



INTERIM  
REPORT

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Q1 2017

# INTERIM REPORT Q1 2017 — OVERVIEW

## FIRST QUARTER 2017

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- Revenues for the first quarter were SEK 2.0 million
- Gross margin was 80 percent
- Operating loss, excluding cost related to the IPO, amounted to SEK 3.5 million
- Costs related to the IPO (legal and finance) was SEK 2.5 million
- Profit after tax amounted to SEK -6.0 million
- Earnings per share amounted to SEK -0.74

## IMPORTANT EVENTS IN THE FIRST QUARTER

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- **Hoylu went public and Hoylu's shares started trading on Nasdaq First North, Stockholm, in February.**
- **Hoylu announced the completion of the acquisition of We-inspire GmbH in February.**
- **Hoylu announced the completion of a strategic partnership and investment in VR Global Inc. in February.**
- **Hoylu announced the acquisition of Creative Minds Consulting LLC and the recruitment of a senior software team in Seattle in the beginning of March.**
- **Hoylu announced the update of Hoylu/We-inspire software suite for creative collaboration with advanced multi-touch support and greater display functionality, as well as extended support for personal touch devices in the end of March.**



Q1 2017 was Hoylu's first operational quarter since the company was established. Following a private placement of SEK 25 million in January, Hoylu's priority in the quarter was to put together strategic building blocks, recruit a world-class team to pursue a software and solutions' strategy and position our company for robust growth in a strong underlying market of digital transformation within the enterprises."

— Stein Revelsby, CEO

# COMMENTS FROM THE CEO

Q1 2017 was Hoylu's first operational quarter since the company was established. Following a private placement of SEK 25 million in January, Hoylu's priority in the quarter was to put together strategic building blocks, recruit a world-class team to pursue a software and solutions' strategy and position our company for robust growth in a strong underlying market of digital transformation within the enterprises.

Through the acquisition of We-inspire we got a unique suite of software for ideation and collaboration that already has been tested and validated in smaller scale by some of the worlds largest companies within automotive, construction and pharmaceuticals. The immediate value we bring to customers is the ability to collaborate on ultra large surfaces and to include existing applications in their workflow for planning, design or brainstorming. Since we want to get closer to these customers whilst maintaining our relationship with resellers we also acquired Huddlewall™ from Scalable Display (described in more detail below under "Events After The End of The First Period"). Huddlewall is a packaged solution that enables us to shorten lead times and simplify installation. Included in the deal was an experienced sales team based in Boston that will help us grow faster.

The third major building block was the acquisition of Creative Minds Consulting and the recruitment of a senior product- and software development team in Seattle. The acquisition and recruitments were a result of personal connections and long time discussions about a shared vision to develop the next generation of immersive collaboration and smart building solutions.

By engaging directly with large global companies within market verticals like construction, real estate, automotive, pharmaceuticals, hospitality and lifestyle we realize there is a large untapped potential in helping these companies become more productive by offering easy to use tools and integrated solutions for their innovation workflow and creative collaboration processes. Most companies today have access to audio- and videoconferencing solutions that cover basic needs for communication between individuals or groups of people. Most companies



also have good systems to manage structured data like financial or customer data. However, innovation processes and the ability to capture and manage unstructured data are increasingly becoming key to competitive advantage.

Hoylu today offers solutions for ideation and brainstorming where small or large teams can work on ultra large projector walls and large displays whilst extending the experience to personal devices and combining with existing applications and workflow. We see further potential in automation and ease of use by adding connectivity and personalized intuitive interaction with screens and surfaces in the meeting room or in the office building. People and teams should be able to collaborate, share ideas and content as if they were in the same room, even if they are in different rooms, buildings and locations. Our software team has a strong track



record of building automated solutions including Internet of Things components, and our first initiative in this area will be together with a large customer in the cruise line and lifestyle industry.

In the first quarter, we also made a small investment in VR Global. VR Global has a unique software platform for creating and presenting interactive 360-degree content on multiple devices including augmented and virtual reality hardware. We are offering this solution to our customers as an extended experience to our solutions for presentation. In the future, we can see AR, VR and mixed reality become an integral part of collaboration and multi-site conferencing.

## FUTURE OUTLOOK

With the acquisition of We-inspire, Creative minds consulting and Huddlewall™, and the investment in VR Global, we have the building blocks in place to pursue our strategy. We expect strong growth in the coming quarters both from sales of the Hoylu Software Suite, Hoylu Huddlewall™ and from project revenues (Non Refundable Engineering) and the development of Smart Office solutions.

## EVENTS AFTER THE END OF THE PERIOD

- Hoylu announced a 5-year master services agreement with a large US based company in the cruise line and lifestyle industry for the development of immersive Smart Office and Smart Spaces solutions, in April. Hoylu estimates the agreement's potential order value to more than USD 2 million over the five-year period. The first delivery is scheduled for the second and third quarter of 2017.
- Hoylu announced the acquisition of Huddlewall™ business unit from Scalable Display Technologies including a sales team of four people in Boston, US, customer base, intellectual property and trademarks, current book of business and prospects, in April.
- Hoylu announced SEK 2.2 million orders from Suffolk, one of the largest construction companies in the US, in April. These orders are scheduled to be delivered in the second quarter of 2017.
- Hoylu announced an exclusive master distributor agreement with Polymedia in Russia and CIS subject to sales performance of minimum SEK 13 million over three years, in May.

**Stein Revelsby**  
CEO, Hoylu

# FINANCIAL INFORMATION

## REVENUES & PROFITABILITY

Revenues in the first quarter amounted to TSEK 1,953 (0) and were mainly software revenues from the sale of We-inspire software via resellers. Cost of goods and services sold was TSEK 383 and the operating cost including the legal and finance costs of TSEK 2,529 related to the IPO and depreciation amounted to TSEK 7,574. The operating result, excluding the cost related to the IPO, was TSEK -3,475 and the Earnings Before Tax (EBT) was TSEK 6,008. The net result amounted to TSEK -6,078 for the quarter.

## INVESTMENTS

Hoylu acquired all of the outstanding shares of w'inspire GmbH ("We-inspire") in January 2017. The consideration for We-inspire amounted to a total of EUR 1.2M whereof EUR 300,000 was paid in cash, EUR 540,000 was contributed through a note payable, and 600,000 shares in Hoylu were issued and contributed to the sellers of We-inspire for a value of SEK 5.73 per share.

Hoylu completed the first phase of the strategic investment in VR Global, Inc. in February 2017. As part of the first phase, Hoylu invested USD 750,000 by way of a convertible note that Hoylu may convert into 1,350,000 new shares in VR Global representing 10.0% of the shares of VR Global.

Hoylu entered into an agreement to acquire Creative Minds Consulting LLC in March 2017 in exchange for the issuance and delivery of 400,000 new shares in Hoylu.

## FINANCIAL POSITION

Hoylu's cash flow from operating activities amounted to TSEK -2,630 in the first quarter. Cash-flow from investment activities amounted to TSEK -18,010 and the

cash-flow from financing activities was TSEK 30,820 including share issues of TSEK 28,820 of which the private placement was TSEK 24,880 and TSEK 3,940 was related to the acquisitions of We-inspire and Nada Yada assets. The cash-flow for the period was TSEK 3,162 and the liquid assets at the end of the period was TSEK 3,261.

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

## MARKET

It is estimated that the global enterprise collaboration market size will grow from USD 26.7 billion in 2016 to USD 49.5 billion by 2021, at a compound annual growth rate of 13.2%<sup>1</sup>. The software used in enterprise collaboration systems is estimated to grow from USD 7.1 billion in 2015 to USD 8.4 billion in 2020, worldwide<sup>2</sup>.

Hoylu's main market is Europe and the US, but the Company has 25 resellers worldwide. 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.

## EMPLOYEES AND ORGANIZATION

Hoylu has a total headcount of 27; 16 in the US, 10 in the EU and 1 in Taiwan.

Hoylu's headquarter is in Malmo, Sweden. Product management and software development are based in Seattle, US.

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

<sup>2</sup> <https://www.appsruntheworld.com/top-10-collaboration-software-vendors-and-market-forecast-2015-2020/>



## 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.

## FINANCIAL CALENDAR

Extraordinary General Meeting 2017	16 May 2017*
Interim Report Second Quarter 2017	11 August 2017
Interim Report Third Quarter 2017	10 November 2017

## AUDITORS REVIEW

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

## ABOUT HOYLU

### Hoylu - Augment your work life.

Hoylu delivers solutions for presentation, ideation and collaboration that focus on enhancing the user experience. The company's main area of interest is software for Creative Collaboration, combined with intuitive input and display technologies. This includes technologies for remote collaboration, Internet of Things and connecting workspaces in different locations together, with the objective of simplifying work processes while improving productivity and creativity.

Hoylu's goal is to improve and simplify how people present, ideate and collaborate at every step in the business processes within their organizations. We believe this will ultimately improve the quality of work life through effortless, location-independent collaboration between people within an enterprise, and between enterprises.

Malmö, 12 May 2017

\* Because Hoylu AB did not have a financial year ending in 2016, Hoylu will not issue an annual report for 2016 and as a result Hoylu will not have an Annual General Meeting in 2017. However, Hoylu will have an Extraordinary General Meeting.

# FINANCIAL REPORTS Q1

Hoylu was established in November 2016 and while the company incurred some expenses during the months of November and December 2016, Q1 2017 was Hoylu's first operational quarter since the company was established.

## CONSOLIDATED SUMMARY OF INCOME STATEMENT

<b>TSEK</b>	<b>2017 Jan-Mar</b>	<b>2016 Jan-Mar</b>	<b>2016 Nov-Dec</b>
Net sales	1,953		0
Cost of goods and services sold	-383		0
<b>Gross profit</b>	<b>1,570</b>	<b>NA</b>	<b>0</b>
Development, Sales, and Administrative Costs	-5,042		-25
Other operating income/cost*	-2,529		-255
Depreciation/Amortization	-3		0
<b>Operating profit/loss</b>	<b>-6,004</b>	<b>NA</b>	<b>-280</b>
Other financial items	-5		0
<b>Profit before taxes</b>	<b>-6,008</b>	<b>NA</b>	<b>-280</b>
Taxes	0		0
<b>Profit/loss for the period</b>	<b>-6,008</b>	<b>NA</b>	<b>-280</b>
<b>Key ratios:</b>			
Gross margin	80.4%		NA
Operating margin	Neg		Neg
Earnings per share before and after dilution	-0.74		-0.11
Average number of shares before and after dilution	8,065,556	NA	2,500,000

\* Costs related to the IPO (legal and finance)

## CONSOLIDATED BALANCE SHEET IN SUMMARY

TSEK	3/31/2017	3/31/2016	12/31/2016
Intangible fixed assets**	16,949		183
Tangible assets	1,244		0
Financial fixed assets	7,018		0
<b>Total fixed assets</b>	<b>25,211</b>	<b>NA</b>	<b>183</b>
Inventories	1,112		0
Accounts receivable	1,630		0
Other current assets	1,258		0
Liquid assets, including current investments	3,261		99
<b>Total current assets</b>	<b>7,261</b>	<b>NA</b>	<b>99</b>
<b>Total assets</b>	<b>32,472</b>	<b>NA</b>	<b>282</b>
<b>Total equity**</b>	<b>24,176</b>		<b>-180</b>
Other long-term liabilities	0		0
<b>Total long-term liabilities</b>	<b>0</b>	<b>NA</b>	<b>0</b>
Accounts payable	3,653		577
Other current liabilities	4,644		-115
<b>Total current liabilities</b>	<b>8,296</b>	<b>NA</b>	<b>462</b>
<b>Total liabilities and shareholders equity</b>	<b>32,472</b>	<b>NA</b>	<b>282</b>

\*\* Effect on balance sheet from acquisitions, See Note 1

## CHANGES IN SHAREHOLDERS EQUITY

TSEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Reserves	Profit/(Loss) for the year	Shareholders Equity
<b>Opening balance 1 January 2017</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-673</b>	<b>-573</b>
Profit/loss for the quarter ending 31 March 2017					-6,008	-6,008
Other comprehensive income				-62	0	-62
<b>Total comprehensive income</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>-62</b>	<b>-6,681</b>	<b>-6,644</b>
Private Placement	200		24,680			24,880
Acquisition – We-inspire	24		3,416			3,440
Convertible Note Conversion – Nada Yada	352		148			500
Acquisition – Creative Minds		2,000				2,000
<b>Closing balance 31 March 2017</b>	<b>676</b>	<b>2,000</b>	<b>28,244</b>	<b>-62</b>	<b>-6,681</b>	<b>24,176</b>

## CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Nov-Dec
<b>Profit/loss after financial items</b>	<b>-6,008</b>	<b>NA</b>	<b>-280</b>
Depreciation, amortization	3		0
Other items not included in cash flow	-459		0
<b>Items not included in cash flow</b>	<b>-456</b>		<b>0</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>-6,464</b>	<b>NA</b>	<b>-280</b>
Change in operating receivables	-2,888		0
Change in inventory	-1,112		0
Change in operating liabilities	7,835		462
<b>Cash flow from operating activities</b>	<b>-2,630</b>	<b>NA</b>	<b>182</b>
Intangible assets	-16,766		-183
Fixed assets	-1,244		0
Financial fixed assets	-7,018		0
Cash flow from net capital expenditures	-25,028		-183
<b>Total cash flow before financing activities</b>	<b>-27,658</b>	<b>NA</b>	<b>-1</b>
New share issue	28,820		100
Change in financial liabilities	2,000		0
<b>Cash flow from financing activities</b>	<b>30,820</b>		<b>100</b>
<b>Cash flow for the period</b>	<b>3,162</b>	<b>NA</b>	<b>99</b>
Liquid assets at the beginning of the period	99		0
<b>Liquid assets at the end of the period</b>	<b>3,261</b>	<b>NA</b>	<b>99</b>

## KEY RATIOS

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Nov-Dec
<b>Cash flow for the period</b>	<b>3,162</b>	<b>NA</b>	<b>99</b>
Cash flow/share before and after dilution (SEK) <sup>1</sup>	0.39	NA	0.04
	<b>3/31/2017</b>		<b>12/31/2016</b>
Equity/assets ratio	74.5%		-63.7%
Number of shares	8,200,000		2,500,000
Shareholders equity per share (kr)	2.95		(0.07)

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

## PARENT COMPANY, SUMMARY OF INCOME STATEMENT

TSEK	2017 Jan-Mar	2016 Jan-Mar	2016 Nov-Dec
Net sales	0		0
Cost of goods and services sold	0		0
<b>Gross profit</b>	<b>0</b>	<b>NA</b>	<b>0</b>
Development, Sales, and Administrative Costs***	-2,413		-25
Other operating income/cost	-2,529		-255
Depreciation/Amortization	0		0
<b>Operating profit/loss</b>	<b>-4,942</b>	<b>NA</b>	<b>-280</b>
Other financial items	-4		0
<b>Profit before taxes</b>	<b>-4,947</b>	<b>NA</b>	<b>-280</b>
Taxes	0		0
<b>Profit/loss for the period</b>	<b>-4,947</b>	<b>NA</b>	<b>-280</b>

\*\*\*Costs related to the IPO (legal and finance)

## PARENT COMPANY, BALANCE SHEET IN SUMMARY

TSEK	3/31/2017	3/31/2016	12/31/2016
Intangible fixed assets	4,567		183
Tangible assets	929		0
Financial fixed assets	12,409		0
<b>Total fixed assets</b>	<b>17,906</b>	<b>NA</b>	<b>183</b>
Inventories	0		0
Accounts receivable	0		0
Other current assets	12,796		0
Liquid assets, including current investments	1,804		99
<b>Total current assets</b>	<b>14,600</b>	<b>NA</b>	<b>99</b>
<b>Total assets</b>	<b>32,506</b>	<b>NA</b>	<b>282</b>
<b>Total equity</b>	<b>25,693</b>		<b>-180</b>
Other long-term liabilities	0		0
<b>Total long-term liabilities</b>	<b>0</b>	<b>NA</b>	<b>0</b>
Accounts payable	2,884		577
Other current liabilities	3,928		-115
<b>Total current liabilities</b>	<b>6,812</b>	<b>NA</b>	<b>462</b>
<b>Total liabilities and shareholders equity</b>	<b>32,506</b>	<b>NA</b>	<b>282</b>

## NOTE 1 – ACQUISITIONS 2017

### w'inspire GmbH

On January 4, 2017 Hoylu AB acquired 100% of the shares in the Austria-based unlisted company w'inspire GmbH for MSEK 11.5. Hoylu has consolidated the acquired entity as from January 4, 2017.

Through this acquisition, Hoylu enhances its software product portfolio.

During the period Jan 4 through Mar 31 w'inspire's contribution to Net sales was MSEK 1.4.

### Effects from acquisitions

The acquired company's net assets at the time of acquisition:

#### KSEK

Intangible assets	8,153
Tangible assets	93
Current assets	1,782
Liquid assets	1,457
Current liabilities	-2,057
<b>Net identifiable assets and liabilities</b>	<b>9,428</b>
Goodwill	2,038
<b>Consideration</b>	<b>11,466</b>

### Goodwill

The goodwill value includes additional sales resources and enhances its software product portfolio.

No part of the goodwill is expected to be tax deductible.

### Acquisition related expenses

Expenses related to the acquisition amounts to KSEK 150 and includes legal fees in relation to the transaction. These expenses have been accounted as operating expenses in the consolidated statement of income.

### Consideration

#### KSEK

Cash	2,866
Note Payable	5,160
Issued shares	3,440
<b>Total consideration</b>	<b>11,466</b>

From January 4, 2017 to March 31, 2017, w'inspire had revenues of MSEK 1.4 and a net profit of MSEK 0.8.

# CONTACT DETAILS

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## BOARD OF DIRECTORS

Mats Andersson, Chairman of the Board  
Robert Tejme, Member of the Board  
Stein Revelsby, Member of the Board, CEO  
Jon Ullmark, Member of the Board

## EXECUTIVE OFFICERS

Stein Revelsby, Member of the Board, CEO  
Karl Wiersholm, CFO

## AUDITOR

Per-Arne Pettersson, Deloitte AB

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## MARKETPLACE

Nasdaq First North Stockholm  
Ticker: HOYLU

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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.

