December 31, 2022, there were 91,743,922 issued Hoylu shares. According to Euroclear Sweden AB's statistics, there were 914 shareholders on December 31, 2022.

The largest shareholders as per December 31, 2022, and the only shareholders owning more than 10%, were Fougner Invest AS owning 19.5% (19.5) of the votes and capital, Alden AS owning 14.9% (14.9) of the votes and capital, and TTC Invest AS owning 11.4% (11.4) of the votes and capital.

Admin Report

EMPLOYEES

Hoylu Group had a total of 35 employees as of December 31, 2022. 27 in the US and 8 in the EU.

REMARKS ON THE INCOME STATEMENT FOR THE GROUP

- Net sales for the period was MSEK 47.7 (33.3).
- Hoylu's gross profit for the period was MSEK 31.9 (24.7), and the gross margin was 67 percent (74).
- Operating expenses, excluding cost related to amortization, depreciation, administrative assessment, tax assessment and foreign exchange gains(losses) for the period was MSEK 59.2 (63.7).
- Hoylu capitalized its investments in product development efforts associated with Hoylu Adaptive Workspaces™ product. A total of MSEK 8.3 (14.2) product development cost was capitalized during the period.
- The total product development expenses during the period were MSEK 17.0 (17.7). Including the capitalization, Hoylu's product development expenses for the period totaled MSEK 25.3 (31.9) equivalent to 29 (35) percent of the total operating expenses.
- The profit before depreciations, amortizations, interest and taxes (EBITDA) during the period was MSEK -31.3 (-40.6).
- The operating result for the period was MSEK -46.3 (-51.4).

REMARKS ON THE BALANCE SHEET AND THE STATEMENT OF CASH FLOWS FOR THE GROUP

- The total assets at the end of the period were MSEK 82.5 (69.8).
- Total liabilities at the end of the period were MSEK 97.4 (41.4). During 2022, MSEK 48.9 of convertible notes were issued.
- The Equity at the end of the period amounted to MSEK -14.9 (28.4).
- The cash flow from operating activities during the period was MSEK -27.9 (-35.8). Cash flow from investment activities during the period was MSEK -8.4 (-14.6). The cash flow from financing activities during the period was MSEK 48.9 (49.9), including net proceeds from share issues of MSEK 0.0 (29.8). The cash flow for the period was MSEK 12.6 (-0.6). Closing cash at end of year was MSEK 16.9 (4.3).

PRODUCT DEVELOPMENT

Hoylu's product development efforts are focused on developing Hoylu Adaptive Workspaces™ products, including the development of industry-specific modules, developed in close collaboration with our customers. Hoylu enables real-time synchronization as well as asynchronous work in different time zones, integration with other video conferencing solutions and team-based applications, such as Microsoft Teams.

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 appealed the decision, and the appeal was finalized in 2022 resulting in a final assessment of MSEK 1.6. The excess accrual of MSEK 0.5 that was done in 2019 was reversed in 2022.

Admin Report

The Swedish Tax Agency issued a supplemental tax assessment of SEK 4.5 million due to an incorrect statement in Hoylu's tax declaration for the calendar year 2021. Hoylu has made a provision for this amount as it is deemed uncertain at what amount or when the obligation must be fulfilled, and Hoylu has appealed the decision.

The company is not a party to any other legal proceedings.

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 2022 to MSEK 16.9.

In May 2023 Hoylu carried out directed issues of convertible loan notes corresponding to a value of SEK 108.5 million, of which approx. SEK 48.9 million was paid in cash and SEK 59.6 million by set-off.

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 during May and the improved cash flow from operating activities, it is the opinion of the management and the board that existing liquid assets and the budgeted cash flow from operating activities are expected to be sufficient to meet Hoylu's operating requirements for the next twelve months. When preparing a budget for cash flow, numerous assessments and estimates are required to be made by the management and the board, as this is based on future cost savings and revenues that do not yet pertain to existing orders. In the event the budgeted cash flow from operating activities are not to be met, additional financing may be necessary.

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. According to Hoylu's foreign exchange policy, no currency hedging takes place, mainly due to the difficulty associated with predicting the need for cash flow in various currencies. In 2022, 5 percent of the total income was in EUR, 93 per cent in USD, and 2 per cent in NOK.

CREDIT RISK

The financial credit risk is managed as part of Hoylu's financial policy and provisions set aside for bad debt losses have been made as of the balance sheet date, which is further stated in Note 3.

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.

Admin Report

GUIDELINES ON REMUNERATION FOR SENIOR EXECUTIVES

Remuneration for the CEO and senior executives in 2022 appears in Note 6, "Salary, wages and other remunerations to employees". The guidelines set by the Board for 2022 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 2023.

APPROPRIATION OF ACCUMULATED RESULT

Proposed appropriation of accumulated result in the parent company:

Appropriation of Accumulated Result (SEK)	2022
Additional Capital	208,506,945
Accumulated Losses	-116,501,894
Loss for the year	-45,084,091
Total	46,920,960

The board of directors propose the total amount of 46,920,960 is brought forward.

Income Statement

KSEK	Note	Hoylu Group	Hoylu Group	Parent Company	Parent Company
		2022	2021	2022	2021
Net sales		47,672	33,319	2,526	3,911
Cost of goods and services sold		-15,782	-8,587	-69	-228
Gross profit		31,890	24,733	2,457	3,684
Selling Expenses	4, 5, 6, 8	-44,454	-39,994	-10,483	-13,951
General & Administration Expenses	4, 5, 6, 8	-12,721	-16,793	-27,710	-49,621
Research & Development Expenses	4, 5, 6, 8	-17,015	-17,737	-4,749	-6,019
Other operating income	7	540	0	687	0
Other operating expenses	7	-4,543	-1,656	-4,476	-1,327
Operating profit/loss		-46,303	-51,449	-44,273	-67,234
Interest income	9	9	0	2,440	1,636
Interest expense	9	-3,145	-740	-2,984	-524
Write-off long term investments	17	0	0	0	0
Foreign exchange gain/Loss		-196	-62	-267	109
Profit before taxes		-49,636	-52,251	-45,084	-66,014
Taxes		-26	-74	0	-57
Profit/loss for the period		-49,661	-52,324	-45,084	-66,071
Key ratios:					
Gross margin		66.9%	74.2%	97.3%	94.2%
Operating margin		Neg	Neg	Neg	Neg
Earnings per share before and after dilution		-0.54	-0.58	-0.49	-0.73
Average number of shares before and after dilution		91,743,922	90,519,220	91,743,922	90,519,220

Balance Sheet

KSEK	Note	Hoylu Group	Hoylu Group	Parent Company	Parent Company
		Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
ASSETS					
Fixed Assets					
Intangible fixed assets					
Capitalized development costs	10	45,816	43,707	3,441	0
Goodwill	11	4,103	4,874	2,173	2,665
Software	12	0	407	0	0
Website	13	1,124	1,262	241	297
Other intangible assets	14	29	114	21	108
Intangible fixed assets		51,072	50,364	5,876	3,070
Tangible fixed assets					
Machinery & Equipment	15	612	672	17	2
Tangible fixed assets		612	672	17	2
Financial fixed assets					
Participation in group companies	16	0	0	14,130	14,130
Other long-term receivables		144	629	14	0
Total financial fixed assets		144	629	14,144	14,130
Total fixed assets		51,828	51,665	20,037	17,202
Current Assets					
Inventory		1,657	1,775	1,462	1,585
Current receivables					
Trade receivables		10,367	9,741	673	1,561
Other receivables		230	306	205	178
Group receivables		0	0	112,396	102,845
Prepaid expenses and accrued income		1,529	1,992	0	5
Total current receivables		12,126	12,039	113,274	104,591
Liquid Assets		16,874	4,288	8,527	1,748
Total current assets		30,657	18,102	123,263	107,924
TOTAL ASSETS		82,485	69,768	143,300	125,125

Balance Sheet

		Hoylu Group	Hoylu Group	Parent Company	Parent Company
KSEK	Note	Dec 31 2022	Dec 31 2021	Dec 31 2022	Dec 31 2021
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Restricted equity - Share capital	17	7,563	7,563	7,563	7,563
Non-restricted equity - Free capital	17	27,225	73,139	92,005	158,076
Profit/loss for the year	21	-49,662	-52,325	-45,084	-66,071
Total shareholders' equity		-14,874	28,377	54,484	99,568
Provisions					
Tax Provisions	18	4,475	0	4,475	0
Total Provisions		4,475	28,377	4,475	99,568
Current liabilities					
Convertible Notes	22	72,185	20,280	72,185	20,280
Short-term interest bearing liabilities		0	217	0	0
Accounts payable		4,380	5,900	2,382	1,464
Other liabilities	19	95	95	0	0
Accrued expenses and deferred income	20	16,224	14,899	9,774	3,813
Total current liabilities		92,884	41,391	84,341	25,557
SHAREHOLDERS' EQUITY AND LIABILITIES		82,485	69,768	143,300	125,125

Cashflow Statement

KSEK	Hoylu Group		Parent Company	
	2022	2021	2022	2021
Operating Profit (Loss)	-46,303	-51,449	-44,273	-67,234
Adjustments for items not included in cash flow				
Depreciation, amortisation	15,007	10,872	638	702
Interest Received	9	0	2,440	1,636
Interest Paid	-124	-504	37	-288
Taxes	-26	-74	0	-57
Tax Provision	4,475	0	4,475	0
Foreign exchange rate differences	-533	-62	-299	108
Adjustments for items not included in cash flow	18,808	10,232	7,291	2,101
Cash flow from operating activities before changes in working capital	-27,495	-41,217	-36,982	-65,133
Change in operating receivables	-87	805	-8,683	17,728
Change in inventory	118	1	122	31
Change in operating liabilities	-412	4,588	6,879	-1,051
Cash flow from operating activities	-27,876	-35,823	-38,664	-48,425
Intangible assets	-8,344	-14,229	-3,441	0
Fixed assets	-78	-369	0	0
Cash flow from net capital expenditures	-8,422	-14,598	-3,441	0
Total cash flow before financing activities	-36,298	-50,421	-42,105	-48,425
New share issue	0	29,797	0	29,797
Change in convertible notes	48,884	20,044	48,884	20,044
Cash flow from financing activities	48,884	49,841	48,884	49,841
Cash flow for the period	12,586	-580	6,779	1,416
Liquid assets at the beginning of the period	4,288	4,868	1,748	332
Liquid assets at the end of the period	16,874	4,288	8,527	1,748

Statement of Changes in Equity

HOYLU GROUP

KSEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Translation Reserves	Profit/(Loss) Brought Forward	Shareholders Equity
Closing balance December 31, 2020	6,680	0	179,593	-7,357	-130,313	48,603
Beginning balance January 1, 2021 Following Prior Period Adjustment *	6,680	0	179,593	-7,357	-133,295	45,621
Profit/loss from Jan 1, 2021 to Dec. 31, 2021					-52,325	-52,325
Option Program					1,211	1,211
Translation Differences				4,072		4,072
Private Placement/Rights Issue	883		29,117			30,000
Financing Expenses			-203			-203
Closing balance December 31, 2021	7,563	0	208,507	-3,285	-184,408	28,377
Profit/loss from Jan 1, 2022 to December 31, 2022					-49,662	-49,662
Incentive Program					267	267
Translation Differences				6,144		6,144
Closing balance December 31, 2022	7,563	0	208,507	2,859	-233,803	-14,874

* Correction of errors related previously unreported accrued vacation, which has caused retained earnings to be reduced by TSEK 2,982 as of January 1, 2021

Statement of Changes in Equity

PARENT COMPANY

	Additional Capital				
	Restricted Equity Share Capital	Ongo ing Share Issue	Non- Restricted Equity	Profit/(Loss) Brought Forward	Shareholde rs Equity
KSEK					
Closing balance December 31, 2020	6,680	0	179,593	-50,431	135,842
Profit/loss from Jan 1, 2021 to Dec. 31, 2021				-66,071	-66,071
Private Placement/Rights Issue	883		29,117		30,000
Financing Expenses			-203		-203
Closing balance December 31, 2021	7,563	0	208,507	-116,501	99,568
Profit/loss from Jan 1, 2022 to Dec. 31, 2022				-45,084	-45,084
Closing balance December 31, 2022	7,563	0	208,507	-161,585	54,484

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 an operating offices in Seattle and is responsible sales and software development activities in the US.

Hoylu GmbH, (aka w'inspire GmbH, is a wholly owned subsidiary of Hoylu AB based in Austria. Hoylu GmbH is responsible for Hoylu's product management and software development activities and manages the support and maintenance of the software.

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 the date as per electronic signature. 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 June 26, 2023.

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 2022. 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.

Accounting Policies

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 INCOME STATEMENT

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 Adaptive Workspaces™, a software as a service offering that is sold directly and via resellers, the sale of the HoyluWall, hardware that is also sold directly and through resellers, 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.

Accounting Policies

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.

PROFESSIONAL SERVICES

Revenue from custom software development and professional services on an ongoing basis is reported as revenue in the period in which the work is performed and delivered.

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 Adaptive 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.

Accounting Policies

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 and leasing fees are expensed on a straight-line basis over the leasing period.

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 rate differences on financial receivables and liabilities are reported as Foreign Exchange gain/Loss as part of 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.

Accounting Policies

Based on the interest rate of 6% 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.

FINANCIAL INSTRUMENT

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 receivables 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.

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 receivables 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.

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, vacation and holiday pay, bonuses, and pensions, are payments to employees that become due within 12 months from the balance sheet date during the year the employee has earned the pay.

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.

Accounting Policies

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, from 2019 to 2022, 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.

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 K3 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.

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.

Accounting Policies

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 Judgements and Estimates

NOTE 3 CAPITALIZATION AND IMPAIRMENT OF INTANGIBLE FIXED ASSETS

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.

PRODUCT DEVELOPMENT PHASE

The allocation between the research and development phases of new development projects concerning Hoylu Adaptive 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.

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 20%. The impairment tests did not result in any impairment losses in 2022 or 2021. 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 2022 financial year end, the accumulated loss carryforward of Hoylu amounts to MSEK 233.8.

Significant Judgements and Estimates

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

NOTES TO INCOME STATEMENT

NOTE 4 AVERAGE NUMBER OF EMPLOYEES

Name	2022		2021	
	Average Number		Average Number	
	of Employees	Whereof Men	of Employees	Whereof Men
Hoylu AB				
Sweden	1	0	1	0
Hoylu Group				
Austria	4	4	4	4
Italy	0	0	1	0
Norway	3	3	3	2
USA	30	20	36	16
Total	38	27	45	22

NOTE 5 SPLIT BY GENDER

The board of directors includes four (4) men.

The executive team includes two (2) men.

NOTE 6 SALARY, WAGES AND OTHER REMUNERATIONS TO EMPLOYEES

Remunerations to employees	2022	2021	2022	2021
	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Remunerations - Board	700	550	700	550
Salaries - CEO	2,525	2,369	0	0
Salaries - Management	2,430	7,969	0	0
Salaries and wages - Other employees	42,493	35,573	1,245	2,208
Total	48,148	46,461	1,945	2,758

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. The options were allocated without compensation and none of the options have been exercised.

A total of 62,000 options are currently outstanding (compared to 62 000 as of December 31, 2021) of which 0 are held by the CEO and 0 are held by the management team.

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. The options were allocated without compensation and none of the options have been exercised.

Notes

A total of 3,033,889 options are currently outstanding (compared with 7,080,000 as of December 31, 2021), of which 0 are held by the CEO, 0 are held by the management team, 100,000 are held by the previous Chairman of the Board, and 200,000 are held by other board members. The reason for the reduction in the number of options compared to previous years was that some of the employees terminated their employment and some of the options were terminated as part of new options granted under the 2022 Option Plan.

2021 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, 2022, December 31, 2023, and December 31, 2024. The options have an exercise price SEK 5.31 and may be exercised during the period starting on January 1, 2025 and ending on June 30, 2025, with the added requirement that the option holder is still a service provider to Hoylu at the time of the vesting. The options were allocated without compensation and none of the options have been exercised.

A total of 229,984 options are currently outstanding (compared with 1,399,984 as of December 31, 2021), of A total of 1,399,984 options have been issued, of which 0 are held by the CEO, 0 are held by the management team, 0 are held by the Chairman of the Board, and 0 are held by other Board members. The reason for the reduction in the number of options compared to previous years was that some of the employees terminated their employment and some of the options were terminated as part of new options granted under the 2022 Option Plan.

2022 OPTION PLAN

The employees and some of the long-term consultants have been granted options in Hoylu AB. One third of the options were considered vested at the time of the grant, and one third of the options vest on June 1, 2023; and June 1, 2024.

The options have an exercise price SEK 1.50 and may be exercised during the period starting on January 1, 2025 and ending on June 30, 2025, with the added requirement that the option holder is still a service provider to Hoylu at the time of the vesting. The options were allocated without compensation and none of the options have been exercised.

A total of 7,653,332 options were issued and outstanding as of the December 31, 2022, of which 0 are held by the CEO, 1,600,000 are held by the management team, 0 are held by the Chairman of the Board, and 0 are held by other Board members.

NOTE 7 OTHER INCOME AND EXPENSES

Other Income	2022	2021	2022	2021
	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Administrative Assessment	500	0	500	
Other Income	40	0	187	0
Total Other Income	540	0	687	0
	2022	2021	2022	2021
Other Expenses	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Tax Assessment	-4,475	0	-4,475	0
Other Expenses	-68	-1,656	-1	-1,327
Total Other Expenses	-4,543	-1,656	-4,476	-1,327

NOTE 8 AMORTIZATION AND DEPRECIATION

Amortization and depreciation	2022	2021	2022	2021
	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Selling	14,055	8,478	549	546
Research & Development	952	2,394	89	156
Total	15,007	10,872	638	702

Notes

NOTE 9 INTEREST INCOME AND EXPENSE

	2022	2021	2022	2021
Interest Income and Interest Expense	Hoylu Group	Hoylu Group	Parent Company	Parent Company
External				
Interest Income	9	0	9	0
Interest Expense	-3,145	-740	-2,984	-524
Internal				
Interest Income	0	0	2,431	1,636
Interest Expense	0	0	0	0
Total				
Interest Income	9	0	2,440	1,636
Interest Expense	-3,145	-740	-2,984	-524

Notes

NOTES TO BALANCE SHEET

NOTE 10 CAPITALIZED PRODUCT DEVELOPMENT

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

	2022	2021	2022	2021
Capitalized Product Development	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	59,157	40,878	0	0
Work performed by the company for its own use and capitalized	8,345	14,229	3,441	0
FX Translation Differences	9,558	4,050	0	0
Closing accumulated historical cost	77,060	59,157	3,441	0
Opening accumulated amortization	-15,450	-6,702	0	0
Amortization for the period	-13,063	-7,717	0	0
FX Translation Differences	-2,731	-1,031	0	0
Closing accumulated amortization-	-31,244	-15,450	0	0
Carrying amount	45,816	43,707	3,441	0

Hoylu has capitalized development expenses of MSEK 3.4 that have not yet been placed in service. Such capitalized development expenses are reviewed for impairment annually.

NOTE 11 GOODWILL

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

Dec. 2016	W'inspire GmbH (2 038 KSEK)
Mars 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.

	2022	2021	2022	2021
Goodwill	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	9,127	8,922	4,919	4,919
FX Translation Differences	335	205	0	0
Closing accumulated historical cost	9,462	9,127	4,919	4,919
Opening accumulated amortization	-4,253	-3,259	-2,254	-1,766
Amortization for the period	-938	-908	-492	-488
FX Translation Differences	-168	-87	0	0
Closing accumulated amortization	-5,359	-4,253	-2,746	-2,254
Carrying amount	4,103	4,874	2,173	2,665

NOTE 12 SOFTWARE

	2022	2021	2022	2021
Software	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	8,132	8,132	0	0
Closing accumulated historical cost	8,132	8,132	0	0
Opening accumulated amortization	-7,725	-6,098	0	0
Amortization for the period	-407	-1,626	0	0
Closing accumulated amortization	-8,132	-7,725	0	0
Carrying amount	0	407	0	0

NOTE 13 WEBSITE

	2022	2021	2022	2021
Website	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	1,660	690	567	567
Trademark Acquisitions	0	957	0	0
FX Translation Differences	168	13	0	0
Closing accumulated historical cost	1,828	1,660	567	567
Opening accumulated amortization	-398	-305	-270	-213
Amortization for the period	-252	-84	-56	-56
FX Translation Differences	-54	-9	0	0
Closing accumulated amortization	-704	-398	-326	-270
Carrying amount	1,124	1,262	241	297

Notes

NOTE 14 OTHER INTANGIBLE ASSETS

Other intangible assets	2022	2021	2022	2021
	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	791	791	783	783
Other intangible assets Acquisitions	0	0	0	0
Closing accumulated historical cost	791	791	783	783
Opening accumulated amortization	-677	-518	-675	-518
Amortization for the period	678	-159	-87	-157
Closing accumulated amortization	1	-677	-762	-675
Carrying amount	792	114	21	108

NOTE 15 MACHINERY, EQUIPMENT, FURNITURE AND FIXTURES

Tangible assets	2022	2021	2022	2021
	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Opening accumulated historical cost	3,949	3,580	1,443	1,443
Tangible asset acquisitions	462	369	17	0
Closing accumulated historical cost	4,411	3,949	1,460	1,443
Opening accumulated amortization	-3,277	-2,764	-1,441	-1,441
Amortization for the period	-522	-513	-2	0
Closing accumulated amortization	-3,799	-3,277	-1,443	-1,441
Carrying amount	612	672	17	2

NOTE 16 PARTICIPATION IN HOYLU COMPANIES

The following subsidiaries are included in the group:

Name	Domicile	Corporate ID	Ownership	Carrying Value
Hoylu, Inc.	United States		100%	904
Hoylu GmbH (aka w'inspire GmbH)	Austria		100%	11466
Hoylu Intressenter AB	Sweden	559116-2606	100%	50
Hoylu Norge AS	Norway		100%	1 710
Total				14 130

Notes

NOTE 17 EQUITY - PARENT

SHARE ISSUE

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	2,413,616	2,413,616	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
Feb-21	Directed Share Issue	10,178,572	91,208,209	839,111	7,519,116	0.0824
Mar-21	Directed Share Issue	535,713	91,743,922	44,164	7,563,279	0.0824

NOTE 18 PROVISIONS

	2022	2021	2022	2021
Provisions	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Tax Provisions	4,475	0	4,475	0
Total Provisions	4,475	0	4,475	0

NOTE 19 OTHER LIABILITIES

	2022	2021	2022	2021
Other Liabilities	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Other Liabilities	95	95	0	0
Total Other Liabilities	95	0	0	0

NOTE 20 ACCRUED EXPENSES AND DEFERRED REVENUE

	2022	2021	2022	2021
Accrued expenses and deferred income	Hoylu Group	Hoylu Group	Parent Company	Parent Company
Accrued Wages & Payroll Taxes	1,864	1,428	898	807
Accrued Vacation	3,411	4,145	0	49
Other Accrued Expenses	1,488	5,135	8,138	2,664
Deferred Revenue	9,461	4,191	738	293
Total Accrued expenses and deferred income	16,224	14,899	9,774	3,813

Notes

NOTE 21 APPROPRIATION OF ACCUMULATED RESULT

Appropriation of Accumulated Result (SEK)	2022	2021
Additional Capital	208,506,945	208,506,945
Accumulated Losses	-116,501,894	-50,431,202
Loss for the year	-45,084,091	-66,070,692
Total	46,920,960	92,005,051
The board of directors propose the total amount of 46,920,960 is brought forward.		
To be brought forward	46,920,960	92,005,051

Other Notes

NOTE 22 CONVERTIBLE NOTES

Hoylu Group and Parent Company		
Convertible Notes	2022	2021
Value of convertible notes January 1	20,280	0
Value of convertible notes when issued	48,923	20,044
Interest Expense	2,982	236
Conversion	0	0
Convertible Notes	72,185	20,280

The convertible bonds mature on February 28, 2023 and carry an annual interest rate of six (6) percent. The conversion rate for new shares is set at SEK 1.00.

NOTE 23 SUBSEQUENT EVENTS

In May 2023 Hoylu carried out directed issues of convertible loan notes corresponding to a value of SEK 108.5 million, of which approx. SEK 48.9 million was paid in cash and SEK 59.6 million by set-off.

Signatures

The Annual Report and the consolidated accounts have been approved for issue by the Board on the date as per electronic signature. 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 June 26, 2022.

Stockholm, on June 5, 2023.

Truls O. Baklid

Chief Executive Officer

Johan Lindqvist

Chairman of the Board

Hans Othar Blix

Board Member

Reidar Fougner

Board Member

Fredrik Urbanski

Board Member

Our auditor's report was submitted on June 5, 2023.

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 2022-01-01 - 2022-12-31.

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 2022 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.

Material Uncertainty Related to Going Concern

We would like to draw attention to the annual report under section management report, which shows that the company reports a loss for 2022 of kSEK 49,661 with a cash flow before financing activities of kSEK -36,298 and to the section of the company's liquidity and financing risks, which states that the management and board assess existing liquidity and the budgeted cash flow from operating activities to be sufficient for Hoylus' operations over the next twelve months. The company's assessment of liquidity needs, and the assumption of continued operations requires significant assessments and estimates by the management and board as these are based on future cost savings and revenues that do not yet pertain to existing orders. If the company does not receive new financing if necessary, it can have a

significant impact on the company's opportunities for continued operations. All in all, this indicates that there is a material uncertainty factor that could lead to significant doubts about the company's ability to continue operating. We have not modified our statements because of this.

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 2022-01-01 - 2022-12-31 and the proposed

appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated 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 scepticism 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.

2023

Deloitte AB

Signature on Swedish original

Henrik Ekström
Authorized Public Accountant