

HOYLU AB

2019 Q4 Interim Report



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

Interim Report Q4 2019 Overview

FOURTH QUARTER 2019

- Hoylu has implemented the SaaS model:
 - Billings for the fourth quarter were MSEK 11.4
 - Revenues for the fourth quarter were MSEK 8.2 (13.1)
 - Annual Recurring Revenue (“ARR”) and long-term service contracts for 2020 at the end of the fourth quarter was MSEK 15
- Gross margin was 69 percent (67)
- Operating result was MSEK -10.2 (-5.7)
- Profit after tax amounted to MSEK -17.9 (-6.2) (i)
- Earnings per share amounted to SEK -0.71 (-0.42)

TWELVE MONTHS 2019

- Revenues for the twelve months were MSEK 27.1 (33.4)
- Gross margin was 69 percent (69)
- Operating result amounted to MSEK -35.1 (-26.6) (ii)
- Profit after tax amounted to MSEK -36.4 (-28.4) (i) and (ii)
- Earnings per share amounted to SEK -2.28 (-1.93)

(i) Including the administrative assessment of MSEK 2.1 as reported in previous report

(ii) Including MSEK 7.0 write-off of strategic investment in virtual reality (“VR”) entity due to nominal impact of VR on collaboration solutions.

REMARKS ON THE BALANCE SHEET

- The total assets at the end of the period was MSEK 58.1 (58.2)
- Total cash at the end of the period was MSEK 0.6 (0.5)
- The total accounts receivable at the end of the period was MSEK 9.9 (13.3)
- The total accounts payable at the end of the period was MSEK 10.0 (9.0)
- Total liabilities at the end of the period was MSEK 52.6 (50.7) (iii)
- The Equity at the end of the period amounted to MSEK 5.5 (7.4)

(iii) The Q4 2019 balance includes various note payables, including the convertible notes of MSEK 13.7.

IMPORTANT EVENTS IN THE FOURTH QUARTER

- Hoylu carried out a directed issue of convertible loan notes and warrants of MSEK 6.
- Received an order from a new customer, Chevron, one of the world’s largest energy companies. The initial order was SEK 500,000 in software and product revenue.

INTERIM REPORT Q4 2019 OVERVIEW

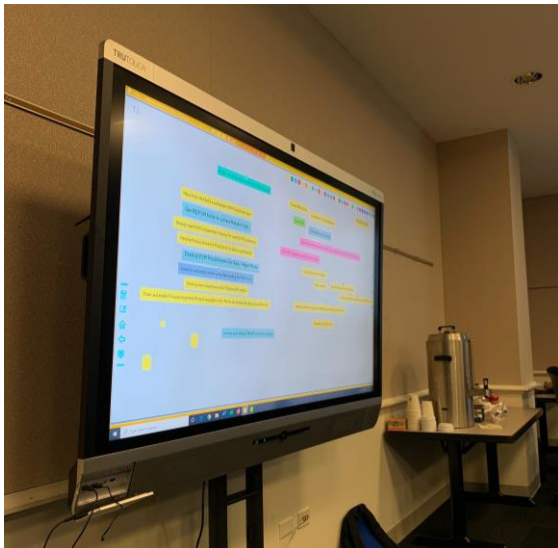
- Entered into Software as a Service contract with Royal Dutch Shell plc, a new customer and again one of the world's largest energy companies. The initial order was for Shell Norway for a minimum of SEK 1.200.000 over 3 years, with Annual Recurring Revenues (ARR) of SEK 400,000.
- Received an order from DB Netz AG. The initial order was SEK 190,000 in software and product revenue. DB Netz AG is a 100% owned subsidiary of Deutsche Bahn.
- Received a new order from Webasto. The order was SEK 325 000 in software and product revenue. Webasto is a global innovative systems partner to almost all automobile manufacturers worldwide.
- Received order from Walbridge, a global, full-service construction firm headquartered in Detroit, MI. The firm is consistently ranked as the top U.S. builder of auto facilities. Walbridge is an existing customer of Hoylu and the new order value was SEK 380,000.
- Entered into a Software as a Service contract with Eni S.p.A. The initial order was for a minimum of SEK 500,000 per year. Eni S.p.A. is an Italian multinational energy company with operations in 79 countries.
- Expanded its business with companies in the Carnival Corporation group, the world's largest travel leisure company. The new orders were from two other companies in the group, P&O Cruises and Seaborn Cruise Line. Initial order value was SEK 4 million.

INTERIM REPORT Q4 2019 OVERVIEW



October 2019

California's Coalition for Adequate School Housing Fall Conference in Newport Beach, California.



October 2019

Digital Transformation Workshop with end users in Cincinnati, OH.

INTERIM REPORT Q4 2019 OVERVIEW



November 2019
Large Scale demo in the UK to one of the largest oil and gas companies in the world.



November 2019
Demo for German Aircraft Manufacturer with partner ComPeri.



INTERIM REPORT Q4 2019 OVERVIEW



November 2019
On-board testing with the Seabourn Quest while traveling to Ecuador.



November 2019
Demo event with NEC Display Solutions in Oslo at the Abstracta Showroom.



INTERIM REPORT Q4 2019 OVERVIEW



November 2019

Demo and training for Merck Pharmaceuticals office in Budapest.



December 2019

**HoyluWall with Touch
installation at medical
research facility at
Foundation Medicine in
Boston, MA.**



Comments from the CEO

An important milestone for Hoylu in Q4 was the signing of the first larger Software as a Service (SaaS) contract with a major global enterprise. Since Hoylu was established in 2017 revenues primarily came from the sale of HoyluWalls bundled with software. Hoylu's hardware base of approximately 1,000 HoyluWall installations world-wide is an important footprint as we engage with existing and new customers to expand our business. Going forward, HoyluWall hardware sales will primarily go through partners and resellers whilst Hoylu's focus will be on growing subscription-based software revenues. It has been difficult to set the right expectations since enterprise sales normally have long sales cycles, although we are confident that we chose the right strategy. Hoylu has worked closely with a small number of large companies to understand their challenges and adapt our products to their needs. Some of our customers have documented up to a 25% productivity gain in the form of saved time before, during, and after meetings as well as better engagement and fewer distractions. Based upon these proofs of concepts we have gone through extensive security audits to more efficiently navigate enterprise level security compliance and prepare for larger scale rollouts.

Revenues in Q4 were SEK 8.1 million and billings were SEK 11.4 million since enterprise software deals typically include upfront payments of the first 12 month's subscriptions. Hoylu's committed annual recurring revenues and long-term service contracts for 2020 per January 1st were SEK 15 million. We continued to grow our customer base with large global companies.

FUTURE OUTLOOK

Hoylu is a newcomer and a challenger within collaboration solutions. The collaboration solutions industry has a market of 40 billion USD and includes unified communication, videoconferencing, digital whiteboards, file-sharing, and group chat solutions. We have customers in a broad range of industries, including education, automotive, pharma, construction, engineering, retail and media. However, a large portion of our opportunities today are within project management. We focus on the fact that most companies still use analog whiteboards, paper sticky notes, PowerPoint, and email for teamwork and group meetings. Innovation, engagement, and digital transformation are of high priority for managers, but it seems that technology often gets in the way of productivity and creativity. Intuitive solutions that are easy to use will be key to success going forward. Hoylu is currently planning for a new software release and is testing its beta version with select partners and customers. The new release will be another major milestone for Hoylu as we evolve and present the market with a unique offering in terms of user experience and flexibility.

On January 15 we announced the signing of a strategic partnership with Technological Innovations Group (TIG). Robin van Meeuwen, CEO of TIG said in the press release: *"Technological Innovations Group (TIG), the leading technology sales agency in the EMEA region offering integrated automation and control solutions for smart spaces, is pleased to formally announce a strategic partnership with Hoylu. As this exciting new partnership demonstrates, we're fully committed to offering our customers the most advanced solutions available. Hoylu offers innovative technology which is totally in line with the vision and mission of Technological Innovations Group and will allow us to serve our customers better. With a close partnership and a network of over 2,500 integrators, 15 offices across the EMEA region with 270 staff, Technological Innovations Group is the most focused organization in the industry."* This partnership will broaden our reach and significantly strengthen our sales capabilities. As it was demonstrated two weeks ago at ISE 2020, the world's largest trade show for AV and system integrators, TIG already adds significant resources to strengthen Hoylu's

COMMENTS FROM THE CEO

market awareness and sales capabilities. We are also very pleased with the progress of our partner NEC. Hoylu and NEC confirmed the relationship by the signing of a Strategic Alliance Partner agreement in February and NEC promoted Hoylu Connected Workspaces™ with their NEC InfinityBoard® series at ISE. The market for interactive touch panels for meeting rooms is still in its early stages but growing at 100% year over year. These partnerships are important for the complete value proposition to our customers that results in higher productivity and return on investments and they have already contributed a growth in our pipeline.

We raised a total of SEK 24.5 million in additional capital in Q4 and Q1 to date and we are grateful for the continued support from our shareholders.



STEIN REVELSBY
CHIEF EXECUTIVE OFFICER
FEBRUARY 2020

EVENTS AFTER THE END OF THE PERIOD

- Hoylu carried out a Private Placement of shares that resulted in additional capital of MSEK 6.25.
- The Board of Directors resolved to and carried out a Rights Issue of shares that generated additional capital of MSEK 2.2.
- Announced a strategic partnership with Technological Innovations Group (“TIG”), the leading technology sales agency in the EMEA region offering integrated automation and control solutions for smart spaces, whereby TIG will represent Hoylu in EMEA.
- Received an order from BP plc, one of the world’s largest energy companies. The initial order was SEK 1 million in software and product revenue.
- Hoylu carried out a directed issue of convertible loan notes of MSEK 10.

ISE 2020



Financial Information

REVENUES & PROFITABILITY

Revenues for the twelve months of 2019 amounted to MSEK 27.1 (33.5) 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 8.4 (10.3).

The operating result was MSEK -35.1 (-27.7) (i)

The net result for the twelve months of 2019 amounted to MSEK -45.5 (-28.4). (i) and (ii)

(i) Including the administrative assessment of MSEK 2.1 as reported in previous report.

(ii) Including MSEK 7.0 write-off of strategic investment in virtual reality ("VR") entity due to nominal impact of VR on collaboration solutions.

FINANCIAL POSITION

Cash flow from operating activities in the twelve months of 2019 was MSEK 15.0 (-27.2).

Cash flow from investment activities amounted to MSEK -12.8 (-11.5) and the cash flow from financing activities was MSEK 30.0 (34.7).

Cash-flow for the twelve months of 2019 was MSEK 0.1 (-4.0) and the liquid assets at the end of the quarter was MSEK 0.6 (0.5).

Hoylu will consider strengthening its working capital through share issues or bridge financing when necessary to finance its growth and with the objective to maximize value creation and minimize dilution for existing shareholders.

CAPITALIZED EXPENSES

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

During the twelve months of 2019 Hoylu capitalized product development costs in the amount of MSEK 12.5, which represents approximately 20% of the Company's total operating costs.

Amortization expense associated with capitalized product development costs amounted to MSEK 1.9 in the twelve months of 2019.

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 Group had a total 30 employees as of December 31, 2019. 23 in the US, 6 in the EU, and 1 in Japan. Hoylu's headquarters is in Stockholm, Sweden.

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

FINANCIAL INFORMATION

MARKET

The global enterprise collaboration market size is estimated to grow from USD 26.7 billion in 2016 to USD 49.5 billion by 2021, at a compound annual growth rate of 13.2%. (1)

The worldwide market for team collaboration software used in the enterprise is estimated to double from USD 8.2 billion in 2017 to USD 16.6 billion by 2025. (2)

While Hoylu's main market is Europe and the US, Hoylu has also established relationships with resellers for the Asian market.

The Company believes enterprises with more than 50 employees will be the main buyers of Hoylu's enterprise collaboration solutions. Data from OECD SDBS database shows a total of approximately 640,000 enterprises with at least 50 employees each and more in Hoylu's main markets with a total of 150,000 enterprises in the US alone.

(1)<http://www.marketsandmarkets.com/PressReleases/enterprise-collaboration.asp>

(2) Grandview Research

RELATED PARTY TRANSACTIONS

There were no related party transactions during the period.

FINANCIAL CALENDAR

Interim Report – Q1 2020	May 15, 2020
Annual General Meeting	May 15, 2020
Interim Report – Q2 2020	Aug. 21, 2020
Interim Report – Q3 2020	Nov. 20, 2020

RISKS AND UNCERTAINTIES

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

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

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

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

ACCOUNTING PRINCIPLES

The interim report for Hoylu has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board on annual report, and consolidated financial statements BFNAR 2012: 1 (K3) as well as the Swedish Securities Market Act.

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

AUDITORS REVIEW

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

SHARE DATA

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

The total number of shares at the end of the period amounted to 25,610,678.

ABOUT HOYLU

Hoylu delivers innovative solutions to allow global collaborative teams plan, create and

share information that will enrich the user experience in the virtual office. The Hoylu software delivers a comprehensive set of personalized digital workspaces to enable teams across locations, on any device, to work smarter and with more fun across major industries including Engineering, Education, Engineering, Education, Pharmaceutical, Construction, Manufacturing, Graphic Design and many more. For more information visit: www.hoylu.com

Financial Reports Twelve Months 2019

CONSOLIDATED INCOME STATEMENT IN SUMMARY

KSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	8,173	8,979	27,150	33,473
Cost of goods and services sold	-2,512	-2,961	-8,395	-10,301
Gross profit	5,661	6,018	18,755	23,172
Development, Sales, and Administrative Costs	-14,627	-10,247	-46,063	-42,785
Administrative Assessment *	0	0	-2,100	0
Depreciation/Amortization	-1,283	-1,430	-5,702	-7,073
Operating profit/loss	-10,249	-5,659	-35,109	-26,686
Other financial items **	-7,690	-528	-10,323	-1,635
Profit before taxes	-17,939	-6,187	-45,432	-28,321
Taxes	-8	0	-46	-81
Profit/loss for the period	-17,947	-6,187	-45,478	-28,402
Key ratios:				
Gross margin	69.3%	67.0%	69.1%	69.2%
Operating margin	Neg	Neg	Neg	Neg
Earnings per share before and after dilution	-0.71	-0.42	-2.28	-1.93
Average number of shares before and after dilution	25,144,010	14,865,711	19,938,194	14,683,835

* Administrative assessment of MSEK 2.1 as reported in previous report.

** Includes MSEK 7.0 write-off of strategic investment in virtual Reality ("VR") entity due to nominal impact of VR on collaboration solutions.

FINANCIAL REPORTS TWELVE MONTHS 2019

CONSOLIDATED BALANCE SHEET IN SUMMARY

KSEK	12/31/2019	12/31/2018
Intangible fixed assets	51,069	39,455
Cumulative Amortization	-11,257	-6,612
Intangible fixed assets	39,812	32,842
Tangible assets	3,300	2,979
Cumulative Depreciation	-2,261	-1,220
Tangible assets	1,040	1,759
Financial fixed assets	0	7,146
Total fixed assets	40,852	41,747
Inventories	2,617	1,427
Accounts receivable	9,914	13,298
Other current assets	4,148	1,225
Liquid assets, including current investments	600	475
Total current assets	17,279	16,425
Total assets	58,131	58,172
Total equity	5,504	7,444
Other long term liabilities	0	0
Total long-term liabilities	0	0
Accounts payable	10,035	9,039
Other current liabilities	28,867	12,806
Convertible Notes	13,725	28,883
Total current liabilities	52,626	50,728
Total liabilities and shareholders equity	58,131	58,172

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

KSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Operating Profit (Loss)	-10,249	-4,304	-35,109	-26,686
Depreciation, amortisation	1,283	1,442	5,702	5,723
Impairment	0	1,713	0	1,696
Interest Paid	-669	-725	-3,265	-1,680
Taxes	-8	-47	-46	-81
Foreign exchange Gain or Loss	4	-57	-218	45
Incentive Programs	0	-196	0	68
Translation differences	2,452	-1,650	-3,270	-257
Cash flow from operating activities before changes in working capital	-7,187	-3,825	-36,206	-21,172
Change in operating receivables	-4,292	-1,820	288	-1,372
Change in inventory	-562	301	-1,215	399
Change in operating liabilities	8,520	-1,693	22,109	-5,081
Cash flow from operating activities	-3,520	-7,037	-15,024	-27,227
Intangible assets	-3,013	-2,239	-12,457	-10,952
Fixed assets	63	-575	-361	-550
Financial fixed assets	0	0	0	0
Cash flow from net capital expenditures	-2,950	-2,813	-12,819	-11,502
Total cash flow before financing activities	-6,471	-9,850	-27,842	-38,729
New share issue	1,710	0	40,665	7,015
Change in financial liabilities	3,826	9,059	-12,697	27,659
Cash flow from financing activities	5,536	9,059	27,967	34,674
Cash flow for the period	-935	-791	125	-4,054
Liquid assets at the beginning of the period	1,535	1,265	475	4,529
Liquid assets at the end of the period	600	475	600	475

FINANCIAL REPORTS TWELVE MONTHS 2019

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, 2017	932	11,306	39,108	-1,553	-22,513	27,279
Profit/loss from Jan 1, 2018 to Dec. 31, 2018					-28,402	-28,402
Incentive Program					68	68
Translation Differences				1,483		1,483
Private Placement	234	-11,306	15,129			4,058
Convertible Note Conversion	60		2,853			2,913
Employee options			45			45
Closing balance December 31, 2018	1,226	0	57,135	-70	-50,847	7,444
Profit/loss from Jan 1, 2019 to Dec. 31, 2019					-45,478	-45,478
Translation Differences				486		486
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	417	-96,325	5,504

KEY RATIOS

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Cash flow for the period	-935	-791	125	-4,054
Cashflow / share before and after dilution (SEK) ¹	-0.04	-0.05	0.01	-0.28
	12/31/2019	12/31/2018		
Equity/assets ratio	9.5%	12.8%		
Number of shares	25,610,677	14,610,003		
Shareholders equity per share (kr)	0.85	0.90		

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

FINANCIAL REPORTS TWELVE MONTHS 2019

PARENT COMPANY – INCOME STATEMENT IN SUMMARY

TSEK	2019	2018	2019	2018
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Net sales	2,981	2,527	7,894	10,978
Cost of goods and services sold	-736	-836	-1,929	-3,757
Gross profit	2,245	1,691	5,965	7,221
Development, Sales, and Administrative Costs	-8,525	-4,543	-14,688	-16,269
Administrative Assessment *	0	0	-2,100	0
Depreciation/Amortization/Impairment	-213	-2,097	-1,092	-3,249
Operating profit/loss	-6,494	-4,949	-11,915	-12,297
Other financial items	293	-535	-2,643	-778
Profit before taxes	-6,200	-5,484	-14,558	-13,075
Taxes	0	0	0	0
Profit/loss for the period	-6,200	-5,484	-14,558	-13,075

* Administrative assessment of MSEK 2.1 as reported in previous report.

FINANCIAL REPORTS TWELVE MONTHS 2019

PARENT COMPANY –BALANCE SHEET IN SUMMARY

KSEK	12/31/2019	12/31/2018
Intangible fixed assets	6,270	6,147
Cumulative Amortization	-1,789	-1,148
Intangible fixed assets	4,481	4,999
Tangible assets	1,441	1,339
Cumulative Depreciation	-1,176	-727
Tangible assets	265	612
Financial fixed assets	14,130	12,459
Total fixed assets	18,875	18,071
Inventories	2,058	1,046
Accounts receivable	3,076	4,821
Other current assets	83,006	55,179
Liquid assets, including current investments	180	291
Total current assets	88,321	61,336
Total assets	107,196	79,407
Total equity	65,568	36,233
Other long term liabilities	0	0
Total long-term liabilities	0	0
Accounts payable	5,257	6,025
Convertible Notes	13,725	26,796
Other current liabilities	22,648	10,353
Total current liabilities	41,629	43,174
Total liabilities and shareholders equity	107,196	79,407

CONTACT DETAILS

Contact Details

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BOARD OF DIRECTORS

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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

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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.