



# HOYLU AB

FIRST HALF YEAR 2017

JANUARY — JUNE 2017

# FIRST HALF YEAR 2017 OVERVIEW

## FIRST HALF YEAR 2017

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- Revenues for the first half year were SEK 9.9 million
- Gross margin was 71 percent
- Operating loss, excluding cost related to the IPO, amounted to SEK 8.4 million
- Profit after tax amounted to SEK -10.9 million
- Earnings per share amounted to SEK -1.35

## SECOND QUARTER 2017

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- Revenues for the second quarter were SEK 8.0 million, an increase of 300% over the first quarter
- Gross margin was 69 percent
- Operating loss was SEK 4.9 million
- Profit after tax amounted to SEK -4.9 million
- Earnings per share amounted to SEK -0.60



## IMPORTANT EVENTS IN THE SECOND QUARTER

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- Hoylu entered into 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 took place during the second quarter of 2017.
- Hoylu acquired the 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.

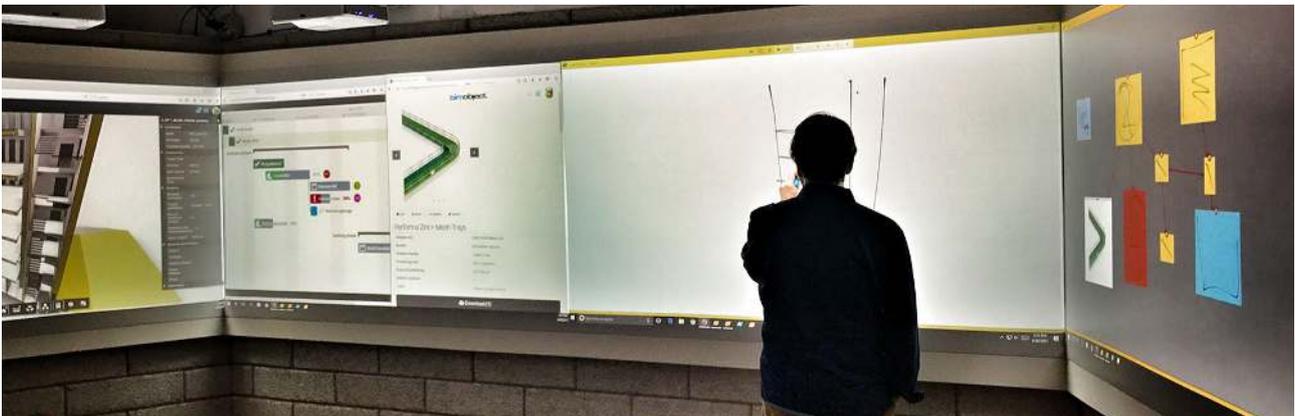


# COMMENTS FROM THE CEO

Hoylu's priority in the second quarter was to consolidate its software products, that build upon a decade of research in User Interface Design and continue our software development under leadership of our team in Seattle. During the quarter we finalized the development of remote collaboration functionality and packed our software into Hoylu Inspiration Suite, a cloud based platform for ideation, collaboration and knowledge management. This means that our customers can connect multiple locations in real time and employees can participate in collaboration sessions from anywhere, from their laptops or tablets. Hoylu Inspiration Suite can be used in combination with conferencing solutions, for example Skype, Cisco or Zoom, and add significant productivity gains and time savings to an audio or videoconference.

Hoylu signed a 5-year Master Service Agreement with a large cruise line company and developed the first generation of Insight, a solution for visualization of assets and resources. Insight can be utilized by many different industries and will be embedded into Hoylu Inspiration Suite. The application will be presented to a broader market in Q3.

We also completed the acquisition of Huddlewall from Scalable Display Technologies with a sales team in Boston. Huddlewall is the ultimate collaboration surface that can be scaled up from 6 to 36 feet wide depending on the amount of projectors. Hoylu Inspiration Suite can be combined with 3rd party applications for project management, lean planning or design, and the size of the wall brings value to customers in the form of better control and overview of content and projects as well as the possibility to engage larger teams. The Huddlewall bundle with software has already gained traction in the construction market vertical and we closed a SEK 2.2 million deal with Suffolk, one of the larger construction companies in the US in the quarter. We took a decision to focus our direct sales efforts on the real estate and construction market vertical, since there is a continuous need for digital transformation. Companies that manage large projects, critical assets- and risk, and also a large global eco system of architects, builders, suppliers and sales agents can be more productive with intuitive tools and an advanced but easy to use knowledge management and collaboration platform.





As a first step in partnering with some of the worlds largest providers of meeting room solutions and large displays we initiated a discussion with NEC and participated in NEC Solutions Showcase in London in May and we delivered a SEK 0.7 million order to a global pharmaceutical company as part of a larger deal together with NEC. As a follow up after the end of the quarter Hoylu announced the availability of Hoylu Inspiration Suite on the NEC Solutions Zone, an online platform for presenting turn-key solutions and value added services.

## FUTURE OUTLOOK

In the coming months we are going to prioritize building strategic partnerships with hardware companies and providers of 3rd party applications in market verticals, for example real estate and construction, to position Hoylu as a platform for knowledge management and collaboration in combination with software tools that already have a large user base. At the same time we are building a network of resellers and system integrators. Hoylu Inspiration Suite is a groundbreaking software platform and based upon customer feedback we see the opportunity to become a significant player in a USD 8 billion dollar market for collaboration software. We will take step by step and prioritize organic growth. Software licensing and subscription based services will generate higher gross margins and recurring revenues and we expect a positive trend towards profitability by the end of the year.

## EVENTS AFTER THE END OF THE PERIOD

- Hoylu announced the availability of the Hoylu Inspiration Suite on the NEC Solutions Zone, an online platform for presenting turn-key solutions and added value services in markets around the world. The Hoylu Inspiration Suite provides a complete solution for team ideation, process planning and collaboration for single or multiple connected meeting rooms. The Hoylu Inspiration Suite runs on Large Format Multi-touch/ Pen displays, Projected Walls, and personal devices.
- Hoylu announced the addition of Insight, a powerful new data visualization solution, to the Hoylu Inspiration Suite. Insight enables graphically powerful data visualization and exploration capabilities, with the ability to manage multiple locations from a single web-based portal.
- Hoylu announced a partnership with BAT Universal who will distribute Hoylu's software products and solutions across South and Southeast Asia. BAT Universal's primary objective is to provide its suppliers, buyers and customers with a comprehensive trading platform primarily based on efficiency, competitive pricing, timely delivery mutual trust and effective business solutions.

**Stein Revelsby**  
CEO, Hoylu



# FINANCIAL INFORMATION

## REVENUES & PROFITABILITY

Revenues in the second quarter amounted to TSEK 7,936 and consisted of revenues from the sale of We-inspire software via resellers and the sale of the newly acquired Huddlewall product as well as professional services. Cost of goods and services sold was TSEK 2,498 and the operating cost before depreciation and amortization amounted to TSEK 9,556. The operating result was TSEK -4,888 and the Earnings Before Tax (EBT) was TSEK -4,893. The net result amounted to TSEK -4,898 for the quarter.

## INVESTMENTS

Hoylu completed the acquisition of Creative Minds Consulting LLC during the second quarter in exchange for the issuance of 400,000 new shares in Hoylu.

Hoylu completed the asset acquisition associated with the Huddlewall business ("Huddlewall"), previously owned and operated by Scalable Display Technologies, Inc., in May 2017. Consideration for Huddlewall amounted to USD 300K contributed through convertible notes payable. In addition, Scalable may earn additional payments as part of an earn-out agreement based on Huddlewall's contribution to Hoylu's revenue in 2017.

## FINANCIAL POSITION

Hoylu's cash flow from operating activities amounted to TSEK -4,344 in the second quarter. Cash-flow from investment activities amounted to TSEK -4,654 and the cash-flow from financing activities was TSEK 13,133 including; the ongoing issuance of shares as part of the private placement of TSEK 5,469; the issuance of convertible notes of TSEK 2,664 related to the acquisition of the Huddlewall business; and the issuance of convertible notes of TSEK 5,000 as part of the private placement. The cash-flow for the quarter was TSEK 4,135 and the liquid assets at the end of the period was TSEK 7,397.

Hoylu will consider strengthening 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.

## CAPITALIZED EXPENSES

Hoylu accounting policies adhere to RR 15 Intangible Assets and as a result Hoylu capitalizes research development costs associated with new and improved product features that are identifiable and are expected to provide future economic benefits. The resulting intangible assets are amortized over the asset's useful life. Other development costs are expensed as incurred.

Hoylu continues its investments in research and development efforts associated with a variety of new and improved product features, such as the Anytime Collaboration and Insight products and during the second quarter Hoylu's capitalized research and development costs amounted to SEK 2.6 million, which represented 20% of the Hoylu's total operating costs.

## 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. The second quarter of 2017 represented the first full quarter of Hoylu's operation and started amortizing and depreciating its intangible and tangible assets. Amortization and Depreciation is linear as follows:

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

## MARKET

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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%.<sup>1</sup> The worldwide market for software used in enterprise collaboration systems is estimated to grow from USD 7.1 billion in 2015 to USD 8.4 billion in 2020.<sup>2</sup>

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.

## EMPLOYEES AND ORGANIZATION

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Hoylu has a total headcount of 28; 17 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.

## RISKS AND UNCERTAINTIES

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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

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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

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Interim Report – Q3 2017

10 Nov. 2017

Interim Report – Q4 2017

16 Feb. 2018

## AUDITORS REVIEW

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

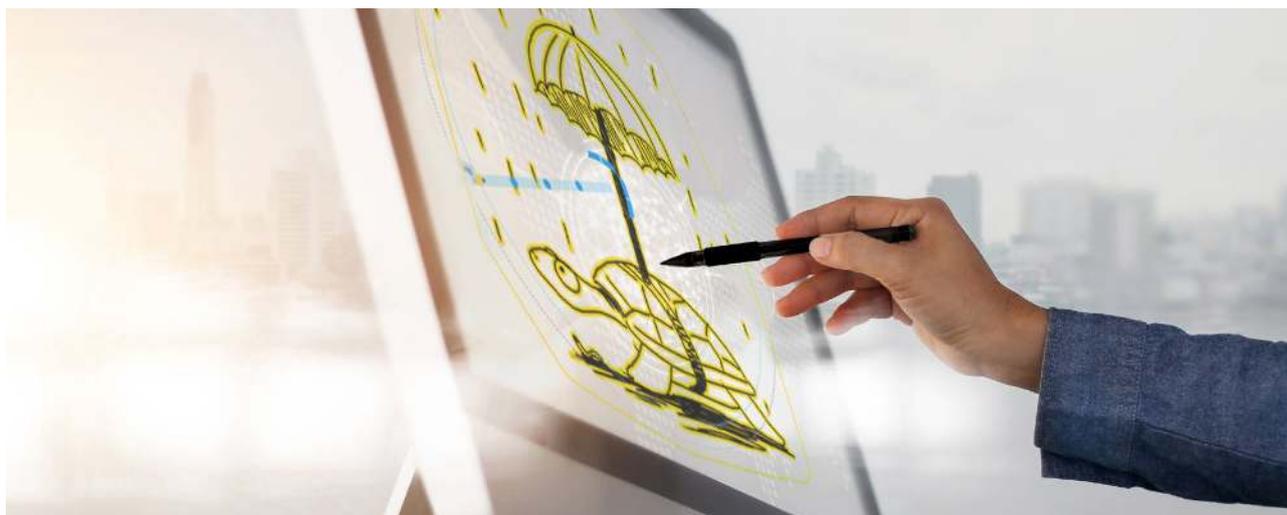
## SHARE DATA

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The Hoylu share is listed on the NASDAQ First North in Stockholm. The total number of shares at the end of the period amounts to 8,600,000.

<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/>



## OPTIONS

Extraordinary General Meeting (“EGM”) of Hoylu was held at the Company’s premises in Malmö on May 16, 2017. The EGM made some decisions around a Stock Option Program and an Employee Stock Option Plan.

**Stock Option Program.** The EGM decided to issue a maximum of 220,000 stock options. The right to subscribe for the stock options shall, with deviation from the shareholders’ preferential rights, include senior executives and employees in the company. Each subscription stock option shall entitle the holder to subscribe for one (1) share in the company at a subscription price of 140 percent of the volume weighted average retail price quoted for the company’s shares for a period from May 11, 2017 through May 15, 2017. In the event of full exercise of the stock options, up to 220,000 shares (subject to possible adjustments), corresponding to approximately 2.68 percent of the total number of outstanding shares and votes, may be issued. At full subscription, the company’s share capital increases by SEK 18 136.60, resulting in a dilution of 2.68 percent.

**Employee Stock Option Plan.** The EGM also decided to establish an employee stock option plan by issuing no more than 640,000 employee stock options. The employee stock options, without regard for shareholders’ preferential rights, shall be assigned to the company CEO, senior executives and employees in the company. Each employee stock option shall entitle the holder to subscribe to one (1) share in the company at a subscription price of 140 per cent of the volume weighted average retail price quoted for the company’s shares for a period from May 11, 2017 through May 15, 2017. In order to enable delivery of shares under the employee stock option plan, an issue of no more than 640,000 warrants was also decided. At full utilization, the company’s share capital increases by SEK 52,761, which results in a dilution of 7.79 percent.

## ABOUT HOYLU

Hoylu - Connecting People and Ideas Everywhere.

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, 11 August 2017**

# FINANCIAL FIRST HALF YEAR 2017

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 and Q2 2017 was Hoylu's first fully operational quarter since the company was established.

## CONDENSED STATEMENT OF COMPREHENSIVE INCOME

<b>TSEK</b>	<b>2017 Apr-Jun</b>	<b>2016 Apr-Jun</b>	<b>2017 Jan-Jun</b>	<b>2016 Jan-Jun</b>	<b>2016 Nov-Dec</b>
Net sales	7,936		9,889		0
Cost of goods and services sold	-2,498		-2,880		0
<b>Gross profit</b>	<b>5,439</b>	<b>NA</b>	<b>7,009</b>	<b>NA</b>	<b>0</b>
Development, Sales, and Administrative Costs	-9,556		-14,598		-25
Other operating income/cost*	0		-2,529		-255
Depreciation/Amortization	-770		-773		0
<b>Operating profit/loss</b>	<b>-4,888</b>	<b>NA</b>	<b>-10,891</b>	<b>NA</b>	<b>-280</b>
Other financial items	-6		-10		0
<b>Profit before taxes</b>	<b>-4,893</b>	<b>NA</b>	<b>-10,902</b>	<b>NA</b>	<b>-280</b>
Taxes	-4		-4		0
<b>Profit/loss for the period</b>	<b>-4,898</b>	<b>NA</b>	<b>-10,906</b>	<b>NA</b>	<b>-280</b>
<b>Key ratios:</b>					
Gross margin	68.50%		70.90%		NA
Operating margin	Neg		Neg		Neg
Earnings per share before and after dilution	-0.60		-1.35		-0.11
Average number of shares before and after dilution	8,208,889	NA	8,105,556	NA	2,500,000

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

## CONSOLIDATED BALANCE SHEET IN SUMMARY

TSEK	6/30/2017	6/30/2016	12/31/2016
Intangible fixed assets	21,308		0
Cumulative Amortization	-645		0
Intangible fixed assets	20,663		183
Tangible assets	1,794		0
Cumulative Depreciation	-107		0
Tangible assets	1,687		0
Financial fixed assets	6,762		0
<b>Total fixed assets</b>	<b>29,112</b>	<b>NA</b>	<b>183</b>
Inventories	1,180		0
Accounts receivable	4,321		0
Other current assets	2,169		0
Liquid assets, including current investments	7,397		99
<b>Total current assets</b>	<b>15,067</b>	<b>NA</b>	<b>99</b>
<b>Total assets</b>	<b>44,179</b>	<b>NA</b>	<b>282</b>
<b>Total equity</b>	<b>23,961</b>		<b>-180</b>
Other long-term liabilities	5,000		0
<b>Total long-term liabilities</b>	<b>5,000</b>	<b>NA</b>	<b>0</b>
Accounts payable	6,436		577
Other current liabilities	8,782		-115
<b>Total current liabilities</b>	<b>15,218</b>	<b>NA</b>	<b>462</b>
<b>Total liabilities and shareholders equity</b>	<b>44,179</b>	<b>NA</b>	<b>282</b>

## CHANGES IN SHAREHOLDERS EQUITY

<b>TSEK</b>	<b>Share Capital</b>	<b>Ongoing Share Issue</b>	<b>Other Capital Contributed</b>	<b>Reserves</b>	<b>Profit/(Loss) for the year</b>	<b>Share- holders Equity</b>
<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 year to date 30 June 2017					-10,906	-10,906
Other comprehensive income				-1,422	0	-1,422
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,422</b>	<b>-10,906</b>	<b>-12,328</b>
Private Placement	200		24,680			24,880
Acquisition – We-inspire	4		3,416			3,440
Convertible Note Conversion – Nada Yada	352		148			500
Acquisition – Creative Minds	33		1,967			2,000
Private Placement		5,469				5,469
<b>Closing balance 30 June 2017</b>	<b>609</b>	<b>5,469</b>	<b>30,211</b>	<b>-1,422</b>	<b>-10,906</b>	<b>23,961</b>

## CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Nov-Dec
<b>Profit/loss after financial items</b>	<b>-4,898</b>	<b>NA</b>	<b>-10,906</b>	<b>NA</b>	<b>-280</b>
Depreciation, amortization	770		773		0
Other items not included in cash flow	1,980		1,521		0
<b>Items not included in cash flow</b>	<b>2,750</b>		<b>2,294</b>		<b>0</b>
<b>Cash flow from operating activities before changes in working capital</b>	<b>-2,148</b>	<b>NA</b>	<b>-8,612</b>	<b>NA</b>	<b>-280</b>
Change in operating receivables	-3,603		-6,491		0
Change in inventory	-68		-1,180		0
Change in operating liabilities	1,474		9,308		462
<b>Cash flow from operating activities</b>	<b>-4,344</b>	<b>NA</b>	<b>-6,974</b>	<b>NA</b>	<b>182</b>
Intangible assets	-4,359		-21,125		-183
Fixed assets	-550		-1,794		0
Financial fixed assets	256		-6,762		0
<b>Cash flow from net capital expenditures</b>	<b>-4,654</b>		<b>-29,682</b>		<b>-183</b>
<b>Total cash flow before financing activities</b>	<b>-8,998</b>	<b>NA</b>	<b>-36,656</b>	<b>NA</b>	<b>-1</b>
New share issue	2,000		30,820		100
Change in financial liabilities	11,133		13,133		0
<b>Cash flow from financing activities</b>	<b>13,133</b>		<b>43,953</b>		<b>100</b>
<b>Cash flow for the period</b>	<b>4,135</b>	<b>NA</b>	<b>7,297</b>	<b>NA</b>	<b>99</b>
Liquid assets at the beginning of the period	3,261		99		0
<b>Liquid assets at the end of the period</b>	<b>7,396</b>	<b>NA</b>	<b>7,396</b>	<b>NA</b>	<b>99</b>

## KEY RATIOS

TSEK	2017 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Nov-Dec
<b>Cash flow for the period</b>	<b>4,135</b>	<b>NA</b>	<b>7,297</b>	<b>NA</b>	<b>99</b>
Cash flow/share before and after dilution (SEK) <sup>1</sup>	0.50	NA	0.90	NA	0.04
	<b>6/30/2017</b>				<b>12/31/2016</b>
Equity/assets ratio	54.20%				-63.70%
Number of shares	8,600,000				2,500,000
Shareholders equity per share (kr)	2.79				-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 Apr-Jun	2016 Apr-Jun	2017 Jan-Jun	2016 Jan-Jun	2016 Nov-Dec
Net sales	918		918		0
Cost of goods and services sold	-182		-182		0
<b>Gross profit</b>	<b>736</b>	<b>NA</b>	<b>736</b>	<b>NA</b>	<b>0</b>
Development, Sales, and Administrative Costs	-3,398		-5,811		-25
Other operating income/cost**	0		-2,529		-255
Depreciation/Amortization	-208		-208		0
<b>Operating profit/loss</b>	<b>-2,870</b>	<b>NA</b>	<b>-7,812</b>	<b>NA</b>	<b>-280</b>
Other financial items	-1		-6		0
<b>Profit before taxes</b>	<b>-2,871</b>	<b>NA</b>	<b>-7,818</b>	<b>NA</b>	<b>-280</b>
Taxes	-5		-5		0
<b>Profit/loss for the period</b>	<b>-2,876</b>	<b>NA</b>	<b>-7,823</b>	<b>NA</b>	<b>-280</b>

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

## PARENT COMPANY, BALANCE SHEET IN SUMMARY

TSEK	6/30/2017	6/30/2016	12/31/2016
Intangible fixed assets	4,450		183
Tangible assets	994		0
Financial fixed assets	12,459		0
<b>Total fixed assets</b>	<b>17,903</b>	<b>NA</b>	<b>183</b>
Inventories	659		0
Accounts receivable	842		0
Other current assets	22,065		0
Liquid assets, including current investments	5,791		99
<b>Total current assets</b>	<b>29,358</b>	<b>NA</b>	<b>99</b>
<b>Total assets</b>	<b>47,261</b>	<b>NA</b>	<b>282</b>
<b>Total equity</b>	<b>28,287</b>		<b>-180</b>
Other long-term liabilities	5,000		0
<b>Total long-term liabilities</b>	<b>5,000</b>	<b>NA</b>	<b>0</b>
Accounts payable	5,031		577
Other current liabilities	8,943		-115
<b>Total current liabilities</b>	<b>13,974</b>	<b>NA</b>	<b>462</b>
<b>Total liabilities and shareholders equity</b>	<b>47,261</b>	<b>NA</b>	<b>282</b>

# CONTACT DETAILS

## HOYLU AB

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[info@hoylu.com](mailto:info@hoylu.com)

## BOARD OF DIRECTORS

Mats Andersson, Chairman of the Board  
Anna Anderberg, 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  
Neil Fishman, Chief Engineer  
Travis Beaven, Chief Product Officer

## AUDITOR

Per-Arne Pettersson, Deloitte AB

## CERTIFIED ADVISOR

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## MARKETPLACE

Nasdaq First North Stockholm  
Ticker: HOYLU

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**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.

