



Hoylu AB

Interim Report
Q3 2017

FIRST NINE MONTHS 2017 OVERVIEW

FIRST NINE MONTHS 2017

- Revenues for the first nine months were SEK 15.8 million
- Gross margin was 69 percent
- Operating loss, excluding cost related to the IPO, amounted to SEK 15.2 million
- Profit after tax amounted to SEK -18.0 million
- Earnings per share amounted to SEK -2.05

THIRD QUARTER 2017

- Revenues for the quarter were SEK 5.9 million (Q2 SEK 8.0M)
- Gross margin was 67 percent (Q2 69%)
- Operating loss was SEK 6.8 million (Q2 SEK -4.9M)
- Profit after tax amounted to SEK -7.1 million (Q2 SEK -4.9M)
- Earnings per share amounted to SEK -0.70 (Q2 SEK -0.60)

IMPORTANT EVENTS IN THE THIRD QUARTER

- Hoylu partners with NEC and releases the Hoylu Software Suite inside the NEC Solutions Zone, giving thousands of enterprise-level customers access to the software.
- Hoylu releases Hoylu Insight, an application designed to read structured and unstructured data and represent it in a rich, visually engaging way. Data can come from any number of sources and are controlled using a simple interface mechanism, providing an easy way for customers to interact with their business intelligence and visualize high-level information across multiple sites.



IMPORTANT EVENTS IN THE THIRD QUARTER, *continued*

- Hoylu is named as one of the 20 Most Promising Collaboration Technology Solution Providers for 2017 by CIOReview.
- Hoylu enters into a partnership with BAT Universal who will distribute Hoylu's software products and solutions across South and Southeast Asia. BAT Universal is a leading integrator and commodity-trading company with a presence in agro-commodities, minerals, electronics and other products.
- Hoylu partners with Proton360 communications. The companies will work together to bring next generation solutions to workplaces across the United States.
- Hoylu extends the partnership with IT-Serve.com to include Hoylu's latest suite of software products, including Hoylu's Anytime Collaboration functionality and online document repository.
- Hoylu and BIMobject sign a Letter of Intent that calls for the companies to cooperate for purposes of the global architecture, engineering, and construction market in order to create synergies between the parties and their respective solutions. The Letter of Intent describes the plan for the parties to carry out joint marketing activities and to research the integration of the parties' respective technologies and applications sales. Both companies provide solutions for the global architecture, engineering, and construction industry.
- Hoylu and United Spaces announces a partnership which provides access to the Hoylu Software Suite at United Spaces locations and creates an ideal working environment with creative interactions, engaging meetings and flexible presentations.

“Hoylu’s priority in the quarter was to establish partnerships with hardware companies and resellers to position Hoylu for strong growth in the coming years. We expect a positive trend towards profitability by the end of the year and we are in final negotiations about larger deals that could accelerate this development.”

- Stein Revelsby, CEO



COMMENTS FROM THE CEO

Hoylu’s priority in the quarter was to establish partnerships with hardware companies and resellers to position Hoylu for strong growth in the coming years. Large display brands are introducing a range of new products this fall. Hoylu has expanded its relationship with NEC and their partners in Europe, participated in co-marketing events and is now seeing a fast growing pipeline of opportunities. In the US we are developing a working relationship with LG and their partners.

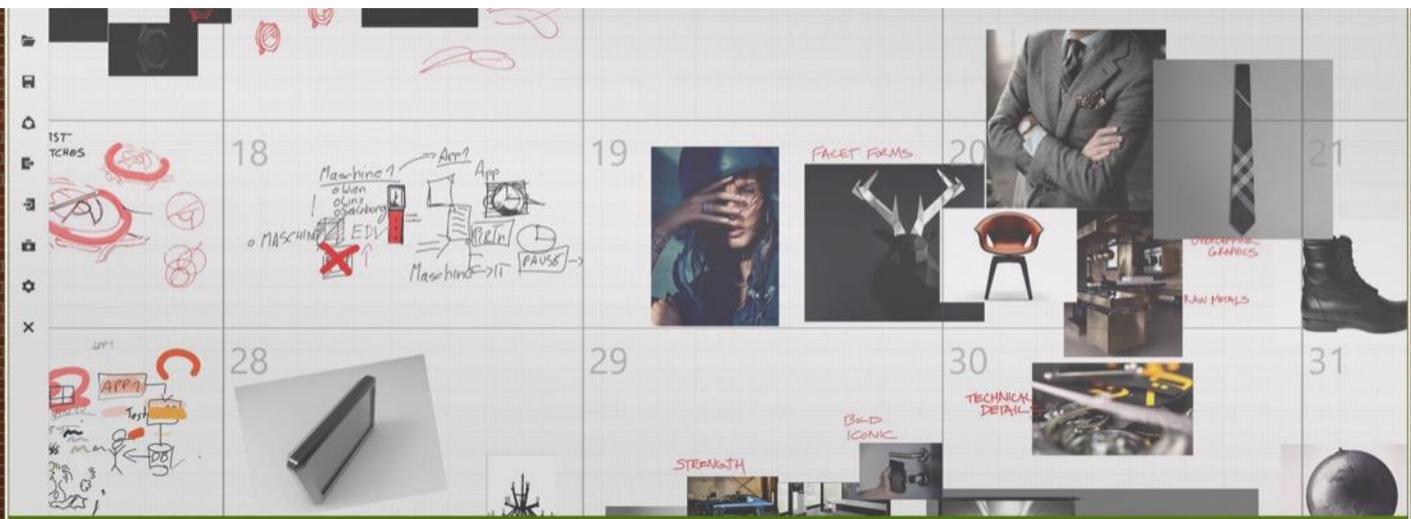
Hoylu Software Suite is now commercially available for ultra-large Huddlewalls, large multi-touch displays and personal devices. Teams and individuals can connect from multiple locations in real time, share information and digital workspace and even continue to work in the same space when offline. Hoylu Software Suite is used for innovation and brainstorming, planning, presentation, visualization, project management and for keeping track of large amounts of structured and unstructured data.

In Q3 we closed and delivered a number of deals with large global brands in different verticals; construction and real estate, consumer products, eCommerce, banking, cruise line and maritime.

All industries are going through digital transformations and some of the biggest challenges are how to manage a dispersed workforce. People need to be able to work together without constant travel, in ways that achieve increased productivity and more efficient teamwork, collaboration and communication, all while managing an increasing amount of information, structured as well as unstructured data.

Hoylu Software Suite was initially purchased by our customers for innovation and creative teamwork. With the added remote collaboration functionality we now see an even larger potential to expand as a communications platform across different industries and departments, including a stronger value proposition and potential to expand within our existing customer base. Hoylu was recognized by CIOReview Magazine as one of the 20 most promising collaboration technology solution providers.

The collaboration software market is estimated by analysts to grow to more than 8 BUSD within the next 5 years. Our goal is to offer the most advanced collaboration solution that is easy to use on any display, interactive surface or personal device with the flexibility to combine with any audio-, videoconferencing or 3rd party software applications that different businesses use. Our belief is that people want the freedom to combine devices and software, work from anywhere, anytime, and literally “be on the same page”.



FUTURE OUTLOOK

We will continue to strengthen our sales capacity by working closely with our existing and newly signed partners and continue to expand our partner network.

Our focus will be to grow our user base, both within existing enterprise customers as well as with new accounts. We will strive to maintain our current cost level until we reach profitability. Our revenue mix will be a balance between Huddlewall sales, software sales and professional services with an increasing share of monthly and annual subscription revenues from sale of the Hoylu Software Suite.

Our target gross margin is in the high 70ies (%) as software licensing becomes the dominant revenue source.

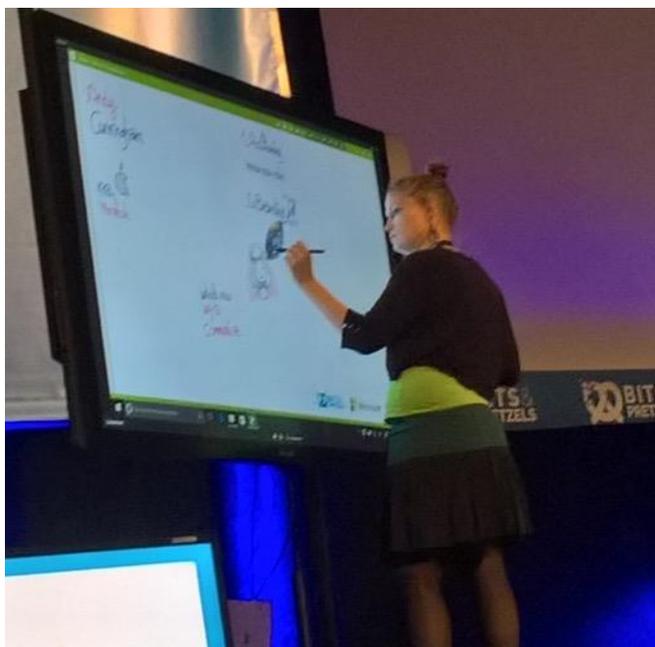
We expect a positive trend towards profitability by the end of the year and we are in final negotiations about larger deals that could accelerate this development.

EVENTS AFTER THE END OF THE PERIOD

- Hoylu and LG Electronics USA Business Solutions partner to offer a unique 4K touch display bundle designed for the North American enterprise market.
- Hoylu, working together with Wipple and SNCF, is providing a groundbreaking new experience for creative and collaborative experiences with France's predominant railway operator.
- Hoylu updates the Hoylu Software Suite to include the Personal Edition.
- Hoylu enters into a reseller agreement with Connection® (PC Connection, Inc.; NASDAQ: CNXN), one of the largest National Solutions Provider in the US, with a full range of information technology (IT) solutions.
- The cruise line and maritime industry is progressing successfully and is generating more opportunities within the industry as well as other shipping and transport maritime industries.
- Relationships and customers within the Construction Industry is expanding through orders and partnerships.
- Hoylu expands its product solutions to cover the education industry, including solutions specifically targeting long-distance learning scenarios.
- Hoylu expands its business with one of the world's foremost leading consumer goods companies, with manufacturing facilities located around the world.
- Hoylu is expanding its business to include a global eCommerce company with offices and distribution centers located around the world.
- VerVieVas uses Hoylu Software Suite as their preferred choice for large live graphic recording events, as demonstrated at the Fifteen Seconds festival in Graz, Austria.
- Hoylu and Shorelight Education enter into a new exclusive partnership to promote international student success at scale. The companies will work to develop technology solutions that better serve students studying around the world.



Stein Revelsby
CEO, Hoylu



FINANCIAL INFORMATION

REVENUES & PROFITABILITY

Revenues in the third quarter amounted to TSEK 5,942 (Q2 TSEK 7,936) and consisted of revenue from the sale of the Hoylu Software Suite via resellers and the sale of Huddlewall product as well as professional services.

Cost of goods and services sold was TSEK 1,969 (Q2 TSEK 2,498) and the operating cost before depreciation and amortization amounted to TSEK 9,939 (Q2 TSEK 9,556).

The operating result was TSEK -6,830 (Q2 TSEK -4,888) and the Earnings Before Tax (EBT) was TSEK -7,048 (Q2 TSEK -4,893). The net result for the third quarter amounted to TSEK -7,053 (Q2 TSEK -4,898).

FINANCIAL POSITION

Cash flow from operating activities in the third quarter amounted to TSEK -6,711 (Q2 TSEK -4,344).

Cash-flow from investment activities amounted to TSEK -2,962 (Q2 TSEK -4,654) and the cash-flow from financing activities was TSEK 3,570 as a result of an ongoing private placement (Q2 TSEK 13,133).

The cash-flow for the quarter was TSEK -6,103 (Q2 TSEK 4,135) and the liquid assets at the end of the period was TSEK 1,294 (Q2 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 continues to capitalize its investments in research and development efforts associated with Hoylu's Anytime Collaboration and Insight products.

During the quarter Hoylu capitalized research and development costs in the amount of SEK 2.7 million, which represents 20% of the Company'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.

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 has a total headcount of 30; 20 in the US, 8 in the EU, 1 in Japan, and 1 in Taiwan. Hoylu's headquarter is in Malmo, Sweden.

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

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 collaboration software used in the enterprise is estimated to grow from USD 7.1 billion in 2015 to USD 8.4 billion in 2020.²

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

Interim Report – Q4 2017	16 Feb. 2018
Annual Report	17 Apr. 2018
Interim Report – Q1 2018	11 May 2018
AGM	16 May 2018
Interim Report – Q2 2018	10 Aug. 2018
Interim Report – Q3 2018	9 Nov. 2018

AUDITORS REVIEW

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

SHARE DATA

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 10,299,999.

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 2.14 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 2.14 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 6.21 percent.

ABOUT HOYLU

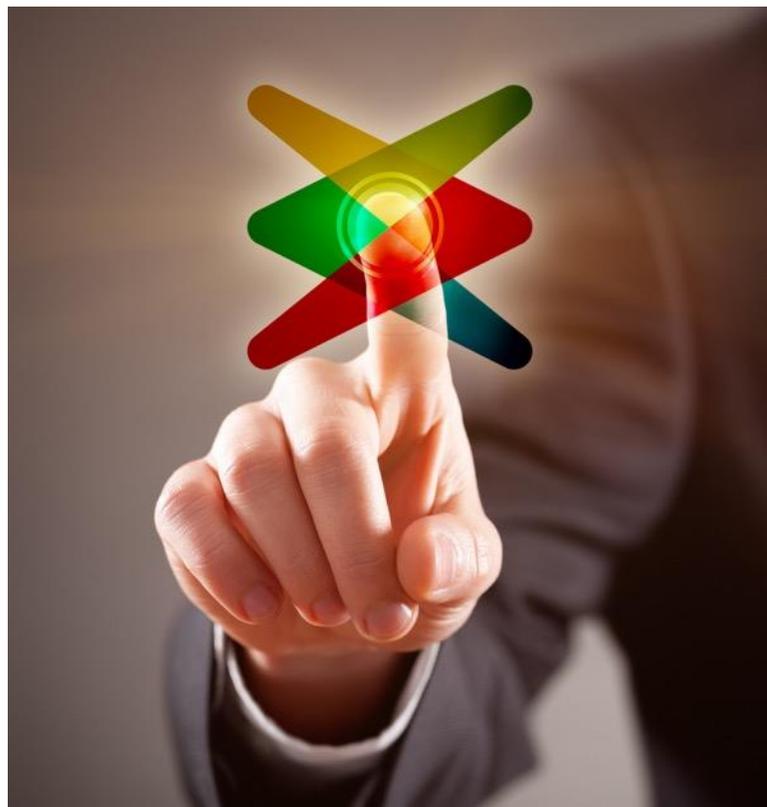
Hoylu – Connecting People and Ideas Everywhere.

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, 10 November 2017



FINANCIAL REPORTS

FIRST NINE MONTHS 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

TSEK	2017	2016	2017	2016	2016
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Nov-Dec
Net sales	5,942		15,831		0
Cost of goods and services sold	-1,969		-4,849		0
Gross profit	3,973	NA	10,982	NA	0
Development, Sales, and Administrative Costs	-9,939		-24,537		-25
Other operating income/cost *	0		-2,529		-255
Depreciation/Amortization	-864		-1,638		0
Operating profit/loss	-6,830	NA	-17,722	NA	-280
Other financial items	-218		-228		0
Profit before taxes	-7,048	NA	-17,950	NA	-280
Taxes	-5		-10		0
Profit/loss for the period	-7,053	NA	-17,959	NA	-280
Key ratios:					
Gross margin	66.9%		69.4%		NA
Operating margin	Neg		Neg		Neg
Earnings per share before and after dilution	-0.70		-2.05		-0.11
Average number of shares before and after dilution	10,073,332	NA	8,761,481	NA	2,500,000

* Costs related to the IPO (legal and finance)

CONSOLIDATED BALANCE SHEET IN SUMMARY

TSEK	9/30/2017	9/30/2016	12/31/2016
Intangible fixed assets	23,750		0
Cumulative Amortization	-1,335		0
Intangible fixed assets	22,415		183
Tangible assets	2,314		0
Cumulative Depreciation	-271		0
Tangible assets	2,043		0
Financial fixed assets	6,454		0
Total fixed assets	30,912	NA	183
Inventories	1,353		0
Accounts receivable	5,655		0
Other current assets	1,508		0
Liquid assets, including current investments	1,294		99
Total current assets	9,809	NA	99
Total assets	40,721	NA	282
Total equity	20,793		-180
Other long term liabilities	5,000		0
Total long-term liabilities	5,000	NA	0
Accounts payable	5,469		577
Other current liabilities	9,459		-115
Total current liabilities	14,928	NA	462
Total liabilities and shareholders equity	40,721	NA	282

CHANGES IN SHAREHOLDERS EQUITY

TSEK	Share Capital	Ongoing Share Issue	Other Capital Contributed	Reserves	Profit/(Loss) For The Year	Shareholders Equity
Opening balance 1 January 2017	100	0	0	0	-673	-573
Profit/loss year to date 30 September 2017					-17,959	-17,959
Other comprehensive income				-533	0	-533
Total comprehensive income	0	0	0	-533	-17,959	-18,493
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	33		1,967			2,000
Private Placement	140		5,329			5,469
Private Placement		3,570				3,570
Closing balance 30 September 2017	849	3,570	35,540	-533	-18,632	20,793

CONSOLIDATED CASH FLOW STATEMENT IN SUMMARY

TSEK	2017	2016	2017	2016	2016
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Nov-Dec
Profit/loss after financial items	-7,053	NA	-17,959	NA	-280
Depreciation, amortisation	864		1,638		0
Other items not included in cash flow	613		2,134		0
Items not included in cash flow	1,477		3,772		0
Cash flow from operating activities before changes in working capital	-5,576	NA	-14,188	NA	-280
Change in operating receivables	-672		-7,163		0
Change in inventory	-173		-1,353		0
Change in operating liabilities	-290		9,018		462
Cash flow from operating activities	-6,711	NA	-13,685	NA	182
Intangible assets	-2,442		-23,567		-183
Fixed assets	-520		-2,314		0
Financial fixed assets	0		-6,762		0
Cash flow from net capital expenditures	-2,962		-32,643		-183
Total cash flow before financing activities	-9,673	NA	-46,329	NA	-1
New share issue	5,469		36,289		100
Change in financial liabilities	-1,899		11,234		0
Cash flow from financing activities	3,570		47,523		100
Cash flow for the period	-6,103	NA	1,195	NA	99
Liquid assets at the beginning of the period	7,396		99		0
Liquid assets at the end of the period	1,294	NA	1,294	NA	99

KEY RATIOS

TSEK	2017	2016	2017	2016	2017
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Nov-Dec
Cash flow for the period	-6,103	NA	1,195	NA	99
Cashflow / share before and after dilution (SEK) ¹	-0.61	NA	0.14	NA	0.04
	9/30/2017				12/31/2016
Equity/assets ratio	54.2%				-63.7%
Number of shares	10,299,999				2,500,000
Shareholders equity per share (kr)	2.33				(0.07)

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

PARENT COMPANY, SUMMARY OF INCOME STATEMENT

TSEK	2017	2016	2017	2016	2016
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Nov-Dec
Net sales	3,669		4,586		0
Cost of goods and services sold	-1,182		-1,364		0
Gross profit	2,487	NA	3,223	NA	0
Development, Sales, and Administrative Costs	-3,211		-9,022		-25
Other operating income/cost ***	0		-2,529		-255
Depreciation/Amortization	-274		-482		0
Operating profit/loss	-998	NA	-8,810	NA	-280
Other financial items	-216		-222		0
Profit before taxes	-1,214	NA	-9,033	NA	-280
Taxes	0		-5		0
Profit/loss for the period	-1,214	NA	-9,037	NA	-280

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

PARENT COMPANY, BALANCE SHEET IN SUMMARY

TSEK	9/30/2017	9/30/2016	12/31/2016
Intangible fixed assets	4,268		183
Tangible assets	1,171		0
Financial fixed assets	12,459		0
Total fixed assets	17,899	NA	183
Inventories	718		0
Accounts receivable	2,552		0
Other current assets	27,376		0
Liquid assets, including current investments	543		99
Total current assets	31,189	NA	99
Total assets	49,088	NA	282
Total equity	30,643		-180
Other long term liabilities	5,000		0
Total long-term liabilities	5,000	NA	0
Accounts payable	4,447		577
Other current liabilities	8,997		-115
Total current liabilities	13,445	NA	462
Total liabilities and shareholders equity	49,088	NA	282

CONTACT DETAILS

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BOARD OF DIRECTORS

Mats Andersson, Chairman of the Board
Anna Andeberg, Member of the Board
Stein Revelsby, Member of the Board, CEO
Jon Ullmark, Member of the Board

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Stein Revelsby, Member of the Board, CEO
Karl Wiersholm, CFO
Travis Beaven, CPO
Neil Fishman, Chief Engineer
John Cary, CIO

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MARKETPLACE

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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.

